AutoStore

Quarterly report

Q4 2023

Highlights (1/2)

The fourth quarter of 2023 saw AutoStore delivering another strong performance with revenue of USD 176.3 million, 19.5% ahead of prior year quarter. The company achieved a gross margin of 68.5% representing growth of 7.6 pp. versus the prior year. Adjusted EBITDA[2] margin of 47.9% as well as solid cash flow conversion[2] of 84.1% continues to demonstrate the strong financial characteristics of AutoStore.

Financial highlights for the fourth quarter of 2023

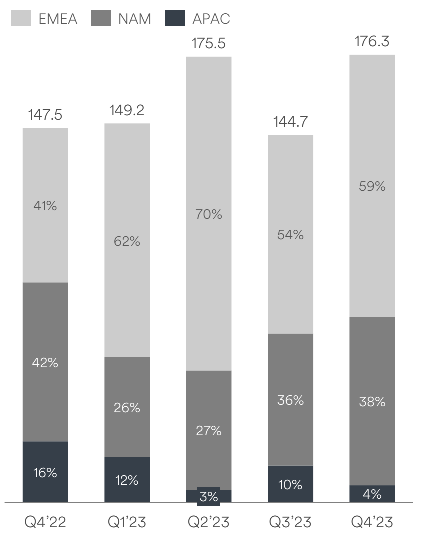
- Revenue[1] in the fourth quarter of 2023 totaled USD 176.3 million (147.5), representing YoY growth of 19.5%. This is mainly due to growth in EMEA.
- Gross margin increased by 7.6 pp. YoY to 68.5% (60.8%), successfully returning to a sustainable strong level, following strategic pricing actions together with more favorable grid and robot costs.
- Adjusted EBITDA[2] was USD 84.4 million (59.0) while the corresponding adjusted EBITDA margin[2] was 47.9% (40.0%), up 7.9 pp. YoY. This was driven by the improved gross margin and AutoStore's scalable operating model.
- Simplified free cash flow[2] was USD 71.0 million (45.2), resulting in a cash flow conversion[2] of 84.1% (76.7%).

Financial highlights for the full year of 2023

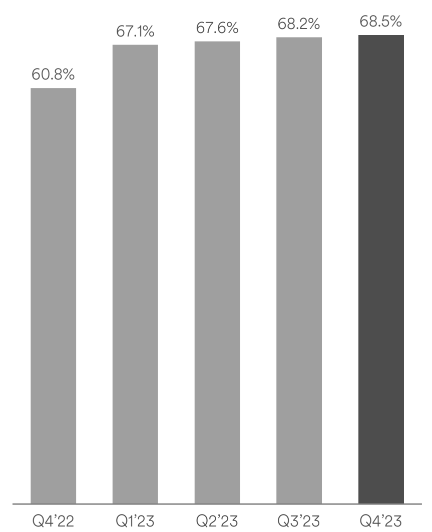
- Revenue[1] for 2023 amounted to USD 645.7 million (583.5), representing growth of 10.6% YoY.
- Gross margin improved by 9.4 pp. from 58.4% to 67.8%.
- Adjusted EBITDA[2] ended at USD 308.5 million (237.5), representing an adjusted EBITDA margin[2] of 47.8% (40.7%). The YoY margin increase was primarily linked to improved gross margin.
- Simplified free cash flow[2] totaled USD 256.8 million (194.4), resulting in cash flow conversion[2] of 83.2% (81.9%).

	Fourth quarter			Year		
USD million	2023	2022	Δ in %	2023	2022	Δ in %
Revenue[1]	176.3	147.5	19.5 %	645.7	583.5	10.6 %
Gross profit	120.7	89.7	34.6 %	438.1	340.8	28.5 %
Gross margin	68.5 %	60.8 %	7.6 pp.	67.8 %	58.4 %	9.4 pp.
EBIT	63.1	31.2	102.0 %	-13.6	167.0	-108.2 %
Adjusted EBITDA[2]	84.4	59.0	43.2 %	308.5	237.5	29.9 %
Adjusted EBITDA margin[2] (%)	47.9 %	40.0 %	7.9 pp.	47.8 %	40.7 %	7.1 pp.
Adjusted EBIT[2]	78.2	55.1	41.8 %	286.5	223.9	28.0 %
Adjusted EBIT margin[2] (%)	44.3 %	37.4 %	7.0 pp.	44.4 %	38.4 %	6.0 pp.
Simplified free cash flow[2]	71.0	45.2	57.1 %	256.8	194.4	32.1 %
Cash flow conversion[2] (%)	84.1 %	76.7 %	7.4 pp.	83.2 %	81.9 %	1.4 pp.
Order intake[3]	163.9	152.8	7.3 %	619.5	629.9	-1.7 %

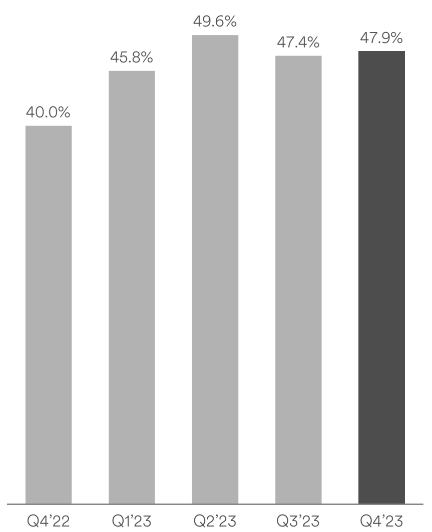
Revenue[1] by region
USD million



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] sequentially improved by 8.0% to USD 163.9 million. This brought the backlog[4] to USD 446.7 million.

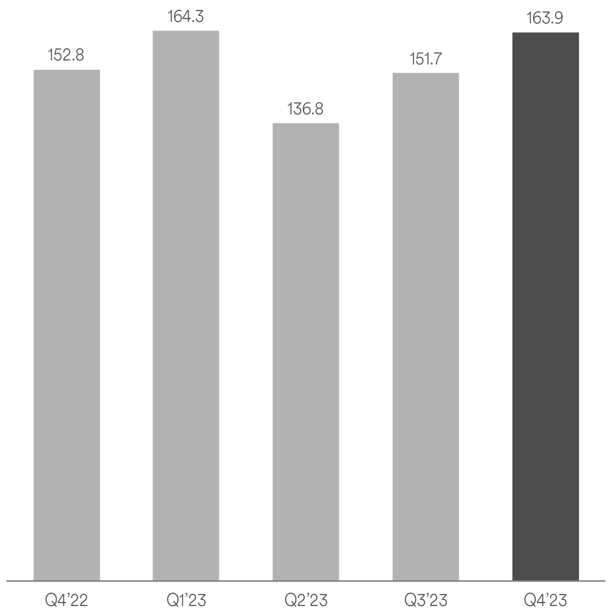
Operational highlights

● AutoStore released R5 Pro™ Robot, which provides up to 18% higher throughput per robot.

● AutoStore implemented a general price increase of 9% and removed the grid surcharge, yielding a net price increase of 3%, effective from December 1, 2023.

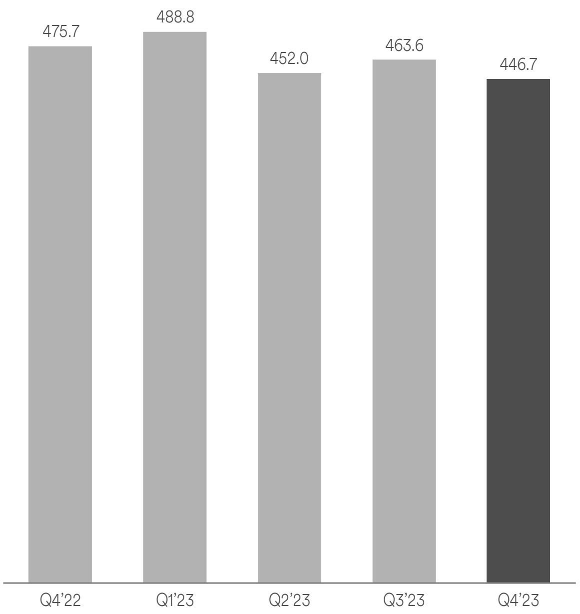
● Successful ramp-up of production capacity in Poland. In addition, the first quarter of 2024 will see the go-live of AutoStore's new production facility in Thailand.

Order intake[3]
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.

Order backlog[4] development
USD million



[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

I am pleased to report a strong final quarter's performance for 2023 with the business delivering accelerated revenue growth of 19.5 percent to USD 176 million and order intake of USD 164 million representing 7.3 percent growth over the fourth quarter of 2022. For the full-year 2023, this means an annual revenue growth of 10.6 percent, significantly outpacing the light AS/RS warehouse automation market, which declined 16 percent[1].

The warehouse automation market is driven by long-term secular trends of e-commerce, labor shortage and rising labor costs making robotic solutions increasingly attractive across industries. Still, only around 20 percent of the market is penetrated. With our superior technology, enhanced through constant product innovation, we have fortified our position as a global leader. As a result, we continue to experience growing customer interest and demand in the market measured by the number of opportunities we work on and the number of offers we submit across our partner network. During 2023, our pipeline grew by 10 percent to USD 6.5 billion, and in the fourth quarter 2023, we saw strong conversion of this pipeline to orders.

Our strong performance in the fourth quarter of 2023 has taken our backlog to USD 447 million, providing a strong foundation for continued growth in 2024. Whilst we still see longer conversion times than we have seen in the past, the quality of the backlog remains high providing a strong foundation for future growth.

The simplicity of the AutoStore business model is one of our strongest features. Our flexible solution, based on a small number of standardized modules, combined with a partner-driven go-to-market strategy yields a highly attractive financial profile. For four consecutive quarters we have delivered industry-leading margins, and the scalability of the model combined with the technological leadership in a market with underlying growth, underpin the sustainability of these margins levels. In the fourth quarter of 2023, AutoStore continued to deliver strong profitability with gross margins of 68.5 percent, and adjusted EBITDA margin of 47.9 percent, both significantly higher than in the corresponding period last year. We continue to focus on delivering margins in line with these levels while also driving growth through expanded sales resources and R&D.

We remain highly optimistic about our future growth. AutoStore is the leading global player in the market, with the only proven and scalable cubic storage solution, driving a best-in-class financial profile. While strong secular drivers continue to drive increased demand for warehouse automation and fast and efficient cubic storage, we continue to develop our market outreach through our partner network with more than 2,000 sales representatives, and also by strengthening our ability to engage directly with existing and potential customers through our expanded network of business development managers.

We also see opportunities to deepen our relationships with large, global customers who will increasingly be served by AutoStore's global account managers complementing their relationships with our partners. Our partnership with DHL, announced in November, is a great example of how we, together with our partners, can work seamlessly with our customers to optimize the efficiency of their warehouse network. A study by Forrester[2] showed the unrivalled financial case associated with a typical AutoStore installation with an ROI of 79% and a payback period of only 18 months.

Product development is a key element of our growth strategy, and our team continuously develops innovative solutions and offerings to build upon our product and technology leadership. In 2023, we launched the R5 Pro™ Robot, offering materially increased throughput per robot. We have a complete R&D roadmap focused on increasing the efficiency of the cube and ultimately increasing customer ROI.

In conclusion, we continue to see tremendous growth opportunities in the underpenetrated warehouse automation market. We remain highly confident in AutoStore's ability to grow with the market while also increasing our market share and delivering sustainable high margins by leveraging our strong competitive position, leading product portfolio, efficient operating model and broad market reach.

Mats Hovland Vikse
Mats Hovland Vikse,
CEO

[1] Top-tier management consulting firm
[2] "The Total Economic Impact™ of AutoStore", published by Forrester, commissioned by AutoStore, December 2023

Financial developments[1,3]

Results for the period

Fourth quarter of 2023

AutoStore reported total revenue (including other operating income) of USD 176.3 million (147.5), representing a YoY growth of 19.5%.

Cost of materials amounted to USD 55.6 million (57.8). Gross margin increased by 7.6 pp. YoY. The increase was primarily a result of lower grid and robot costs due to targeted focus on improving purchasing agreements on components.

Employee benefit expenses in the fourth quarter amounted to USD 25.3 million (25.5). Excluding adjusting item for management option costs of USD 5.2 million (8.1), employee benefit expenses increased by USD 2.7 million compared to the corresponding quarter. The increase was primarily a result of increased headcount related to R&D and sales functions. AutoStore treats option costs as an adjusting item. Please see the APM section on page 24 for further details.

Other operating expenses amounted to USD 16.2 million (18.7). In the fourth quarter of 2022, other operating expenses included Ocado litigation cost which were treated as an adjusting item. Excluding these costs in 2022, other operating expenses increased in the fourth quarter of 2023 from USD 13.4 million to USD 16.2 million. The development in other operating expenses was primarily a result of continued operational expansion and increased marketing activities, which in turn will support the company's long-term development. Please see the APM section on page 24 for further details.

EBITDA was USD 79.2 million (45.5), corresponding to an EBITDA margin of 44.9% (30.9%). Adjusted EBITDA[2] and the adjusted EBITDA margin[2] were USD 84.4 million (59.0) and 47.9% (40.0%), respectively. The increase in EBITDA and adjusted EBITDA[2] was primarily a result of improved gross margin and AutoStore's scalable operating model with limited growth in operating expenses.

AutoStore reported USD 2.9 million (1.6) in depreciation of tangible assets and leases and USD 13.2 million (12.7) 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.

EBIT ended at USD 63.1 million (31.2), while adjusted EBIT[2] totaled USD 78.2 million (55.1).

Finance income was USD 5.7 million (10.1), while finance cost was USD 18.2 million (7.8). The increase in finance costs compared to the corresponding quarter was mainly a result of a foreign exchange loss of USD 4.9 million compared to a foreign exchange gain of USD 7.1 million in the fourth quarter of 2022. Foreign exchange currency gain/loss are presented net.

The profit before tax in the fourth quarter of 2023 was USD 50.5 million (33.6), which resulted in a tax expense of USD 11.2 (6.7). The profit after tax was USD 39.3 million (26.8) and basic earnings per share ended at 0.012 (0.008).

Full year 2023

Total revenue (including other operating income) was USD 645.7 million (583.5), representing a YoY growth of 10.6%.

Cost of materials ended at USD 207.6 million (242.8). Gross margin increased by 9.4 pp. from 58.4% to 67.8%. The increase was primarily a result of lower grid and robot costs.

AutoStore reported employee benefit expenses of USD 79.1 million (39.4). The YoY increase was attributable to two main factors: Firstly, employee benefit expense for the year ended 2022 was low due to a reduction in the provision for social security tax on management options following the reduced share price for the company. Secondly, an increase in the number of employees contributed to higher benefit employee expenses during 2023. Excluding adjusting item for management options costs, employee benefit expenses amounted to USD 71.7 million for the year ended 2023 compared to USD 56.7 million for the year ended 2022. AutoStore treats option costs as an adjustment item. Please see the APM section on page 24 for further details.

Other operating expenses amounted to USD 310.4 million (76.6). The increase was mainly attributable to expenses related to the Ocado Group settlement and legal fees recorded in the second quarter. Please see note 4.2 and 5.2 for additional information. The group treats Ocado Group litigation costs as an adjusting item. Please see the APM section on page 24 for further details. Excluding the adjusting item for litigation costs, other operating expenses amounted to USD 57.8 million (46.5). The increase was primarily driven by operational expansion and increased marketing activity.

EBITDA ended at USD 48.5 million (224.7) with an EBITDA margin of 7.5% (38.5%), while adjusted EBITDA[2] and the adjusted EBITDA margin[2] were USD 308.5 (237.5) and 47.8% (40.7%), respectively. The decrease in reported EBITDA was primarily a result of expenses related to the settlement of the patent dispute with Ocado Group, whereas the increase in adjusted EBITDA[2] primarily was a result of improved gross margin and scalable operating model with limited growth in operating expenses.

Depreciation amounted to USD 10.6 million (6.6), while amortization of intangible assets totaled USD 51.5 million (51.1).

Finance income was USD 10.4 million (4.2), while finance cost totaled USD 43.1 million (44.0) of which USD 31.0 million (19.7) relates to interest expenses. The YoY increase in finance income was a result of interest earned on the group's financial deposits. The increase in finance cost was mainly driven by increased interest on the group's interest-bearing debt.

The loss before tax was USD -46.3 million compared to a profit before tax of USD 127.2 million in 2022, which resulted in a tax income of USD 12.4 (-27.5). The loss after tax was USD -34.0 million (99.7) and basic earnings per share ended at USD -0.010 (0.030).

[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	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Revenue and other operating income	176.3	147.5	645.7	583.5
Cost of materials	-55.6	-57.8	-207.6	-242.8
Employee benefit expenses	-25.3	-25.5	-79.1	-39.4
Other operating expenses	-16.2	-18.7	-310.4	-76.6
EBITDA	**79.2**	**45.5**	**48.5**	**224.7**
Adjusted EBITDA[2]	**84.4**	**59.0**	**308.5**	**237.5**
Depreciation	-2.9	-1.6	-10.6	-6.6
Amortization of intangible assets	-13.2	-12.7	-51.5	-51.1
EBIT	**63.1**	**31.2**	**-13.6**	**167.0**
Adjusted EBIT[2]	**78.2**	**55.1**	**286.5**	**223.9**
Finance income	5.7	10.1	10.4	4.2
Finance costs	-18.2	-7.8	-43.1	-44.0
Profit/loss before tax	**50.5**	**33.6**	**-46.3**	**127.2**
Income tax expense	-11.2	-6.7	12.4	-27.5
Profit/loss for the period	**39.3**	**26.8**	**-34.0**	**99.7**

Cash flow

Fourth quarter of 2023

AutoStore generated a positive cash flow of USD 12.6 million (34.8) from operating activities in the fourth quarter of 2023. The reduction from the corresponding period was primarily a result of cash outflows of USD 30.8 million related to the settlement with Ocado Group and tax paid of USD 19.1 million. USD 19.1 million of taxes paid relates to prepaid taxes for liquidated subsidiaries which is offset against negative tax expenses related to these entities in 2023, resulting in a tax receivable of USD 19.1 million being recognized as of 31 December 2023. For more details, please see note 1.1. Despite the cash outflow from the settlement with Ocado and the tax paid, the company generated positive cash flow from operating activities driven by a positive EBITDA contribution. Please see note 4.2 and 5.2 for additional information about the settlement with Ocado Group.

Cash flow from investing activities amounted to USD -10.2 million (-11.5). The cash outflows comprised of USD -5.8 million (-5.4) from purchase of tangible and intangible assets, interest received of USD 3.2 million (2.3) and USD -7.6 million (-8.4) related to development expenditures. The decrease in development expenditures was primarily related to currency exchange rate fluctuations and capitalization of on-off effects in the corresponding quarter for 2022.

Cash flow from financing activities was USD -10.6 million (-5.4). The cash outflows primarily consisted of interest amounting to USD 8.0 million (4.2), related to the group's interest-bearing debt.

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

The group held USD 253.3 million in cash as at 31 December 2023, up from USD 174.8 million as at 31 December 2022.

Full year 2023

The cash flow from operating activities in 2023 was USD 152.5 million (101.4). Despite payments made to Ocado Group of USD 62.2 million in 2023, the group maintained a positive cash flow from operating activities. Please see note 4.2 and 5.2 for additional information about the settlement with Ocado Group.

Cash flow from investing activities was USD -43.2 million compared to USD -38.9 million in the corresponding period of 2022. The increase was primarily a result of increased capital expenditures for property, plant and equipment of USD 15.5 million (9.0) due to capitalization of assets related to a pay-per-pick project in the third quarter. Capitalization of development expenditures amounted to USD 29.5 million in 2023 compared to USD 28.7 million in 2022.

Cash flow from financing activities was USD -36.8 million (-17.7). The increase from the corresponding period 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 13.

Cash flow	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Cash flow from operating activities	12.6	34.8	152.5	101.4
Cash flow from investing activities	-10.2	-11.5	-43.2	-38.9
Cash flow from financing activities	-10.6	-5.4	-36.8	-17.7
Net change in cash and cash equivalents	**-8.2**	**18.0**	**72.5**	**44.8**
Cash and cash equivalents, beginning of period	260.7	147.3	174.8	146.9
Effect of change in exchange rate	0.7	9.6	6.0	-16.8
Cash and cash equivalents, end of period	**253.3**	**174.8**	**253.3**	**174.8**

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

Financial position

The group's total assets as at 31 December 2023 were USD 2,129.9 million, up from USD 2,041.0 million as at 31 December 2022. Intangible assets and goodwill amounted to USD 492.0 million (524.6) and USD 1,061.9 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 489.3 million as at 31 December 2023. The increase was mainly attributable to an increase in the cash reserve from USD 174.8 million to USD 253.3 million. Inventory amounted to USD 82.9 million, down from USD 83.5 million. Trade receivables and other receivables ended at USD 110.7 million (90.0) and USD 42.4 million (20.0), respectively. The increase in trade receivables was linked to the increase in revenue for the fourth quarter compared to the corresponding quarter in 2022. The increase in other receivables was mainly due to tax reimbursement of USD 19.1 million.

Equity decreased from USD 1,347.8 million as at 31 December 2022 to USD 1,272.8 million as at 31 December 2023. The reduction primarily reflects the effect of the expense related to the settlement of claims in the global patent dispute with Ocado Group and negative exchange rate differences linked to the translation of results and the financial position of subsidiaries and the parent company from other currencies into USD.

Current liabilities increased to USD 219.1 (134.9) million as at 31 December 2023. The increase was primarily due to a current liability of USD 120.8 million recognized in relation to the settlement of all claims in the patent dispute with Ocado Group.

Total non-current liabilities increased from 31 December 2022 to 31 December 2023, from USD 558.2 million to USD 638.0 million. The increase was mainly a result of a non-current liability of USD 57.0 million recognized in relation to the settlement of all claims in the patent dispute with Ocado Group. In addition, non-current lease liabilities increased to USD 47.8 million (28.9) primarily as a result of the new assembly facility in Thailand.

USD million	31 December 2023	31 December 2022
Goodwill	1,061.9	1,096.4
Intangible assets	492.0	524.6
Other	86.8	51.7
Total non-current assets	**1,640.6**	**1,672.6**
Total current assets	**489.3**	**368.3**
Total assets	**2,129.9**	**2,041.0**
Total equity	**1,272.8**	**1,347.8**
Non-current interest-bearing liabilities	432.8	421.8
Other non-current liabilities[1]	205.2	136.5
Current liabilities	219.1	134.9
Total liabilities	**857.1**	**693.2**
Total equity and liabilities	**2,129.9**	**2,041.0**

[1] Includes all non-current liabilities, except for non-current interest bearing liabilities.

Operational highlights

● AutoStore released the R5 Pro™ Robot, which provides up to 18% higher throughput per robot. This new robotic solution is designed to address the specific demands of large-scale e-commerce operations, emphasizing better space usage, higher performance, and reduced total ownership costs for companies running multishift operations at scale. The R5 Pro™ provides a critical advantage in meeting heightened peak-season demands with its extended battery life and rapid charging capabilities.

● Successful ramp-up of production capacity in Poland. In addition, the first quarter of 2024 will see the go-live of AutoStore's new production facility in Thailand.

● AutoStore implemented a general price increase of 9% and removed the grid surcharge, yielding a net price increase of 3%, effective from December 1, 2023.

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.

The warehouse automation market is driven by long-term secular trends of e-commerce and rising labor costs making automation increasingly attractive across industries. With its superior technology and proprietary software, enhanced through constant product innovation, AutoStore has fortified its position as a global leader. As a result, the company continues to experience growing interest and demand in the market measured by the number of opportunities being worked on and the number of offers AutoStore submit across the company's partner network.

While supply chain challenges and increased cost inflation impacted the business in 2022, the company adopted mitigating measures, which have successfully improved the gross margin. With a standardized product set and broadened supply and manufacturing base, AutoStore considers its high gross margin to be sustainable. In the fourth quarter of 2023, the adjusted EBITDA margin was for the fourth sequential quarter back to 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. Our capital light model provides high return on capital and resilience towards market fluctuations. These attributes combined with the unique go-to-market model, leveraging the combined customer network, sales force, market knowledge and industry competence, of AutoStore's partners across the world, yield a sustainable, high growth and high margin business model.

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

AutoStore remains highly confident in the significant potential of the warehouse automation market. Market penetration remains low, and AutoStore's platform for growing and capturing market share remains firm, based on the company's strong competitive position, leading product portfolio, efficient operating model, and broad market reach.

[1]

Interim condensed consolidated financial information

Interim condensed consolidated statement of comprehensive income

		Fourth quarter		Year	
USD million	Notes	**2023**	**2022**	**2023**	**2022**
Revenue and other operating income	2.1	176.3	147.5	645.7	583.5
Total revenue and other operating income		**176.3**	**147.5**	**645.7**	**583.5**
Cost of materials		-55.6	-57.8	-207.6	-242.8
Employee benefit expenses		-25.3	-25.5	-79.1	-39.4
Other operating expenses	4.2	-16.2	-18.7	-310.4	-76.6
Depreciation		-2.9	-1.6	-10.6	-6.6
Amortization of intangible assets	3.1	-13.2	-12.7	-51.5	-51.1
Operating profit/loss		**63.1**	**31.2**	**-13.6**	**167.0**
Finance income[1]	4.2	5.7	10.1	10.4	4.2
Finance costs[1]	4.2	-18.2	-7.8	-43.1	-44.0
Profit/loss before tax		**50.5**	**33.6**	**-46.3**	**127.2**
Income tax expense		-11.2	-6.7	12.4	-27.5
Profit/loss for the period		**39.3**	**26.8**	**-34.0**	**99.7**
Other comprehensive income/loss					
Items that subsequently will not be reclassified to profit or loss:					
Exchange differences on translation of parent company		11.0	24.7	-9.0	-31.7
Total items that will not be reclassified to profit or loss		**11.0**	**24.7**	**-9.0**	**-31.7**
Items that subsequently may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		45.0	100.6	-36.4	-114.9
Total items that may be reclassified to profit or loss		45.0	100.6	-36.4	-114.9
Other comprehensive income/loss for the period		**56.0**	**125.3**	**-45.4**	**-146.5**
Total comprehensive income/loss for the period		**95.4**	**152.1**	**-79.4**	**-46.8**
Profit/loss attributable to:					
Equity holders of the parent		39.3	26.8	-34.0	99.7
Total comprehensive income/loss attributable to:					
Equity holders of the parent		95.5	152.1	-79.4	-46.8
Earnings per share[2]					
Basic earnings per share (USD)		0.012	0.008	-0.010	0.030
Diluted earnings per share (USD)		0.011	0.008	-0.010	0.029

[1]Foreign exchange currency gain/loss are presented net. Foreign exchange currency effects YTD might therefore not correspond to sum foreign exchange currency gain/loss presented each quarter as these effects will fluctuate between net gain and net loss.
[2]If profit/loss is negative, diluted earnings per share is equal to basic earnings per share.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.
The interim condensed consolidated financial statements have not been subject to audit or review.

Interim condensed consolidated statement of financial position

USD million	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment		30.2	17.3
Right-of-use assets		50.8	31.3
Goodwill	3.1	1,061.9	1,096.4
Intangible assets	3.1	492.0	524.6
Deferred tax assets		3.8	1.6
Other non-current assets		1.9	1.6
Total non-current assets		**1,640.6**	**1,672.6**
Current assets			
Inventories		82.9	83.5
Trade receivables		110.7	90.0
Other receivables		42.4	20.0
Cash and cash equivalents		253.3	174.8
Total current assets		**489.3**	**368.3**
TOTAL ASSETS		**2,129.9**	**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	-0.7	-0.9
Other equity		84.7	160.0
Total equity		**1,272.8**	**1,347.8**
Non-current liabilities			
Non-current interest-bearing liabilities	4.2	432.8	421.8
Other non-current liabilities	4.2	57.0	-
Non-current lease liabilities		47.8	28.9
Deferred tax liabilities		97.6	101.6
Non-current provisions		2.9	6.0
Total non-current liabilities		**638.0**	**558.2**
Current liabilities			
Trade and other payables		46.5	51.5
Other current liabilities	4.2	138.9	1.0
Lease liabilities		10.0	6.8
Income tax payable		6.7	26.8
Provisions		16.9	48.9
Total current liabilities		**219.1**	**134.9**
Total liabilities		**857.1**	**693.2**
TOTAL EQUITY AND LIABILITIES		**2,129.9**	**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	-	-	-	-	-	-34.0	**-34.0**
Other comprehensive loss for the period	-	-	-	-	-45.4	-	**-45.4**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-45.4**	**-34.0**	**-79.4**
Share-based payments (note 5.1)	-	-	-	2.4	-	-	**2.4**
Purchase/sale of treasury shares (note 4.1)	-	-	0.2	-	-	1.6	**1.8**
Balance at 31 December 2023	**34.3**	**1,154.6**	**-0.7**	**10.4**	**-228.6**	**302.9**	**1,272.8**

USD million	Share capital	Share premium	Treasury shares	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balance at 1 January 2022	**34.3**	**1,154.6**	**-0.9**	**7.0**	**-36.7**	**233.1**	**1,391.2**
Profit for the period	-	-	-	-	-	99.7	**99.7**
Other comprehensive loss for the period	-	-	-	-	-146.5	-	**-146.5**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-146.5**	**99.7**	**-46.8**
Share-based payments (note 5.1)	-	-	-	1.0	-	-	**1.0**
Purchase/sale of treasury shares (note 4.1)	-	-	0.0	-	-	2.5	**2.5**
Balance at 31 December 2022	**34.3**	**1,154.6**	**-0.9**	**7.9**	**-183.2**	**335.3**	**1,347.8**

The cumulative translation differences relate to the translation of results and financial position of subsidiaries as well as the parent company with functional currencies different than USD to the presentation currency. As the group has large net investments in subsidiaries with NOK as functional currency, the depreciation of NOK compared to USD has resulted in negative translation differences being recognized YTD 2023 of USD -45.4 million (USD -146.5 million).

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

		Fourth quarter		Year	
USD million	Notes	2023	2022	2023	2022
Cash flow from operating activities					
Profit/loss before tax		50.5	33.6	- 46.3	127.2
Adjustments to reconcile profit/loss before tax to net cash flow:					
Depreciation and amortization		16.1	14.3	62.1	57.7
Share-based payment expense	5.1	0.4	0.3	1.5	1.0
Finance income	4.2	-5.7	-10.1	-10.4	-4.2
Finance costs	4.2	18.2	7.8	43.1	44.0
Working capital adjustments:					
Changes in inventories		-3.3	-19.1	0.6	-32.1
Changes in trade and other receivables		-5.2	-4.2	-23.8	-39.6
Changes in trade and other payables		-3.0	-1.6	-5.0	-42.2
Changes in provisions and other current liabilities	4.2, 5.2	-36.5	16.3	159.7	4.7
Other items					
Tax paid		-19.1	-2.4	-29.1	-5.8
Net cash flow from operating activities		**12.6**	**34.8**	**152.5**	**101.4**
Cash flow from investing activities					
Purchase of property, plant and equipment		-3.1	-3.4	-15.5	-9.0
Purchase of intangible assets[1]	3.1	-2.7	-2.0	-6.7	-5.4
Development expenditures	3.1	-7.6	-8.4	-29.5	-28.7
Interest received		3.2	2.3	8.4	4.2
Net cash flow from investing activities		**-10.2**	**-11.5**	**-43.2**	**-38.9**
Cash flow from financing activities					
Proceeds from sale of treasury shares	4.1	-0.2	0.2	1.8	2.5
Payments of principal for the lease liability		-1.6	-0.9	-4.7	-3.8
Payments of interest for the lease liability		-0.8	-0.5	-2.8	-1.2
Interest paid	4.2	-8.0	-4.2	-31.0	-15.2
Net cash flow from financing activities		**-10.6**	**-5.4**	**-36.8**	**-17.7**
Net change in cash and cash equivalents		-8.2	18.0	72.5	44.8
Effect of change in exchange rate		0.7	9.6	6.0	-16.8
Cash and cash equivalents, beginning of period		260.7	147.3	174.8	146.9
Cash and cash equivalents, end of period		**253.3**	**174.8**	**253.3**	**174.8**

[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 twelve months ended 31 December 2023 were authorized for issue by the Board of Directors on 13 February 2024. 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.

Group simplification

To simplify the group structure the intermediate holding companies, Automate Holdings S.a.r.l. and Automate Intermediate Holdings I S.a.r.l, except for Automate Intermediate Holdings II S.a.r.l, and Automate BidCo AS and Terminator BidCo AS are liquidated as at 31 December 2023. Automate Intermediate Holdings II S.a.r.l. is kept as a separate subsidiary of Autostore Holdings Ltd. for the purposes of the external financing. Automate Holdco I AS will be the direct subsidiary of Autostore Holdings Ltd. holding the AutoStore entities. 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 twelve months ended 31 December 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 ended 31 December 2022. Comparable figures presented for the fourth quarter of 2022 in this report are based on the final figures presented in the annual report for 2022. Changes between figures presented in the interim report for the fourth quarter of 2022 and the annual report 2022 relates to an updated tax estimate and some minor reclassifications in the financial position.

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 interim condensed consolidated financial statements. Climate change and adaptation to climate change represent both risks and opportunities to AutoStore.

The climate-related risks found in AutoStore's operations and value chain were identified as physical, regulatory, technological and reputational risks, which were linked to AutoStore’s operations, suppliers and partners.

The group considers the main climate risks to be extreme weather events halting our operations. There is a regulatory risk with the introduction of carbon pricing mechanisms, which in turn could lead to an increase in aluminum prices. Concerning AutoStore's technology, the risk is linked to pressure to reduce the group’s environmental footprint, both through the materials used by suppliers and by transitioning to lower emissions technology in the group’s products.

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. However, as of 31 December 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 intangible assets (note 3.1)
- Useful life of intangible assets (note 3.1)
- Valuation of share-based payments (note 5.1)

Accounting judgments:
- Capitalization of development costs (note 3.1)
- Determination of functional currency
- Determination of performance obligations (note 2.1)
- Accounting assessment related to the settlement of all claims in the global patent dispute between AutoStore and Ocado Group (note 4.2 and 5.2)

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:

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Major products and services				
AutoStore system	176.0	147.4	644.8	584.5
Rendering of services	0.3	0.2	1.7	0.6
Total revenue[1]	**176.3**	**147.6**	**646.5**	**585.0**
Geographic information				
Norway	1.3	4.3	13.9	17.7
Germany	13.2	20.0	100.0	107.1
Europe, excl. Norway and Germany	88.8	40.5	279.1	220.0
USA	66.1	54.8	186.7	169.4
Asia	5.6	17.0	33.8	45.9
Other	1.2	11.0	32.9	24.8
Total revenue[1]	**176.3**	**147.6**	**646.5**	**585.0**
Timing of revenue recognition				
Goods transferred at a point in time	170.6	147.0	630.2	575.7
Goods and services transferred over time	5.6	0.5	16.3	9.3
Total revenue[1]	**176.3**	**147.6**	**646.5**	**585.0**

[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.

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Revenue and other operating income	176.3	147.5	646.7	583.5
Total revenue and other operating income	**176.3**	**147.5**	**645.7**	**583.5**
Cost of materials	-55.6	-57.8	-207.6	-242.8
Gross profit	**120.7**	**89.7**	**438.1**	**340.8**
Employee benefit expenses	-25.3	-25.5	-79.1	-39.4
Other operating expenses[1]	-16.2	-18.7	-310.4	-76.6
EBITDA	**79.2**	**45.5**	**48.5**	**224.7**

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

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Profit/loss for the period	**39.4**	**26.8**	**-34.0**	**99.7**
Income tax expense[2]	11.2	6.7	-12.4	27.5
Finance income	-5.7	-10.1	-10.4	-4.2
Finance costs	18.2	7.8	43.1	44.0
Depreciation	2.9	1.6	10.6	6.6
Amortization	13.2	12.7	51.5	51.1
EBITDA	**79.2**	**45.5**	**48.5**	**224.7**

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 4.2 and 5.2 for additional information regarding other operating expenses.
[2] For the year ended 2023 the income tax expense was a positive amount due to loss before tax, please see note 4.2 and 5.2 for additional information.

Note 3 Asset base

3.1 Intangible assets

Recognized goodwill of the group is derived from business combinations in previous years. (Please see the group's consolidated financial statements for the year ended 31 December 2022 for additional information). No additional goodwill was recognized during the twelve months ended 31 December 2023.

The group recognized additions to other intangible assets of USD 36.2 million during the twelve months ended 31 December 2023. Of this amount USD 29.5 million is related to internal development and the remaining USD 6.7 million is related to new patents. USD 7.5 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	–	–	–	6.7	–	29.5	**36.2**
Reclassification	–	–	7.5	–	–	-7.5	**–**
Currency translation effects	-34.5	-0.0	-14.2	-1.9	-1.6	0.3	**-51.9**
Cost 31 December 2023	**1,061.9**	**6.0**	**450.0**	**98.5**	**115.4**	**45.8**	**1,777.6**
Accumulated amortization 31 December 2022	-	-	**71.9**	**18.3**	**82.1**	-	**172.4**
Amortization for the period	–	–	24.9	5.9	20.6	-	**51.5**
Currency translation effects	–	–	–	–	–	–	**–**
Accumulated amortization 31 December 2023	-	-	**96.8**	**24.2**	**102.7**	-	**223.9**
Carrying amount 31 December 2022	**1,096.4**	**6.0**	**384.8**	**75.4**	**34.9**	**23.5**	**1,621.0**
Carrying amount 31 December 2023	**1,061.9**	**6.0**	**353.1**	**74.3**	**12.7**	**45.8**	**1,553.8**
Economic life (years)	Indefinite		5-25	13-18	5	N/A	
Amortization plan	N/A			Straight-line		N/A	

The group performed its annual impairment test for goodwill and intangible assets with indefinite lives as of 31 December 2023 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 twelve months ended 31 December 2023. The group's shares traded at a Price-to-Book (P/B) level of 5.0 as at 31 December 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 31 December 2023	3,428,540,429	0.01	34.29

The above-presented shares are issued and fully paid, and include a total of 72,150,062 treasury shares as at 31 December 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	1,316,777,725	38.4 %	38.4 %
Citibank, N.A.	Ireland	Nominee	1,152,242,709	33.6 %	33.6 %
State Street Bank and Trust Comp	U.S.	Nominee	121,254,888	3.5 %	3.5 %
Alecta Tjanstepension Omsesidigt	Luxembourg	Ordinary	93,158,350	2.7 %	2.7 %
The Bank of New York Mellon	U.S.	Nominee	83,704,717	2.4 %	2.4 %
AutoStore Holdings LTD.	Norway	Ordinary	72,150,062	2.1 %	2.1 %
JPMorgan Chase Bank, N.A., London	UK	Nominee	38,891,922	1.1 %	1.1 %
Folketrygdfondet	Norway	Ordinary	37,893,814	1.1 %	1.1 %
Brown Brothers Harriman & Co.	U.S.	Nominee	36,056,619	1.1 %	1.1 %
Lyngneset Invest AS	Norway	Ordinary	23,183,898	0.7 %	0.7 %
State Street Bank and Trust Comp	U.S.	Nominee	20,260,146	0.6 %	0.6 %
Sumitomo Mitsui Trust Bank (U.S.A)	U.S.	Nominee	19,681,773	0.6 %	0.6 %
Credit Suisse (Luxembourg) S.A.	Ireland	Nominee	18,093,214	0.5 %	0.5 %
The Northern Trust Comp, London Br	UK	Nominee	17,136,868	0.5 %	0.5 %
State Street Bank and Trust Comp	U.S.	Nominee	14,948,811	0.4 %	0.4 %
JPMorgan Chase Bank, N.A., London	UK	Nominee	13,926,737	0.4 %	0.4 %
Polysys AS	Norway	Ordinary	10,800,000	0.3 %	0.3 %
Brown Brothers Harriman (Lux.) SCA	Luxembourg	Nominee	10,484,892	0.3 %	0.3 %
The Bank of New York Mellon	U.S.	Nominee	10,354,214	0.3 %	0.3 %
State Street Bank and Trust Comp	U.S.	Nominee	10,261,578	0.3 %	0.3 %
Other shareholders			307,277,492	9.0 %	9.0 %
At 31 December 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 were 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 was delivered to permanent employees for a purchase price of NOK 19.04. Shares purchased will be subject to a two-year lock-up period.

On 17 August 2023, 2,344,670 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 share incentive program. Please see note 5.1 for additional information.

On 9 November 2023, 110,934 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 share incentive program. Please see note 5.1 for additional information.

Distribution to shareholders

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

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

	Fourth quarter		Year	
Weighted average number of shares	2023	2022	2023	2022
Weighted average number of ordinary shares for basic EPS	3,356,447,933	3,338,943,779	3,349,966,873	3,338,023,633
Weighted average number of ordinary shares adjusted for the effect of dilution	3,429,894,197	3,429,565,867	3,418,873,626	3,427,677,533

4.2 Interest-bearing liabilities and other liabilities

USD million	Interest rate	31 December 2023	31 December 2022
Senior Facilities: Facility B (EUR)	EURIBOR+2.50%	269.6	260.2
Senior Facilities: Facility B (USD)	SOFR+3.25%	167.0	167.0
Capitalized fees - Facility B		-3.7	-5.4
Total non-current interest-bearing loans and borrowings		**432.8**	**421.8**

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

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

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

The Senior Facilities have a maturity until 30 July 2026.

Liability related to the settlement of the Ocado Group litigation

USD million	Interest rate	31 December 2023	31 December 2022
Non-current	SOFR+3.25%	57.0	-
Current	SOFR+3.25%	120.8	-
Total		**177.8**	**-**

To reflect the GBP 200 million settlement payment to Ocado Group, AutoStore has in the second quarter of 2023 recorded an operating expense of USD 239.0 million with a corresponding provision discounted using a risk-free rate. Upon the actual settlement of the lawsuit in July 2023, the company recorded a financial liability classified at amortized cost which is discounted using the prevailing market interest rate specific to that instrument/entity (i.e. risk-free rate + credit spread from the company's debt).

Of the total amount, USD 120.8 million of the liability matures within the next 12 months and is presented under other current liabilities, while the remaining amount, USD 57.0 million is presented under other non-current liabilities. AutoStore will pay Ocado Group GBP 200 million in monthly installments over two years. The first payment was done in July 2023. Please see note 5.2.

Analysis of cash flow effects from the settlement with Ocado

	Fourth quarter		Year	
USD million	2023	2022	2023	2022
Provision for settlement with corresponding entry to other operating expenses	-	-	239.0	-
Change in estimate due to reclassification from provision to liability	-	-	-7.9	-
Payment to Ocado for the period	-30.8	-	-62.2	-
Finance cost (discounting effect)	5.7	-	9.0	-
Effect on cash flow from operating activities	**-25.1**	**-**	**177.9**	**-**

Finance income and costs

	Foruth quarter		Year	
USD million	2023	2022	2023	2022
Finance income	5.7	10.1	10.4	4.2
Finance costs	-18.2	-7.8	-43.1	-44.0
Net finance income/cost	**-12.5**	**2.3**	**-32.7**	**-39.8**
Foreign currency gain/loss included above	- 5.0	7.1	-2.0	-21.2

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

Note 5 Other disclosures

5.1 Share-based payments

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Expenses arising from equity-settled share-based payment transactions	-0.4	-0.3	-1.5	-1.0
Total expense arising from share-based payment transactions	**-0.4**	**-0.3**	**-1.5**	**-1.0**

The difference between the USD 1.5 million of equity-settled share-based payment expense disclosed above and the USD 2.4 million presented in the statement of equity relates to USD 0.9 million of employee bonus shares for 2022. The bonus shares for 2022 were recognized as a liability as of 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**
Granted during the period	2,114,556	1,917,087
Exercised during the period	-18,822,573	-
Terminated during the period	-361,507	-
Outstanding at 31 December	**73,591,851**	**90,661,375**
Exercisable at 31 December	63,909,090	69,136,494

New 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. The LTIP was first launched in 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 PSUs that will be awarded under the LTIP for 2023 is 416,610. Vesting of the PSUs is based on the 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.

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.

In Q4, 193,130 RSU's were granted related to certain board members.

Exercised

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

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

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

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

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 2022.

5.2 Commitments and contingencies

Settlement of the Ocado Group litigation
Full explanation was provided in the Q2 and Q3 reports.

To reflect the GBP 200 million settlement payment to Ocado Group, AutoStore has in the second quarter of 2023 recorded an other operating expense of USD 239.0 million with a corresponding provision discounted using a risk free rate. Upon entering into the settlement agreement on 22 July 2023, the provision is reclassified to a financial liability measured at amortized cost, initially being discounted with the prevailing market interest rate specific to the company in accordance with IFRS 9. Reference is made to note 4.2.

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, other intangible assets 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]

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
Profit/loss for the period	**39.3**	**26.8**	**-34.0**	**99.7**
Income tax	11.2	6.7	-12.4	27.5
Net financial items	12.5	- 2.3	32.7	39.8
EBIT	**63.1**	**31.2**	**-13.6**	**167.0**
Depreciation	2.9	1.6	10.6	6.6
Amortization of intangible assets	13.2	12.7	51.5	51.1
EBITDA	**79.2**	**45.5**	**48.5**	**224.7**
Ocado Group litigation costs	0.0	5.3	252.6	28.8
Transaction costs	-	-	0.0	1.4
Option costs	5.2	8.1	7.4	-17.3
Total adjustments	**5.2**	**13.4**	**260.0**	**12.8**
Adjusted EBITDA[2]	**84.4**	**59.0**	**308.5**	**237.5**
Total revenue and other operating income	176.3	147.5	645.7	583.5
EBITDA margin	**44.9 %**	**30.9 %**	**7.5 %**	**38.5 %**
Adjusted EBITDA margin[2]	**47.9 %**	**40.0 %**	**47.8 %**	**40.7 %**

Adjusted EBIT[2]

	Fourth quarter		Year	
USD million	**2023**	**2022**	**2023**	**2022**
EBIT	**63.1**	**31.2**	**-13.6**	**167.0**
Ocado Group litigation costs	0.0	5.3	252.6	28.8
Transaction costs	-	-	0.0	1.4
Option costs	5.2	8.1	7.4	-17.3
PPA amortizations	9.9	10.5	40.2	44.1
Total adjustments	**15.1**	**23.9**	**300.2**	**56.8**
Adjusted EBIT[2]	**78.2**	**55.1**	**286.5**	**223.9**
Total revenue and other operating income	176.3	147.5	645.7	583.5
EBIT margin	**35.8 %**	**21.2 %**	**-2.1 %**	**28.6 %**
Adjusted EBIT margin[2]	**44.3 %**	**37.4 %**	**44.4 %**	**38.4 %**

[2] Please see page 24 for explanations on the APM definitions and page 26 for explanations and details on the adjustments.

Adjustments

Ocado Group litigation	These comprise costs incurred in connection with the Ocado Group litigation, i.e. costs linked to the company's use of external legal counsel and costs related to settlement of all claims between the parties. Adjustments only cover the litigation with Ocado Group. The company has assessed the adjustment item to be outside the normal course of the company's business, based on historical events.
Transaction costs	These comprise external costs incurred in connection with the sale and purchase of the group's shares, including the IPO. The company has deemed these costs to constitute a special item, as they fall outside the company's normal course of business.
Option costs	These comprise costs incurred in connection with the group's stock option schemes. The expenses are due to vesting and change in social security tax as a consequence of the development in the value of the underlying shares. The company has deemed these costs to constitute a special item in terms of their nature and size.
PPA amortizations	These represent amortization of assets recognized as part of the purchase price allocation made when Thomas H. Lee Partners acquired the group from EQT. 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
LTIP	Long-term Incentive Plan
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
PSU	Performance Share Unit
R&D	Research and Development
ROI	Return on Investment
RSU	Restricted Stock Unit
Standard	Standard warehouses
TAM	Theoretical Addressable Market
WMS	Warehouse Management System

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