

14-Aug-2025

AutoStore Holdings Ltd. (AUTO.NO)

Q2 2025 Earnings Call

CORPORATE PARTICIPANTS

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Mats Hovland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

OTHER PARTICIPANTS

Eirik Rafdal

Analyst, Carnegie AS

Luke Holbrook

Analyst, Morgan Stanley & Co. International Plc

Tore Fangmann

Analyst, Bank of America

Timothy Lee

Analyst, Barclays Capital Securities Ltd.

Håkon Nelson

Analyst, Kepler Cheuvreux SA (Norway)

Martin Wilkie

Analyst, Citigroup Global Markets Ltd.

Kristian Spetalen

Analyst, Arctic Securities AS

Petter Nystrøm

Analyst, ABG Sundal Collier ASA

Lasse Stüben

Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

MANAGEMENT DISCUSSION SECTION

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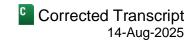
Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

...second quarter 2025 presentation. My name is Hiva Flåskjer, and I'm the Investor Relations Officer at AutoStore. Our CEO, Mats Hovland Vikse; and our CFO, Paul Harrison, are standing ready to talk to you about this quarter and subsequently answer any questions you have. I'll be moderating today's session.

As usual, we would like to remind you of the disclaimer in regards to forward-looking statements. It can be read here at your own convenience. Moving on to our agenda. Mats will begin with an overview of the operational performance and strategic progress. Paul will then follow up with presenting the financial results in more detail. We'll follow up with a live Q&A session, and you can submit your written questions in the webcast player or raise your hand in the Microsoft Teams to ask questions directly. The link to the Microsoft Teams meeting is available on our website and in the invitation that we published a couple of weeks ago. After the Q&A, Mats will round off with some final remarks. And as a reminder, all our figures are stated in US dollars.

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So let's get started. Mats, over to you.

Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Thank you, Hiva, and good morning. When I last spoke with you, we were at the peak of market uncertainty. Q1 had been volatile, and that uncertainty also continued into Q2. But as the quarter progressed, we were able to identify and utilize some pockets of resilience. First, we doubled down on the opportunity that lies within our customer base, which accounted for around 60% of our revenues in the quarter. Secondly, Europe continued to be strong, representing 70% of revenue. Thirdly, we also see early positive signs with regards to demand in North America, reflected in order intake but not fully in revenue. As we've talked about before, we strive to be closer to deals and customers, and the development in second quarter shows that this is producing positive results.

Q2 revenue was \$134 million, which is up 56% sequentially, marking a recovery from the unusually soft Q1. However, compared to the same period last year, revenue was down 13%, and this shows that caution and hesitation still exist, which is fully understandable, given the uncertain and volatile market backdrop. But in this market and with the actions that we've taken, order intake was \$150 million in the quarter. This represents a 6% increase both sequentially and year-over-year. And adjusting for the currency tailwinds, the development is roughly flat. What we're seeing so far in the third quarter are similar market dynamics in general, but I'm happy to see how we're able to stay even closer to our customers and the opportunities that are out there.

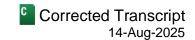
So moving to profitability. Our gross margin was 69% and including in this number is the \$8.5 million write-down tied to the B1 robot. If we exclude for that, the gross margin was 75%. For adjusted EBITDA margin, we reported 48%, which is back to our historical levels. And Paul will come more back to this later. So if we move on to key developments in our business, we'll see that during the quarter we signed another contract with our AutoStore-as-a-service model and this time with a European 3PL. And while still early days, this model is coming up in more and more conversations. And as we've talked about before, it's a model that resonates particularly well in the 3PL market. So far in 2025, we've shipped products to secure \$34 million future as a service revenue. Looking ahead, we're preparing for a fall product release, which will include both software and hardware updates, and it will be an exciting step forward. So stay tuned for more details soon.

So, looking at it, these results reflect not only our operational execution, but also us making progress on our strategy, which I'll now walk you through. And our foundation is strong. We've built this platform with a large customer base across a wide variety of end markets and system types with a high degree of repeat purchases. Our technology is leading, and our solution is highly competitive with a strong ROI. And with changing market dynamics, we have taken action, and we've realized \$10 million of annualized cost savings, and we've reallocated investments towards high-growth initiatives.

Looking further out, we're focused around three themes. Firstly, we have a product strategy that sees us continuing to optimize and expand our core, increasing our addressable market for adding new capabilities, and further developing the AutoStore software platform. Against this, we're making good progress. In under 12 months, we've launched 10 new products and features, and we can now do thousands of robots in a site versus hundreds a few years ago. And we're also seeing strong adoption of our essential software package, which offers the complete suite of software with smart routing, real-time analytics, and intelligent reporting. And with another major release planned in October, we're continuing to improve our offering and increase our market opportunity.

Secondly, under our new commercial strategy, we have sharpened our go-to-market focus and reallocated resources towards high potential areas. And this shift is already paying off. Since our Capital Markets Day in

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September of 2024, we've added around 100 new logos including several strategic accounts with long-term potential, fueling our land-and-expand strategy.

At the same time, deeper engagement across that installed base is supporting higher account penetration and reinforcing a customer-first approach, which is leading now to 60% of orders this quarter coming from existing customers. And then, enabled by these two growth engines, we're broadening our recurring revenue streams for both software as well as these new flexible solutions such as PO and more recently AutoStore-as-a-Service. And we see these solutions appealing to customers we would otherwise not plan and they also create more visibility and stronger customer intimacy.

But now, let's take a step back. And this familiar slide is a good visualization of that strong foundation that I just talked about, and it highlights our strong value proposition to customers, our long-term competitive strength and our superior financial profile. It summarizes the strength of our platform and why we're so uniquely positioned to lead. We have now delivered 1,750 systems with 79,500 robots in 60 countries. We have a total of 1,200 unique customers, and within the cubic storage space, we're the only player with such a significant install base, providing us with great advantages. And not only does this speak to the strength of our solutions, it also represents a substantial base for our land-and-expand strategy.

And this is a slide that you're also familiar with. And here we can see a small selection of our over 1,200 customers. And as you can see, we have a broad customer portfolio across a diverse set of end markets. Around half of our revenues come from existing customers. And this growing customer base represents a massive opportunity. It is also worth noting that Europe remains our largest region, representing over two-thirds of our business.

And then during the last few quarters we've seen B2B segments like industrials and healthcare stay strong, but we've also seen leading indicators improve across e-comm and retail segments.

And I always like to give the last words to our customers. You've heard me talk about evolving how we work with strategic accounts and 3PLs. And today, we're highlighting Rhenus, a global logistics service provider operating in over 70 countries with 1,330 sites. And Rhenus runs a high throughput site with AutoStore in Germany. And as you will hear, AutoStore is a key part of their future strategy. Thanks to the flexible and standardized approach we can offer.

So before Paul takes us through the financials of this quarter, please have a look at this.

[Video Presentation] (00:08:44-00:10:36)

Paul Scott Harrison

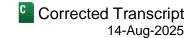
Chief Financial Officer, AutoStore Holdings Ltd.

Thank you, Mats for that and good morning. Okay, let's move on to the financial highlights on the next slide. As Mats shared earlier, this quarter reflects clear strategic progress. This slide summarizes our Q2 financial performance. Revenue came in at \$134 million, our gross margin was 69%, which while still strong, reflects the write-down of inventory related to the B1 business line. Excluding this, gross margin would be 75%. Our adjusted EBITDA margin came in at 48%. Order intake came in at \$150 million, taking the order backlog to \$529 million.

So on the next slides, I'll go through – go into more detail on these key financials. As I just mentioned, order intake totaled \$150 million, including favorable currency effects of \$22 million quarter-on-quarter and \$23 million year-over-year. So when we adjust for the currency tailwind, the development is broadly flat quarter-over-quarter



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and year-over-year. Over 60% of this quarter's order intake came from existing customers and over 50% came from Europe. We ended the quarter with a backlog of \$529 million, up sequentially 3%. Although both orders and revenue remained lumpy due to the project-based nature of our business, we view the overall market as having stabilized somewhat, following the peak-tariff related uncertainties we saw at the end of Q1 and the beginning of Q2.

As I mentioned, we delivered sequential revenue growth of 56% to \$134 million in quarter two, with this growth reflecting the unusually weak Q1. As you can see, growth came substantially from Europe, mainly within the standard segment. So that's an example of those pockets of resilience that Mats referenced earlier. In this quarter, we shipped another Auto-Store-as-a-Service deal and we're very happy to see customers and projects that we would otherwise would not be able to access finding this offer interesting.

This contract is not reflected in our revenue figures for the quarter, neither are the Q1s from Q1. Revenues will start to be recognized when these sites go live and will continue over the length of the contracts with the potential to increase as customers increase the size of their installations.

Okay. Let's move on to margins. With the significant enhancements we've introduced at both the software and robot level, the B1 solution is no longer an optimal solution for customers. Therefore, in Q2, we decided to phase out the B1 business line. This led to an \$8.5 million write-down of inventory \$8.5 million, write-down of inventory in the quarter. And as I mentioned, excluding the write-down, gross margin was 75%, which reflects our strong operational discipline. Further down the P&L, adjusted EBITDA came in at 48%. This shows that the actions we have taken to restructure the business have started to have an impact in the second half of this quarter. And these will generate annualized cost savings of approximately \$10 million, whilst we continue to invest in long-term growth.

If I then move on to cash flow net debt, I would note that \$40 million of EBITDA on the slide and the final settlement payment leads to closing cash at the end of June of \$300 million or net debt of \$150 million. Furthermore, I'm pleased to report today that we've secured a fully underwritten \$500 million five-year bank facilities.

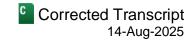
So with that, I'll now pass back to Hiva, who's going to open up for the Q&A.

QUESTION AND ANSWER SECTION

Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you, Paul. Mats, do you want to join me? So, I'll welcome the questions from And the first one with the – who's raised his hand is Luke. So, Luke, if you could yourself. Luke, can you hear us? Seems like we might have some technical issue please try to unmute yourself again? While we are dealing with some	please go ahead and unmute
Eirik Rafdal Analyst, Camegie AS	Q
[indiscernible] (00:16:18)	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
I can hear you now, Eirik. Can you hear us?	
Eirik Rafdal Analyst, Carnegie AS	Q
I can. May I go ahead with my question please.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Please do, Eirik. Please.	
Eirik Rafdal Analyst, Camegie AS	Q
Thank you. Got a couple [indiscernible] (00:16:35) if you strip out the FX impact (00:16:51) I was also wondering, are they're kind of one, two or three big orders they in the quarter? How should we kind of think about that?	
Mats Hovland Vikse Chief Executive Officer, AutoStore Holdings Ltd.	A
You're right. As we were kind of reporting first quarter, we were at the peak of may what we were hearing from customers that they were trying to maneuver an unce quarter progressed, we did identify these pockets of opportunities that I'm very g and utilize. So I'm very happy to see that our performance in last quarter is productive today. And personally, I've also spent that quarter traveling around, speaking regions, across a wide variety of end markets. And what has met me is yes, so so maneuver an uncertain world but that's also a set of customers that is very high oplans around automation because the challenges that they're faced with, and the	ertain world. But look, as the lad to see we were able to go out ucing the results that we report ag to customers across all et of customers that was trying to conviction in their investments

automation is as prevalent as ever.

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Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

I think if I can add Eirik to your point about – is it characterized by large deals in the quarter? Actually, one of those pockets of resilience was Europe, and that particular strength in Europe still lies in the standard segment, actually. So, if anything, it's the volume of smaller deals in Europe that has really driven that performance.

Eirik Rafdal

Analyst, Carnegie AS

That's a great color. Thanks. And would you say that's more company-specific in terms of kind of your resiliency, your end customer base, you being closer to the customers? Or are you seeing kind of a general, a bit maybe of a step-down from the very peak of uncertainty that we saw end Q1, early Q2 kind of as a general, like how much is market, how much is company-specific?

Mats Hovland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Look, I think it's a combination. What we have seen is that the markets have stabilized somewhat from that peak level of uncertainty. But, of course, as we talked about this kind of pockets that we've been able to utilize, we are selling a lot to our existing customers, and our installed base and customer base is the strongest in this market. And we are selling a lot in Europe, which is that stronghold that we've built. So I think, in reality, it's a combination.

Eirik Rafdal

Analyst, Carnegie AS

That's very clear. Thanks. And a follow-up kind of on orders and also on revenue. If you look at kind of last quarter order book to this quarter revenue, the conversion took a big step-up from Q1, but it's still below historical levels. Could you help us understand kind of how that's driven by as a service, how it's postponements, longer projects time maybe for high throughput and also how we should think about that order book to revenue conversion and how that should evolve in the second half of this year?

Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Maybe I'll start and you can add, Paul. But, look, as we've talked about since the Capital Markets Day, we've had a big focus on getting even closer to the deals, even closer to those customers, setting up a good deal room and being very, very focused on driving conversion. And we've seen that create some results also as it comes to backlog conversion trends, right. So I think we're seeing some positivity there, but then of course, we have the AutoStore-as-a-Service, et cetera.

Paul Scott Harrison

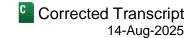
Chief Financial Officer, AutoStore Holdings Ltd.

Yeah. And on that, Eirik we've now got the quarter one, quarter two about \$34 million of revenue that is, if you like, gone into backlog as a result of AutoStore-as-a-Service. And these deals are typically ranging from sort of three to eight years. So you are right, they will sit and be relatively slowly released literally on a monthly basis into backlog. So that is another effect. But the fundamental point is the one Mats makes there.

Eirik Rafdal

Analyst, Carnegie AS

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That's very clear. Thanks. And since you mentioned it, just the final one from me. Of the \$34 million in Q1 and Q2 for as-a-Service, has any of this been recognized in Q2 already or is that something for Q3 and beyond?

Paul Scott Harrison Chief Financial Officer, AutoStore Holdings Ltd. Indeed, it is for Q3 and beyond. So we start to recognize revenues under those deals when the installation goes live and they have not gone live as of Q2. So no revenue in Q2 for AutoStore-as-a-Service and that will start in subsequent quarters. Eirik Rafdal Analyst, Carnegie AS Perfect. Thank you. I'll jump back in line. Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd. Thank you, Eirik. Shall we try Luke again? Can you please unmute yourself? Luke Holbrook Analyst, Morgan Stanley & Co. International Plc Yeah. Good morning, everyone. Hopefully this works. Can you hear me? Hopefully you can hear me. Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd. Yes. Luke Holbrook Analyst, Morgan Stanley & Co. International Plc Hopefully you can hear me. My question was - yeah, sorry I missed the last question, so hopefully I'm not repeating in changing my device, but what we saw in Q2 two was obviously a rebound in Europe. But North America and Asia Pacific still very weak. I'm just trying to understand what the trajectory for those two segments looks like into Q3 and when we can start to see a more of a cyclical recovery there. And then the second

Hopefully you can hear me. My question was – yeah, sorry I missed the last question, so hopefully I'm not repeating in changing my device, but what we saw in Q2 two was obviously a rebound in Europe. But North America and Asia Pacific still very weak. I'm just trying to understand what the trajectory for those two segments looks like into Q3 and when we can start to see a more of a cyclical recovery there. And then the second question, just you called out the AutoStore-as-a-Service which is clearly having some traction, but mainly centered on the 3PL base. And I think on your customer slide, you pointed that was about 14% of group revenue. So I'm just trying to understand here what the overall customer target market is just to get a flavor of where that long-term mix could be. And then just the final question would just be on the kind of the Big Beautiful Bill in the US on the R&D expense side. Is there any impact for you at all as a result of that? Thank you very much.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

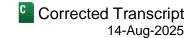
North America, do you want to...

Hiva Flåskjer

 ${\it Senior \, Vice \, President-Investor \, Relations, \, AutoStore \, Holdings \, Ltd.}$

Yeah. So on North American and APAC, let's start there, what we've seen in North America, which is one of the markets where we see the highest potential going forward, we haven't seen that materialize into revenue yet. But if I look at order intake and other leading metrics, we're seeing good developments in North America, particularly

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then after there has been more clarity on the tariff side. So going forward, we're seeing improvements in those leading indicators. APAC has been kind of roughly flattish for a while. And we are focusing our resources in those key markets where we see that there is opportunity. But again, going forward, we see North America being a large growth opportunity and then Europe continues to be very, very strong.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

A

AutoStore-as-a-Service, your observation is a good one. 14% of our revenue has been in the 3PL space. And certainly, that model is resonating in terms of conversation in the 3PL space, given their particular business model. We don't think it's necessarily confined to that space, but certainly, we think over time it will be of particular interest there. As to the R&D aspects of the US administration, I think it's really too early to point to an impact at this stage, Luke.

Luke Holbrook

Analyst, Morgan Stanley & Co. International Plc

y so far hasn't

Understood. And then just to be clear, you're saying that in Q3, it sounds like the revenue trajectory so far hasn't substantially recovered in North America to Q2. That's the right way to read your comments.

Mats Hovland Vikse

А

Chief Executive Officer, AutoStore Holdings Ltd.

I think for Q3, it's still too early to be specific on revenues. But what we can say is that in Q2, we saw that order intake and other leading indicators tracked positively for North America.

Luke Holbrook

Analyst, Morgan Stanley & Co. International Plc



Thank you very much.

Hiva Flåskjer



Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Thank you, Luke. Moving on. Tore, please go ahead and unmute yourself.

Tore Fangmann
Analyst Bank of America

Analyst, Bank of America

My question. I hope you can hear me all r

My question. I hope you can hear me all right. Just one question on the AutoStore-as-a-Service here. So on the \$6.9 million that you've booked, two questions on this. Is this now in absolute terms more than what it would have been if you sold it over your normal approach of selling solutions? Or does this basically, the question, does this include over these recurring revenues an overall sum of all revenues over the lifespan of the contract that is just larger than your usual sales? And could you give us a bit more detail of which time horizon should we expect? Will it start like two or three quarters? And then is this expected to run over seven, eight years? Just more details here. Thank you.

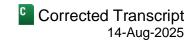
Paul Scott Harrison

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Chief Financial Officer, AutoStore Holdings Ltd.

Yeah. Let me try. Mats may well add. So look, one thing to step back and talk about the first half AutoStore-as-a-Service deals. The economics for us are quite attractive. We've seen those deals move into the black in sort of early to the mid-stage of the contract term versus the equivalent CapEx sale of those same solutions.

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It's early days, but the economics, as I say, have been strong for that reason. And of course, that ignores the potential for customers to increase the size of their installation and or extend over time. I think your point is well made, we shipped the solution under these deals. Therefore, as you can imagine, the customer is looking at sort of two to three quarters before they go live. They wouldn't naturally want it any and it to receive the product any earlier than that.

Mats Hovland Vikse Chief Executive Officer, AutoStore Holdings Ltd.	A
And then to the last part of your question. The numbers of the \$7 million represents the revenues that booked over that contract period. And that contract period is ranging from everything from three to eig	
Tore Fangmann Analyst, Bank of America	Q
Okay. Just to clarify, when you when you speak about – you think into the black number the overall contract span, should we understand this in the way of the profitability level Or should we understand this that the total revenue number that you would have received basically halfway?	el is basically the breakeven?
Paul Scott Harrison Chief Financial Officer, AutoStore Holdings Ltd.	A
Yeah. It's a revenue observation.	
Tore Fangmann Analyst, Bank of America	Q
Okay. So basically with this AutoStore-as-a-Service, you're doubling your revenues of	ver the contract span?
Mats Hovland Vikse Chief Executive Officer, AutoStore Holdings Ltd.	A
So, the point is on – compared to the profitability that we would normally make in an ι the comment was linked to.	upfront sale, that was what
Tore Fangmann Analyst, Bank of America	Q
Okay. Understood. Thank you.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you, Tore. Tim, you're next. If you could please go ahead and unmute yourself	•
Timothy Lee Analyst, Barclays Capital Securities Ltd.	Q
Hi. Can you hear me?	

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Corrected Transcript
14-Aug-2025

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

We can.

Timothy Lee
Analyst, Barclays Capital Securities Ltd.

All right. Great. Thanks for taking my questions. So I have three questions. So the first question is a bit more follow up on your [indiscernible] (00:28:03) market. So as you just mentioned, there are some positive indicators in the order intake or the other indicators. So can you please also give us a bit sense about what was the mix of North America in your order intake in the second quarter? And what's the growth that you are mentioning? And what would be the end markets that you see to be having a good indication or momentum in the North America market? That would be the first question.

Mats Hovland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Yeah. So what we're seeing is on a relative basis, also growth and then hence also taking a larger share of the total order intake versus what it's been in the past. If I look at this from an end market perspective, I think there's two things to note. One is that some of those traditional, more — or less cyclical segments, such as industrials, healthcare, et cetera, continues to be strong also in that market. But on top of that, we're also seeing some positive trends within the broader retail markets, including e-commerce. So as I look at kind of the customer opportunity in North America, we're having good conversations across all those segments.

Timothy Lee
Analyst, Barclays Capital Securities Ltd.

Very clear. Thank you. And the second question is about the order intake again, so the FX impact in the second quarter is around \$22 million. That took about roughly 16% year-on-year positive impact on the order intake. If you look at the US dollar depreciation, I think this is the main part of the FX impact, right? And the depreciation of the US dollar was roughly 10% on a year-on-year basis. And it's mainly for our Europe business, so which is around 70% of the total business, right? And so, it seems like the FX impact is a bit bigger than what we think on the US dollar depreciation. So what would be the missing parts that I may have in terms of my calculation?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

It is primarily in US dollar – the weaker US dollar base and, obviously, the functional currencies in which we invoice. I think I'd have to take offline that sort of reconciliation of your numbers to ours. But we've tried to be very open about the favorable impact of currency on order intake. That's our point.

Timothy Lee
Analyst, Barclays Capital Securities Ltd.

Yeah. No worries. Thank you very much. And my last question will be on the transformation projects that you have been taking. Any more activities that you foresee going forward? And for example, would there be any other product lines that you think probably that's no longer to be optimal for your customers and there may be other

product lines that you think probably that's no longer to be optimal for your customers and there may be other inventory provisions going forward that you can foresee?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

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No. So we have no other plans for either for the reorganization or the discontinuation of product lines. There's particular significance to the B1 end of life and that is a consequence of quite considerable improvements we've made recently in both our robot performance and software development. But there are no other plans for reorganization or restructuring at this time.

Timothy Lee

Analyst, Barclays Capital Securities Ltd.

Good. Thank you very much.

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Thank you, Tim. Moving on to Håkon. If you could, please go ahead and unmute yourself.

Håkon Nelson

Analyst, Kepler Cheuvreux SA (Norway)

Hi. Thank you for taking my question. Håkon here from Kepler Cheuvreux. I'm just quick about the — quick question about the AutoStore-as-a-Service again because in Q1 it was \$27 million and compared to \$6.9 million this quarter. And I just wonder, could you elaborate on what drove the new — the difference between these numbers and how should we think about the more normalized run rate for that AutoStore-as-a-Service system going forward?

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

Yeah, thanks for your question, Håkon. Look, I'll start there. This, as you know, is a relatively new offering to our customers. And I don't think for some time we can expect a linearity, if you like, to progression. What is particularly encouraging, actually, about the AutoStore-as-a-Service are the conversations that opens up with customers. And some of them may start with a particular interest in AutoStore-as-a-Service, but actually with fuller consideration actually revert back to the traditional sort of CapEx model. So, it's opening up a broader dialogue with customers leading to benefit for both models. But I think it is early days. It's a relatively small number of deals. And we're some way away for any sort of linear progression or industrialization, if you like, of this solution.

Håkon Nelson

Analyst, Kepler Cheuvreux SA (Norway)

Okay. Thank you so much.

Hiva Flåskjer
Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

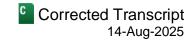
Thank you, Håkon. Martin, you're next, if you could, please go ahead and unmute yourself. Thank you.

Thank you, hakon, waitin, you're next, ii you could, please go anead and drimute yoursell. Thank you.

Martin Wilkie Analyst, Citigroup Global Markets Ltd.

Yeah. Good morning. Thank you. It's Martin from Citi. The first question I had was just on the mix of products. And, obviously, you rebound in the gross margin, excluding the inventory on the black line. Have you started selling or recognizing revenue on Carousel and some of the other new products? And if not, when those start getting recognized in revenue, should we expect a bit of mix effect to gross margin?

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Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Yeah. So, look, it's still relatively early days if you think about those products that we've launched over the last 12 months. But I'm very happy to say that across all of those products, we have made sales. And we're seeing a good proportion of that being also in pitch stages and late stage opportunities.

But very happy to see that traction that we have across those products that we've released, given that they're effectively improving the overall solution that we can offer to our customers.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

I'd only add to that would be obviously with a growing install base. We've got the software part of our business that grows in terms of its residents in the mix and that is obviously a very highly variable gross margin.

Martin Wilkie

Analyst, Citigroup Global Markets Ltd.

Yes. No, that makes sense. And just continuing on the gross margin mean, obviously in terms of pricing, is it right to think that any pricing that you've had to put through so far for tariffs or other effects, are now fully effective, or is there still a bit of a lag effect in terms of when pricing might come through in the second half?

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

We've really thus far seen very limited impact of tariffs. Keep in mind as well, Martin, that it's actually our partners that are the importers and who principally, therefore, would bear that tariff cost. But there's a slightly sort of calmer sort of attitude we're seeing at the moment on tariffs. And that perhaps comes as a result of some of these deals that have been secured, e.g. with the EU. So we're not, at least thus far, seeing an impact on gross margin of tariffs.

Martin Wilkie

Analyst, Citigroup Global Markets Ltd.

Great. Thank you very much.

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Thank you, Martin. Please, Kristian, you are next. If you could go ahead and unmute yourself. Thank you.

Kristian Spetalen

Analyst, Arctic Securities AS

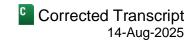
Hi. Can you hear me?

Hiva Flåskier

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Yes, we can.

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Kristian Spetalen

Analyst, Arctic Securities AS

Okay, good. Thanks. Kristian from Arctic here. So, two questions from me, if that's okay. So, the first one, some of your listed competitors have reported quite strong figures into Q1 and Q2, and showing an improvement in order intake from last year. And if we strip out the currency effect you had some slowdown yourself and your competitors have also been quite constructive on the market outlook for 2025. So just wondering if you could help us understand this sort of inconsistency versus your competitors this year, while in previous years, you more like outperformed them. Thank you.

Mats Hovland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Yes. Good question. So, if you look at some of the related markets to where we operate, we are seeing some pockets of good performance. However, if you strip that down to the market that we operate in, we actually see ourselves gaining share in what has been and continues to be a quite challenging market. But if you take a broader view on kind of warehouses, e-commerce in general, we were seeing good traction on the parcel side of the world, some of the non-discretionary spend is driving some performance within the pallet market. We're seeing that some of those smaller ticket items where operators can slightly improve some of their existing warehouses are seeing some good performance, et cetera. But if you drill that down into our market, we're performing well relative to the market overall.

Kristian Spetalen

Analyst, Arctic Securities AS

Okay. Good. Makes sense. And just a final follow up here on AutoStore-as-a-Service. I know we answered a couple of questions already. But given that you don't provide any KPIs and there's still — and it was quite significantly lower share in the second quarter. Should we understand this as you don't expect any significant uptick in Q3 or in the short term going forward? And that's the Q1 share was sort of one-off in terms of the large share it was?

Mats Hovland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Look, as Paul said, it is still early days. We're seeing it come up in more and more conversations. But because it is early days, you should expect some lumpiness in terms of how it actually comes out on a quarter over quarter basis. So it has a focus within our organization because it's a good solution that we can offer to our customers and customers are asking for it. It's healthy for the profile of our business, so we will continue to have a focus on it. But let's give it some time and see how it actually materialize on a quarter by quarter basis before we fully conclude on which KPIs to report and can be more specific in terms of what to expect.

Kristian Spetalen

Analyst, Arctic Securities AS

Okay. Thank you.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

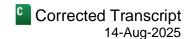
Hiva, can I just add a comment back to Tim's earlier question.

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Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Yes.	
Paul Scott Harrison Chief Financial Officer, AutoStore Holdings Ltd.	A
I think Tim we will come back to on that FX rate point, but I think the possible average rates when we compare period on period versus closing rates, while we will come back to you.	·
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you.	
Kristian Spetalen Analyst, Arctic Securities AS	Q
Okay. Thanks.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you, Kristian. [ph] Tintin (00:39:46), you are next up. Please go ahea	d and unmute yourself.
	Q
Okay. Can you hear me?	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
We can. Good morning.	
	Q

Okay, great. Good morning. Sort of three things for me. Again, AutoStore-as-a-Service, very popular topic. More of a philosophical question really. Is it quite a passive sales approach? How much are you pushing it versus how much is pulled in terms of the deals that are happening? And if you look at your partners and the salespeople that are involved in the that versus, say, your traditional CapEx model, what is the difference in the commission structure and how they're incentivized? So, that's one. Can I just dump it all in one go? Gross margin without the exceptional is kind of at that 75% level.

Paul, are you happy for us to run the models at that level now? And if so, plus minus, give us the reasons. And then thirdly, in terms of quarterly seasonality in the business, Q1, Q3, typically lower. Q2, Q4, typically stronger. Obviously, we've had so much impact on tariffs, relative confidence. In terms of the next quarter's seasonality, Q3, should we expect that even though, okay, a bit of stability and recovering, we should expect the normal seasonality we would see in Q3?

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Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Why don't I start maybe on one and three? So, on number one, our focus isn't necessarily on exactly what solution we try to push, but our focus is to get close to those important customers that we have and that we're trying to get, understanding the needs that they have and translating that back to our offerings and saying, here is how we can help you solve those needs.

And in some pockets of the market – for instance, the 3PL market, we see that this model resonates very, very well because it matches the contract structures of those businesses. And hence, yes, we often lead the conversation with such a model because we know it resonates very, very well. But at the end of the day, it's the suite of offerings that we have that we're matching against the needs that our customers have.

And if you look at how we incentivize our salespeople, we focus on value creation for the business. So, yes, they will be incentivized to also push and sell the AutoStore-as-a-Service offering when that this something that we see can help drive conversion with the customer or help that customer create even more value within their own business model.

And then on the third one, and I think taking a step back here, with our business model and with our operations, there will be lumpiness. We've said this since the start, right? Because we're exposed to a project-based nature, because it's – this is, at the end of the day, investments for our customers and now, in addition, the as-a-service model, there is a natural lumpiness within our business model.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

[ph] Tintin (00:42:57), thank you for your question on gross margins. You are right, 75%, I think, in certainly the quarters I've certainly reported is the highest underlying gross margin.

But actually, what I would say stepping back is now for a number of successive quarters, our gross margin has been sort of in the early to mid-70s. I will always have an eye on the LME market and the commodities, the underlying commodities that go into the production of robots, which we don't fully control as we saw with, for example, the Ukraine situation. So, I would encourage you to think about it as sort of early to mid-70s and not necessarily modeling forward as high as 75.

Great. Thanks, guys.

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

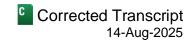
Thank you, [ph] Tintin (00:43:47). Petter, you're next.

Petter Nystrøm

Analyst, ABG Sundal Collier ASA

Thanks. Actually, my gross margin question was just answered so I can skip that one. Then I have one more question. Is it possible to share some insight on how activity level has developed during the quarter? I think you must mention that the peak of market uncertainty was around the start of Q2. Thank you.

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Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

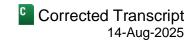
Yes, you're right. As we reported Q1, we talked about how that level of uncertainty was very, very high. But I think what we've seen over time is those markets stabling somewhat, is our customers kind of getting more certainty, figuring out how to maneuver that role, and can then focus on improving the business, which is what we help them do.

And as I said, ahead of summer, during summer, I've traveled around, spent a lot of time with both existing customers and prospective customers. And that's also what I'm sensing is that there is a continued strong conviction on their automation roadmaps, what they're trying to solve for within their business, and they're getting headroom to actually think about that as well.

Petter Nystrøm Analyst, ABG Sundal Collier ASA	Q
Thank you.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you, Petter. And [ph] Tintin (00:45:07), you have your hand up. Did you have a follow-up question?	
	Q
No, I don't.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Okay, thank you, [ph] Tintin (00:45:14).	
	Q
I just forgot the hand.	
Hiva Flåskjer Senior Vice President-Investor Relations, AutoStore Holdings Ltd.	A
Thank you. Just checking. If not, then Lasse, you are next. Please go ahead and unmute yourself.	
Lasse Stüben Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)	Q

Hi, good morning. Just one follow up just on again, also AutoStore-as-a-Service. Again, more of a conceptual question but can you disclose how many of the partners that you have are now offering as a service? Or if not, just generally, I mean, what is the feedback you're getting from the partners? Because I guess for a few of them, it probably adds maybe some unwanted complexity to their own business model, or maybe you could explain the mechanics of when you're onboarding a partner as a service partner as well, how that also then looks from their kind of economics and revenue generation perspective. So if you could just help guide us a little bit there on what the feedback is and how that looks amongst the 21 partners, or is it 22 now that you have? Thank you.

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Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

So look, we're – we have designed an additional offering that our partners can decide to use to create more success in their business. We've had those conversations and onboarded those large partners that make up a big share of our overall business. And we're collectively with and through those partners going to market with this offering. So overall, I feel like we're in a very good place with the partners to actually drive adoption in those relevant end markets and segments with this as a service model.

And of course, just again, fundamentally taking that step back, we have designed it in a way so that this is also good business for our partners. Because if you think back, we have this important win, win, win strategy where we need to be in a good place, our partners needs to be in a good place, and our customers need to win. And as long as we can have that model, we have learned that we get focus and focus creates results.

Lasse Stüben

Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Okay. Maybe just a follow up. In terms of – because with the as a service, I guess you are taking credit risk on the customer to some extent. So how has that changed the approach with dealing with different customers? Because I guess you don't want to be looking at customers defaulting on payments a few years down the road. So how has that changed the approach?

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

Yeah, it's a good question, Lasse. I mean, we do take that credit risk, ultimately through our partners.

But keep in mind one important thing, we continue to own the asset and our products are highly standardized. So in the event of a credit failure, we do have the ability to recover the assets and redeploy them elsewhere. It's an important point to bear in mind, this highly standardized nature of our product. But obviously, we undertake all the appropriate diligence when it comes to credit assessment.

Lasse Stüben

Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

Okay. Thank you.

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

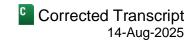
Thank you, Lasse. I don't see any more hands being raised. I'm just going to check the web player as well. I think we've asked or answered the questions here. I guess one question that we haven't answered, Paul, is for you. And that's if we can please confirm the use of proceeds from the new bank facility.

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

Sure. So, as I mentioned, I'm pleased with the structure of our new facility, \$350 million revolving credit facility, \$150 million Term Loan A, gives us a lot more flexibility when it comes to applying the cash we generate to the core debt that we have. Specifically, in terms of source and use of the funds, we will use the new facilities to repay the Term Loan B, we will cancel the existing revolving credit facility, which we have actually never used. And therefore, you see a shift of debt initially to the revolving credit facility.

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But as I say, think about the greater potential to optimize treasury as we demonstrate as we generate cash and use that cash to offset the debt in an RCF without actually losing the headroom in so doing.

Hiva Flåskjer

Senior Vice President-Investor Relations, AutoStore Holdings Ltd.

Thank you. I believe this concludes the Q&A session for today. And with that, I'll hand over the word to Mats for his final remarks.

Mats Hoyland Vikse

Chief Executive Officer, AutoStore Holdings Ltd.

Thanks, Hiva. So let me summarize what we've presented to you today and also remind you of some key points. So first, we operate in a large, underpenetrated market fueled by long-term megatrends, and that growth opportunity is intact, and we have a winning proven solution. As we've already discussed, we're responding to the current market conditions by taking decisive actions aimed at maintaining high profitability, strengthening our competitive position, and supporting long-term growth and resilience. And we're not standing still.

Innovation is embedded in our DNA, and we continue to push the boundaries of what's possible. At our last update, you heard us talk about the latest innovations and product launches, and the next one is in October this year, so stay tuned. Look, we have several ways to win and a scalable solution that works across industries, system types, and geographies, all delivered for an efficient, partner-enabled model.

And taken together, these elements gives us the confidence in our direction and our ability to create long-term value. So I'd like to thank you for dialing in today, and look forward to speaking to you again soon. Thanks.

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