AutoStore

Consolidated Financial Statements 2020

Automate Holdings S.à.r.l. including subsidiaries

Automate Holdings S.à r.l.
société à responsabilité limitée
Registered office: 6, rue Eugène Ruppert, L-2453 Luxembourg
R.C.S. Luxembourg: B 235 283
(the "Company")

REPORT OF THE BOARD OF MANAGERS

Financial year ended 31 December 2020 (the "**Financial Year**")

Dear Sirs,

We herewith submit to you the consolidated annual accounts of the Company including its subsidiaries, for the Financial Year in accordance with the Luxembourg law dated 19 December 2002 on the Luxembourg Trade and Company Register, accounting and annual accounts ("*Loi du 19 décembre 2002 concernant le registre du commerce et des sociétés ainsi que la comptabilité et les comptes annuels des entreprises"*) as amended from time to time.

a) Business performance

The Company has been incorporated as part of the scheme for the acquisition and holding of Autostore.

It is contemplated that the company will continue to hold, manage and finance through its direct and indirect subsidiaries its participation in Autostore.

The Board of Managers have considered no valuable depreciation in the value of the financial assets. Consequently no value adjustment was booked during the Financial Year are currently considered.

No further investments or transaction in addition to the current ones are considered at the moment.

b) Results

The Result for the Financial Year is a loss of EUR 18,400,000.00.

We suggest carrying forward the loss of EUR 18,400,000.00 to the next financial year.

c) Major risks and uncertainty

In the first months of 2020, a pandemic of coronavirus disease (COVID-19) spread around the world, leading to numerous cases and causalities and causing an economic instability.

The pandemic and the protective measures and the instability are still ongoing as of the date of the approval of these annual accounts and the potential economic and financial impacts of pandemic that may impact the financial assets held by the Company cannot be assessed in full. However as of today the impact of the pandemic to the Company is not so significant to put the business in danger.

d) Research and development

During the Financial Year, the Company has not had any activity in research and development.

e) Purchase of own shares

During the Financial Year, the Company has not bought back any of its own shares.

f) Branches

During the Financial Year, the Company has not held any branches.

g) Extraordinary events

The Company and its subsidiaries continue their activities and no important events apart from the abovementioned COVID-19 crisis have occurred since the end of the Financial Year which may have an impact on the annual accounts as presented to you.

We kindly ask you to grant full and entire discharge to the managers for the exercise of their mandate during the Financial Year.

Luxembourg, 22/04/ 2021

For and on behalf of the Board of Managers,

____
Name: Franck Deconinck
Title: Authorised signatory

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Notes to the Consolidated Financial Statements

Consolidated statement of comprehensive income

For the years ended 31 December			
		2020	**2019**
EUR million	**Notes**		28.05-31.12
Revenue	2.1	158.2	91.3
Other operating income	2.2	1.4	1.4
Total revenue and other operating income		**159.6**	**92.7**
Cost of materials	2.3	-45.6	-28.6
Employee benefit expenses	2.4	-22.9	-5.3
Other operating expenses	2.5	-25.6	-37.1
Depreciation and amortisation	3.1-3.3	-43.9	-18.5
Operating profit		**21.5**	**3.2**
Finance income	4.5	0.1	0.1
Finance costs	4.5	-44.9	-20.4
Loss before tax		**-23.3**	**-17.1**
Income tax expense	5.1	4.8	-1.8
Loss for the year		**-18.4**	**-18.8**
Other comprehensive loss			
Items that subsequently will not be reclassified to profit or loss:			
Total items that will not be reclassified to profit or loss		-	-
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-59.6	-17.7
Total items that may be reclassified to profit or loss		-59.6	-17.7
Other comprehensive loss for the period		**-59.6**	**-17.7**
Total comprehensive loss for the period		**-78.0**	**-36.5**
Loss attributable to:			
Equity holders of the parent		-18.4	-18.8
Non-controlling interests		-	-
Total comprehensive loss attributable to:			
Equity holders of the parent		-78.0	-36.5
Non-controlling interests		-	-

The accompanying notes form an integral part of and should be read in conjunction with these consolidated financial statements

Consolidated statement of financial position

EUR million	Notes	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	8.5	5.1
Right-of-use assets	3.2	10.8	9.9
Goodwill	3.3	1,023.6	1,086.5
Intangible assets	3.4	524.9	588.5
Deferred tax assets	5.1	1.0	0.2
Other non-current assets	4.1	0.1	0.1
Total non-current assets		**1,568.9**	**1,690.4**
Current assets			
Inventories	2.3	23.7	19.8
Trade receivables	2.6	35.7	53.9
Other receivables	2.6	4.9	4.9
Cash and cash equivalents	4.4	40.9	20.4
Total current assets		**105.2**	**99.0**
TOTAL ASSETS		**1,674.0**	**1,789.4**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.8	31.6	31.6
Share premium		1,022.4	1,022.3
Other equity		-111.1	-36.5
Total equity		**943.0**	**1,017.4**
Non-current liabilities			
Non-current interest bearing liabilities	4.2	564.1	588.5
Non-current lease liabilities	3.2	12.0	12.2
Deferred tax liabilities	5.1	109.4	124.9
Non-current provisions	7.1	7.5	4.4
Total non-current liabilities		**693.0**	**730.1**
Current liabilities			
Trade and other payables	2.7	23.2	18.1
Interest bearing liabilities	4.2	2.3	3.2
Lease liabilities	3.2	3.0	2.4
Income tax payable	5.1	0.1	10.3
Provisions	7.1	9.4	8.0
Total current liabilities		**38.0**	**42.0**
Total liabilities		**731.0**	**772.0**
TOTAL EQUITY AND LIABILITIES		**1,674.0**	**1,789.4**

Luxembourg, 22 April 2021

Frank Deconinck
Authorised Signatory

The accompanying notes form an integral part of and should be read in conjunction with these consolidated financial statements

Consolidated statement of cash flows

For the years ended 31 December

Cash flows from operating activities (EUR million)	Notes	2020	2019 28.05-31.12
Loss before tax		-23.3	-17.1
Adjustments to reconcile loss before tax to net cash flow:			
Depreciation and amortisation	3.1, 3.2, 3.4	43.9	18.5
Share-based payment expense	2.4	3.5	
Net finance income and costs	4.5	44.8	20.3
Working capital adjustments:			
Changes in inventories		-4.0	1.9
Changes in trade and other receivables		18.2	-36.5
Changes in trade and other payables		5.1	10.4
Changes in provisions and other liabilities		-1.3	6.2
Other items			
Tax paid		-13.7	-
Net cash flows from operating activities		**73.3**	**3.8**

Cash flows from investing activities (EUR Million)			
Proceed from sale of property, plant and equipment	3.1	0.2	-
Purchase of property, plant and equipment	3.1	-5.3	-2.6
Purchase of shares in subsidiaries, net of cash acquired	6.2	-	-1,326.0
Development expenditures	3.4	-11.9	-3.9
Interest received	4.5	0.1	0.1
Net cash flow from investing activities		**-17.1**	**-1,332.5**

Cash flow from financing activities (EUR Million)			
Proceeds from issuance of equity	4.8	0.1	1,053.9
Proceeds from issuance of debt	4.2, 4.3	-	590.0
Repayment of revolving credit facility	4.3	-	-14.3
Repayment of long-term debt	4.2, 4.3	-	-265.8
Repayment of short-term debt	4.2, 4.3	-3.2	-0.2
Payments for the principal portion of the lease liability	3.2, 4.3	-1.8	-0.6
Payments for the interest portion of the lease liability	3.2, 4.3	-0.7	-0.3
Interest paid	4.5	-29.5	-13.0
Net cash flow from financing activities		**-35.1**	**1,349.6**

Net change in cash and cash equivalents		21.1	20.9
Effect of change in exchange rate		-0.6	-0.5
Cash and cash equivalents, beginning of period	4.4	20.4	-
Cash and cash equivalents, end of period	4.4	**40.9**	**20.4**

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into EUR using the exchange rate on the cash flow date.

Consolidated statement of changes in equity

EUR million	Share capital	Share premium	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Other equity: Retained earnings	Total equity
Balance at 28 May 2019	**0.012**	**-**		**-**	**-**	**0.0**
Profit (loss) for the year					-18.8	**-18.8**
Other comprehensive income				-17.7		**-17.7**
Total comprehensive income	-	-	-	-17.7	-18.8	**-36.5**
Issue of share capital	31.6	1,022.3				**1,053.9**
Balance at 31 December 2019	**31.6**	**1,022.3**	**-**	**-17.7**	**-18.8**	**1,017.4**
Profit (loss) for the year					-18.4	**-18.4**
Other comprehensive income				-59.6		**-59.6**
Total comprehensive income	-	-	-	-59.6	-18.4	**-78.0**
Issue of share capital (Note 4.8)	0.0	0.1				**0.1**
Share-based payments (Note 2.5)			3.5			**3.5**
Balance at 31 December 2020	**31.6**	**1,022.4**	**3.5**	**-77.3**	**-37.3**	**943.0**

The accompanying notes form an integral part of and should be read in conjunction with these consolidated financial statements

Section 1 - Background

1.1 General information

Corporate information

Automate Holdings S.à r.l. (the "Parent Company") is a private limited company incorporated and domiciled in Luxembourg. The address of its registered office is 6, rue Eugène Ruppert, L - 2453 Luxembourg. Automate Holdings S.à r.l. was incorporated on May 28, 2019 under entity name Luxembourg Investment Company 307 S.à r.l. and changed to Automate Holdings S.à r.l. on July 1, 2019.

On 19 June 2019, the Company, through its fully owned Norwegian subsidiary Automate Bidco AS entered into a share purchase agreement (SPA) with Terminator Topco AS in which Automate Bidco AS acquired the Autostore Group.

Following this transaction, Automate Holdings S.à r.l. and its subsidiaries (collectively "the Group", or "AutoStore") develop, manufacture and conduct services associated with the patented automatic warehouse system AutoStore. The ultimate parent of the Group is Thomas H. Lee Fund VIII, L.P ("THL Fund VIII").

The consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Managers on 22 April 2021.

Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU").

The consolidated financial statements have been prepared on a historical cost basis. As the Parent Company was incorporated 28 May 2019, comparative figures for 2019 are presented from this date. The Autostore Group figures are included in these consolidated financial statements from 31 July 2019, which was the date Automate Bidco AS obtained control over the Autostore Group.

All figures are presented in millions (000 000), except when otherwise indicated. In the statement of comprehensive income income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers.

Further, the financial statements are prepared based on the going concern assumption. The Group has not experienced any significant impacts on business related to COVID-19. Despite the pandemic situation, sales have been good and the Group remains having a strong balance and liquidity situation.

Presentation currency and functional currency

The consolidated financial statements are presented in Euro (EUR), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions.

Several amendments to IFRS are issued up to the date of issuance of the consolidated financial statements but are not yet effective. The impact of applying the amendments is not expected to have a material impact on the Group's financial performance and financial position.

AutoStore has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate.

1.1 General information (continued)

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Significant accounting judgments, estimates and assumptions
The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which include a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:
- Impairment testing of goodwill and trademarks (note 3.5)
- Useful lives of intangible assets (note 3.4 and note 6.2)
- Purchase price allocation in business combinations (note 6.2)

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgements:
- Determination of CGUs (note 3.5 and note 6.2)
- Capitalisation of development costs (note 3.4)

A detailed description of the significant accounting judgements are included in the individual note where applicable.

1.2 Business development

During 2020, Autostore has continued to strengthen the collaboration with its qualified system integrators ("Distributors" or "Partners"), that distribute, design, install and service the AutoStore system. The network of Partners has been further expanded to align with the growth in business activities and expansion to new markets. The establishment of subsidiaries in the United States and the United Kingdom in 2017, Germany in 2018, France and Japan in 2019 and South Korea in 2020 has led to strong development in these countries during 2020. The group is also in the process of establishing subsidiaries in Austria, Italy and Spain.

AutoStore has expanded its geographic area to 35 countries and sold a total of 615 installations, which provides a strong foundation for further growth.

The Group's consolidated total revenue and other operating income for the period of 01 January to 31 December 2020 was 159.6 mEUR (92.7 mEUR for the period 31 July to 31 December 2019) and total assets as of 31 December 2020 amounted to 1,674.0 mEUR (1,789.4 mEUR in 2019)

AutoStore continues to make significant investments in R&D to further develop the AutoStore system based on new solutions and technology. The group has capitalised 11.9 mEUR related to the product development in 2020 (mEUR 3.9 in 2019) and the capitalised development amounted to 14.4 mEUR in the balance sheet as of 31 December 2020 (3.9 mEUR as of 31 December 2019). Some of the new products developed have been launched in 2020 and there are also additional product-launches scheduled for the coming period. The sales growth associated with these products will also have a positive effect on the future performance.

Business acquisitions

The Group acquired all the shares in Locai Solutions Inc through its subsidiary Autostore Systems INC on 25 January 2021, see note 6.1 for more information.

On 5 April 2021 it was announced that SoftBank acquires 40 % of the shares in Automate Holdings S.a.r.l. for USD 2.8 billion, see note 7.4 for more details.

Section 2 - Operating performance

2.1 Revenue from contracts with customers

The Group is a global provider of the AutoStore system, an internally developed automated warehouse system based on robotics. The AutoStore system has a variety of applications and the modularity creates very high flexibility and eliminates most limitations to scalability. The Group's revenue from contracts with customers relates to the sales of goods and services connected to the AutoStore system.

ACCOUNTING POLICIES

Revenue from contracts with customers is recognised when the performance obligation arising from a contractual obligation with a customer has been met.

Sale of goods

Revenue from the sale of goods are related to products delivered as part of the AutoStore System and are recognised at the point in time when a performance obligation arising from a contractual obligation with a customer has been met, generally on delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service type warranties). In determining the transaction price for the sale of a system, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal, in the amount of cumulative revenue recognised, will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of services

Revenue from the rendering of services mainly relates to consulting services delivered in connection with the AutoStore system. Revenue from consulting services is recognised over time using an input method to measure progress towards completion of the services, because the customer simultaneously receives and consumes the benefits provided by the Group.

Warranties

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Reference to the accounting policy for provisions and disclosure of assurance-type warranties in note 7.1.

2.1 Revenue from contracts with customers (continued)

Disaggregated revenue information

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

Revenue from contracts with customers	2020	2019 28.05-31.12
Major products and services		
AutoStore system	156.5	90.8
Rendering of services	1.7	0.6
Total revenue	**158.2**	**91.3**
Geographic information		
Nordics	27.0	12.6
Germany	31.0	17.7
Europe, excl. Nordics and Germany	38.1	16.2
USA	38.2	35.4
Asia	22.4	8.6
Other	1.5	0.9
Total revenue	**158.2**	**91.3**
Timing of revenue recognition		
Goods transferred at a point in time	156.5	90.8
Goods and services transferred over time	1.7	0.6
Total revenue	**158.2**	**91.3**

Performance obligations

AutoStore system:

As the products are sold to local distributors which are responsible for the installation of the system and any subsequent services, the Group's performance obligation is satisfied at a point in time, upon delivery of the products. Payment is generally due within 30 to 60 days after delivery. Some contracts provide distributors with retrospective customer bonuses which give rise to variable consideration and the recognition of a refund liability. Revenue recognised at the point of delivery is only recognised for an amount of the consideration that reflects the consideration the Group expects to ultimately be entitled to. The variable consideration is re-assessed at the end of each reporting period and recognised as (or when) the uncertainty is subsequently resolved.

Customer bonuses - Variable consideration

To estimate the variable consideration for the expected future bonuses, the Group applies the most likely amount method for contracts with a single threshold and the expected value method for contracts with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future bonuses. The refund liability for customer bonuses is presented in note 7.1.

Rendering of consulting services

In some cases, the group may provide additional consulting services, in connection with the delivery of the AutoStore system. As such services may be purchased separately and are not closely interrelated with the goods being provided, such services are treated as a separate performance obligation. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue on the basis of hours incurred.

Contract balances

As the Group's revenues are recognized and invoiced upon delivery, the Group does not have any significant contract balances except for Trade Receivables. The Group presents its Trade Receivables arising from contracts with customers separately from other receivables. Accounting policies for Trade receivables are presented in note 2.6.

2.2 Other operating income

ACCOUNTING POLICIES

Other operating income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Other operating income	**2020**	**2019** 28.05-31.12
Freight	0.3	0.1
Other operating income	1.0	1.2
Total other operating income	**1.4**	**1.4**

2.3 Inventories

ACCOUNTING POLICIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis (FIFO)
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	**31.12.2020**	**31.12.2019**
Raw materials	10.9	11.6
Work in progress	0.0	0.5
Finished goods	12.8	7.9
Total inventories (gross)	**23.8**	**20.0**
Provision for obsolete inventories	-0.0	-0.2
Total inventories at the lower of cost and net realisable value	**23.7**	**19.8**

During the reporting period, 143 kEUR was recognised as a write-down expense for inventories carried at net realisable value.

2.4 Employee benefit expenses

ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (ie. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, cars and telephones and remuneration to the Board of Managers.

Pensions

The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The scheme is a defined contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Employee benefit expenses	2020	2019 28.05-31.12
Salaries	13.6	3.7
Social security costs	5.2	0.8
Pension costs	0.9	0.3
Other employee expenses	3.3	0.6
Total employee benefit expenses	**22.9**	**5.3**
Average number of full time employees (FTEs)	325	289

Remuneration to the CEO and other key management 2020	Salary	Other Compensation	Total remuneration
Karl Johan Lier	0.30	0.02	**0.32**
Other key management	1.09	0.01	**1.10**
Total	**1.39**	**0.03**	**1.42**

Remuneration to the CEO and other key management 2019	Salary	Other Compensation	Total remuneration
Karl Johan Lier	0.32	0.04	**0.36**
Other key management			
Total*	**0.32**	**0.04**	**0.36**

* Salary listed above include salaries for the entire 2019

Benefits to the Management

The Chief Executive Officer (CEO) is part of the Parent Company's ordinary bonus scheme. The Chief Sales Officer is entitled to a bonus payment if the company reaches its sales budget and the COO if the company reaches set R&D goals. Management takes part in the general pension scheme described above and participates in a share option program in the parent company Automate Holding S.à r.l.

No loans or pledges have been provided to the Board members or management of the Group.

At the end of the reporting period, members of the Board and management owned shares in the parent company, Automate Holdings S.à r.l. Reference is made to note 4.8 for disclosures on shareholdings.

2.4 Employee benefit expenses (Continued)

Share based payment

ACCOUNTING POLICIES

The Group has share-based programs for its key employees which are accounted for as equity settled transactions. The share option program for the key employees gives the employee the right to purchase shares.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Social security tax on options is recorded as a liability and is recognized over the estimated vesting period (see note 7.1).

Option programme

In 2019, the Group entered into a share option programme covering certain employees in senior positions (key personnel). As at 31 December 2020, 24 employees were included in the option program. 33% of the Options are subject to time-based vesting criteria only, with 20% of such Options vesting on each of the first five anniversaries of the grant date, subject to continued employment on each vesting date ("Service Options"). All Service Options will vest and become exercisable upon a change of control. 67% of the Options are subject to time- and performance-based vesting criteria, both of which must be satisfied for such Options to vest and become exercisable ("Performance Options"). The time-based vesting criteria for the Performance Options will match the vesting schedule of the Service Options, subject to continued employment on each vesting date. The performance-based vesting criteria for the Performance options are based on achievement of a specified cash-on-cash pre-tax internal rate of return (IRR) and a return multiple.

Both the Service Options and Performance Options expire 10 years after the grant date, and approximately 9 years after the end of the reporting period.

The fair value of the share options is estimated at the grant date using a binomial option pricing model for the service options and Monte Carlo Simulation for the performance options, taking into account the terms and conditions on which the share options were granted.

2.4 Employee benefit expenses (continued)

The expense recognised for employee services received during the year is shown in the following table:

Expense arising from share-based payment transactions	2020
Expense arising from equity-settled share-based payment transactions	3.5
Expense arising from cash-settled share-based payment transactions	-
Total expense arising from share-based payment transactions	**3.5**

There were no cancellations or modifications to the awards in 2020.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 January	146,431,641	€ 0.33	-	
Granted during the year	18,303,955	€ 0.33	146,431,641	€ 0.33
Forfeited during the year	1,663,996	€ 0.33	-	
Exercised during the year	-	-	-	
Expired during the year	-	-	-	
Outstanding at 31 December	**163,071,600**	€ 0.33	**146,431,641**	€ 0.33
Exercisable at 31 December	31,283,110	€ 0.33		

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 8.64 years.
The weighted average fair value of options granted during the year was €0.04.
The exercise price for all options outstanding at the end of the year was €0.33.

The following tables list the inputs to the models used for the Option programme for the year ended 31 December 2020:

	2020 Service options	2020 Performance options
Weighted avg. fair values at the measurement date	€ 0.03	€ 0.07
Dividend (%)	-	-
Expected volatility	25 %	25 %
Risk–free interest rate	1.25 %	1.01 %
Expected life of share options (years)	5	4
Weighted average share price	€ 0.33	€ 0.33
Model used	Black-Scholes-Merton	Monte Carlo Simulation

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expected volatility is based on historical data for comparable companies as the Group has a limited number of share transactions.The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

2.5 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

Other operating expenses	2020	2019 28.05-31.12
Meetings, travel & representation expenses	1.3	1.1
Lease and lease related expenses	2.0	0.6
Business services expenses	1.1	0.3
IT costs	2.4	0.8
Marketing and distribution expenses	2.4	0.4
Consulting expenses	14.2	33.2
Other operating expenses	2.1	0.6
Total other operating expenses	**25.6**	**37.1**

Auditor related fees	2020	2019 28.05-31.12
Audit fee	0.5	0.2
Other advisory services	0.4	0.1
Total auditor fees (excl. VAT)	**0.9**	**0.3**

2.6 Trade and other receivables

ACCOUNTING POLICIES

Trade and other receivables

The Group's trade receivables consist solely of amounts receivable from revenue contracts with customers. Trade receivables are generally on terms of 30 to 60 days. Other receivables consist mainly of VAT receivables which are expected to be realised or consumed in the normal operating cycle within twelve months after the reporting period.

Trade and other receivables are financial assets initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Trade and other receivables are subject to impairment by recognising an allowance for expected credit losses.

Expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade receivables	**31.12.2020**	**31.12.2019**
Trade receivables from customers at nominal value	35.7	53.9
Allowance for expected credit losses	-0.0	-0.0
Total trade receivables	**35.7**	**53.9**

Other receivables	**31.12.2020**	**31.12.2019**
Prepaid rent and other expenses	0.2	0.5
VAT receivable	1.3	3.3
Other	3.4	1.0
Total other receivables	**4.9**	**4.9**

Allowance for expected credit losses	**Financial instrument**	**31.12.2020**	**31.12.2019**
At January 1	Debt instruments at amortised cost	0.0	-
Additions through acquisition	Debt instruments at amortised cost	0.0	0.0
Provision for expected credit losses	Debt instruments at amortised cost	-	-
At December 31	Debt instruments at amortised cost	**0.0**	**0.0**

The credit risk of financial assets has not increased significantly from initial recognition.

As at 31 December the ageing analysis of trade receivables is as follows:

	Trade receivables				
		Past due but not impaired			
Ageing analysis of trade receivables	**Not due**	**< 30 days**	**31-60 days**	**> 60 days**	**Total**
Trade receivables at 31 December 2020	30.5	3.3	1.7	0.0	**35.6**
Trade receivables at 31 December 2019	50.7	2.2	0.9	0.1	**53.9**

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.7.

2.7 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Group has received the significant risks and rewards of ownership as of 31 December 2020. Other payables mainly consist of VAT, withholding payroll and social security tax.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortised cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Trade and other payables	31.12.2020	31.12.2019
Trade payables	21.4	15.1
VAT payable	0.7	1.7
Withholding payroll taxes and social security	1.0	0.6
Other payables	0.1	0.7
Total trade and other payables	**23.2**	**18.2**

For an overview of the maturity of trade and other payables, reference is made to note 4.3.

Section 3 - Asset base

3.1 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for similar construction projects if they meet the recognition criteria. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. No indicators for impairment of property, plant and equipment were identified in the current or prior period.

	Fixtures and fittings	Transport-ation tools	Office machinery and equipment	Total
Acquisition cost 28.05.2019	**-**	**-**	**-**	**-**
Additions through acquisitions	2.5	0.2	1.1	**3.7**
Additions	2.5	0.0	0.1	**2.6**
Disposals	-0.1	-	-0.5	**-0.5**
Currency translation effects	-0.2	-	-0.2	**-0.3**
Acquisition cost 31.12.2019	**4.8**	**0.2**	**0.5**	**5.5**
Additions	4.0	0.1	1.3	5.3
Disposals	-0.2	-	-0.1	-0.3
Currency translation effects	-1.6	-	0.7	-0.8
Acquisition cost 31.12.2020	**7.0**	**0.3**	**2.4**	**9.7**
Accumulated depreciation 28.05.2019	**-**	**-**	**-**	**-**
Depreciation for the year	0.3	0.0	0.0	0.4
Accumulated depreciation 31.12.2019	**0.3**	**0.0**	**0.0**	**0.4**
Depreciation for the year	0.9	0.1	0.3	1.3
Impairment for the year	-0.2	-	-0.1	-0.3
Disposals	-	-	-0.1	-0.1
Accumulated depreciation 31.12.2020	**1.0**	**0.1**	**0.2**	**1.2**
Carrying amount 31.12.2019	**4.5**	**0.2**	**0.5**	**5.1**
Carrying amount 31.12.2020	**6.0**	**0.2**	**2.3**	**8.5**
Economic life (years)	3-7	5	3-7	
Depreciation plan		Straight-line method		

3.2 Right-of-use assets and related lease liabilities

ACCOUNTING POLICIES

At inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

Group as a lessee

At the commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than 5 thousand EUR)

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate.

The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred. The right-of-use asset includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those cost are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 3.1).
The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.
Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

3.2 Right-of-use assets and related lease liabilities (continued)

The Group's leased assets

The Group leases several assets, mainly office buildings and production facilities in Norway, Poland and the US. Additionally, the Group leases a small number of transportation tools (cars and trucks). The Group also leases machinery and equipment, however, these are expensed as incurred as they are either considered short term or of low value. The right-of-use assets recognised are presented in the table below:

Right-of-use assets	Transport-ation tools	Office buildings and production facilities	Total
Acquisition cost 28.05.2019	**0.0**	**0.0**	**0.0**
Additions through acquisition	0.0	10.5	10.5
Currency translation effects	-	-0.02	0.0
Acquisition cost 31.12.2019	**0.0**	**10.5**	**10.5**
Addition of right-of-use assets		3.0	3.0
Currency translation effects		-0.3	-0.3
Acquisition cost 31.12.2020	**0.0**	**13.2**	**13.2**
Accumulated depreciation 28.05.2019	**-**	**-**	**-**
Depreciation of right-of-use assets	0.0	0.6	0.6
Accumulated depreciation 31.12.2019	**0.0**	**0.6**	**0.6**
Depreciation of right-of-use assets	0.0	1.6	1.6
Currency translation effects		0.3	0.3
Accumulated depreciation 31.12.2020	**0.0**	**2.4**	**2.4**
Carrying amount of right-of-use assets 31.12.2019	**0.0**	**9.9**	**9.9**
Carrying amount of right-of-use assets 31.12.2020	**0.0**	**10.8**	**10.8**
Lease term or remaining useful life	2-3 years	3-9 years	
Depreciation plan	Straight-line	Straight-line	

Expenses in the period related to practical expedients and variable payments	2020	2019 28.05-31.12
Short-term lease expenses	0.3	0.3
Low-value assets lease expenses	-	-
Variable lease expenses in the period (not included in the lease liabilities)	0.9	0.3
Total lease expenses in the period	**1.2**	**0.6**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

3.2 Right-of-use assets and related lease liabilities (continued)

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	**31.12.2020**	**31.12.2019**
Less than one year	3.0	2.4
One to three years	8.0	6.8
More than three years	6.8	8.7
Total undiscounted lease liabilities at 31.12.2019	**17.8**	**17.9**

Summary of the lease liabilities in the financial statements	**Section ref.**	**2020**	**2019**
At beginning of period		14.6	-
Additions through acquisition		-	15.3
New leases recognised during the year		3.0	-
Cash payments for the principal portion of the lease liability	4.2	-1.8	-0.6
Cash payments for the interest portion of the lease liability	4.2	-0.7	-0.3
Interest expense on lease liabilities	4.5	0.7	0.3
Currency translation effects	4.5	-0.8 -	0.1
Total lease liabilities at 31.12		**15.0**	**14.6**
Current lease liabilities in the statement of financial position		**3.0**	**2.4**
Non-current lease liabilities in the statement of financial position		**12.0**	**12.2**

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office buildings and manufacturing facilities which are not included in the initial calculation of lease liabilities.

The Group does not have any other significant exposure related to its leases which requires further disclosures.

3.3 Goodwill

ACCOUNTING POLICIES

Recognised goodwill in the Group is derived from the business combination of AutoStore in 2019, see note 6.2 for more information.

Goodwill is an intangible asset which may not individually be recognised as an intangible asset due to the requirements in IAS 38. The value of goodwill is primarily related to synergies, assembled workforce and their competency to generate and commercialize new technology as well as high growth expectations. Goodwill also arises due to the requirement to recognise deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The Goodwill from the acquisition of AutoStore in 2019 was allocated to the AutoStore system CGU. The key assumptions used to determine the recoverable amount of the CGU, including a sensitivity analysis is disclosed in note 3.5.

	Note	Goodwill
Gross amount 28.05.2019		**-**
Additions through acquisition	6.2	1,096.5
Currency translation effects		-10.0
Gross amount 31.12.2019		**1,086.5**
Additions through acquisition		**-**
Currency translation effects		**-62.9**
Gross amount 31.12.2020		**1,023.6**
Accumulated impairment 28.05.2019		**-**
Impairment for the year	3.5	**-**
Accumulated impairment 31.12.2019		**-**
Impairment for the year	3.5	-
Accumulated impairment 31.12.2020		**-**
Carrying amount 31.12.2019		**1,086.5**
Carrying amount 31.12.2020		**1,023.6**

3.4 Other intangible assets

Nature of the Group's intangible assets

At the acquisition of AutoStore in 2019, the Group recognised intangible assets for: R&D and technology, trademarks, patents and customer relations. Subsequently, the Group has recognised intangible assets comprising internally development projects related to the AutoStore system.

ACCOUNTING POLICIES

Intangible assets acquired in a business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group's government grants relates primarily to compensation for Research and Development which are recognised as a reduction to Development and decreases the future amortisation expense.

SIGNIFICANT ACCOUNTING JUDGEMENTS

Capitalisation of internal development costs

Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Other costs are classified as research and are expensed as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the asset is available for its intended use and is amortised over the period of expected future benefit.

Initial capitalisation of direct costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalised is highly subjective, as the outcome of these projects may be uncertain.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Useful lives of intangibles

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable assessments. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the line for depreciation and amortisation.

Trademarks that have existed for a long period of time and have a sound reputation at the time of acquisition are assessed as having an indefinite useful life, and are not amortised. An indefinite useful life means that it is not possible to estimate the foreseeable period over which the asset is expected to generate net cash inflows for the entity. Only trademarks that are purchased through the acquisition of companies are capitalised in the consolidated financial statements. See note 3.5 for impairment considerations and annual testing of the Group's intangible assets with indefinite useful lives.

3.4 Other intangible assets (continued)

	Trade-marks	Software and technology	Patents rights	Customer relationships	Develop-ment	Total
Acquisition cost 28.05.2019	**-**	**-**	**-**	**-**	**-**	**-**
Additions through acquisitions	6.0	411.5	79.0	111.2		**607.7**
Additions					3.9	**3.9**
Currency translation effects	-0.1	-3.6	-0.7	-1.0	-	**-5.3**
Acquisition cost 31.12.19	**6.0**	**408.0**	**78.3**	**110.2**	**3.9**	**606.3**
Additions					11.9	**11.9**
Currency translation effects	-0.3	-23.8	-4.6	-6.6	-0.1	**-35.5**
Acquisition cost 31.12.20	**5.6**	**384.1**	**73.7**	**103.6**	**15.7**	**582.7**
Accumulated amortisation 28.05.2019	**-**	**-**	**-**	**-**	**-**	**-**
Amortisation for the year		6.7	1.8	9.0	0.0	**17.5**
Currency translation effects		0.1	0.0	0.2	-	**0.3**
Accumulated amortisation 31.12.19	**-**	**6.8**	**1.8**	**9.2**	**0.0**	**17.8**
Amortisation for the year		15.2	4.0	20.5	1.4	**41.1**
Impairment					-0.1	**-0.1**
Currency translation effects	-	-0.4	-0.1	-0.5	-	**-1.0**
Accumulated amortisation 31.12.20	**-**	**21.6**	**5.8**	**29.2**	**1.3**	**57.8**
Carrying amount 31.12.19	**6.0**	**401.2**	**76.5**	**101.0**	**3.9**	**588.5**
Carrying amount 31.12.20	**5.6**	**362.6**	**67.9**	**74.4**	**14.4**	**524.9**
Economic life (years)	-	25.0	13.0	10.0	5.0	
Amortisation plan	-		Straight-line			

Additions in 2020 relate to development expenditures from further development of the Autostore concept.

3.5 Impairment considerations

ACCOUNTING POLICIES

The Group has goodwill and trademarks with indefinite useful lives (see note 3.3 and 3.4) which are subject to annual impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill or intangible assets with indefinite useful lives relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length terms, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

SIGNIFICANT ACCOUNTING JUDGEMENTS

AutoStore system - CGU

For impairment testing, goodwill acquired through the business combination of AutoStore was allocated to the CGU of the AutoStore system. Reference is made to note 6.2 for further information on the business combination which occurred in July 2019. Additionally, the AutoStore system is currently the smallest identifiable group of assets that generates cash inflows to the Group, and these are largely independent of the cash inflows from other assets. As the Group's trademark is an intangible asset with an indefinite useful life which does not generate largely independent cash inflows, impairment is tested based on the AutoStore system CGU and any impairment is made proportionate to the asset's carrying amount.

Basis for determining the recoverable amount

The CGU's recoverable amount has been determined based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the detailed budget and forecast calculations for the next five years approved by the Group Management. Restructuring activities and significant future investments are excluded from the budgets. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows and the terminal growth rate.

The table below outlines the carrying amounts of goodwill and intangible assets with indefinite useful lives allocated to the CGU:

AutoStore system - CGU	Carrying amount 31 December 2020	Carrying amount 31 December 2019
Goodwill	1,023.6	1,086.5
Trademarks	5.6	6.0
Total	**1,029.2**	**1,092.5**

3.5 Impairment considerations (continued)

The key assumptions used to determine the recoverable amount for the CGU is presented below:

CGU	Impairment loss recognised in the period	CAGR of sales in the forecast period	EBITDA margin	Terminal growth rate	Pre-tax discount rate
AutoStore system - 2020	0	29.5 %	52%-53%	0.9 %	9.7 %
AutoStore system - 2019	0	13.9 %	50%-56%	2.0 %	10.9 %

The recoverable amount of the cash generating unit is higher than its carrying amount and no impairment loss is recognised in the period. The carrying amount of the CGU includes goodwill, intangible assets and trademarks together with other non-current assets and net working capital less deferred tax from technical goodwill. Management believes that no reasonably possible change in the key assumptions above would cause the carrying amount of the CGU to materially exceed its recoverable amount. Reference is also made to note 7.4 regarding SoftBank's acquisition of 40 % of Autostore Group for USD 2.8 billion during April 2021.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
Impairment testing of goodwill and trademarks

The calculation of value in use for the AutoStore system CGU is most sensitive to the following assumptions:
- Compound annual growth rate (CAGR) of sales in the forecast period
- EBITDA margin
- Pre-tax discount rate
- Terminal growth rate

CAGR of sales in the forecast period
The expected growth in operating revenues are based on the expected high growth in the industry and AutoStore's market share. The growth forecast is based on management’s expectations of future conditions in the markets, including the entry of new participants to the market.

EBITDA margin
The EBITDA margin is determined based on an analysis of historical levels of revenues, COGS and operating expenses, while forward-looking estimates are derived using scenario-weighted assumptions for these P&L measures.

Pre-tax discount rate
The discount rate reflects the current market assessment of the risks specific to the CGU. The pre-tax discount rate for the Group is estimated based on the weighted average cost of capital (WACC).

Terminal growth rate
The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets.

Section 4 - Financial instruments, risk and equity

4.1 Overview of financial instruments

ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments

The Group's financial instruments are grouped in the following categories:

Financial Assets

Financial assets measured subsequently at amortised cost:

This includes mainly trade receivables and cash and cash equivalents.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

All of the Group's financial assets (i.e. trade receivables and cash and cash equivalents) are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets, primarily applicable to trade receivables, give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Financial liabilities measured subsequently at amortised cost:

Represent the Group's interest-bearing liabilities as well as non-interest bearing liabilities such as trade payables.

The Group does not have derivative financial instruments. None of the Group's financial liabilities are designated as at fair value through profit or loss, i.e. they are all measured at amortised cost.

Initial recognition and subsequent measurement

The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses.

Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Impairment of financial assets

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Group applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. market trends, default rates in the retail market etc.).

Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

4.1 Overview of financial instruments (continued)

ACCOUNTING POLICIES (continued)

Derecognition of financial instruments (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

IBOR reform

The Group has Non-current interest bearing loans and borrowings with indexed interest rates based on EURIBOR and LIBOR. As a consequence of the IBOR reform LIBOR is expected to be discontinued as a benchmark rate late 2021 and will be replaced by new benchmark rates, known as alternative Risk Free Rates (RFRs). EURIBOR is already reformed, and no further changes are expected as of this date. The Group is continuously monitoring the situation, however as of 31 December 2020 we do not expect any significant effects on the Group's financial reporting as a result of the IBOR reform.

The carrying amount of the Group's financial assets and liabilities are presented in the tables below at their gross amount unless otherwise stated:

31 December 2020	Note	Financial instruments at amortised cost	Total
Assets			
Loans and receivables			
Trade receivables	2.7	35.7	**35.7**
Cash and cash equivalents	4.4	40.9	**40.9**
Other non-current assets		0.1	**0.1**
Total financial assets		**76.7**	**76.7**
Liabilities			
Interest-bearing loans and borrowings including trade payables			
Non-current interest bearing liabilities	4.2	564.1	**564.1**
Current interest bearing liabilities	4.2	2.3	**2.3**
Trade payables	2.7	21.4	**21.4**
Non-current lease liabilities	3.2	12.0	**12.0**
Current lease liabilities	3.2	3.0	**3.0**
Total financial liabilities		**602.8**	**602.8**

Significant finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 4.5

31 December 2019	Note	Financial instruments at amortised cost	Total
Assets			
Loans and receivables			
Trade receivables	2.6	53.9	**53.9**
Cash and cash equivalents	4.4	20.4	**20.4**
Other non-current assets		0.1	**0.1**
Total financial assets		**74.5**	**74.5**
Liabilities			
Interest-bearing loans and borrowings including trade payables			
Non-current interest bearing liabilities	4.2	588.5	**588.5**
Current interest bearing liabilities	4.2	3.2	**3.2**
Trade payables	2.7	15.1	**15.1**
Non-current lease liabilities	3.2	12.2	**12.2**
Current lease liabilities	3.2	2.4	**2.4**
Total financial liabilities		**621.4**	**621.4**

4.2 Interest bearing liabilities

Non-current interest bearing loans and borrowings	Maturity	Interest rate	31.12.2020	31.12.2019
Senior Facilities: Facility B (EUR)*	30.07.26	EURIBOR+4%	290.0	290.9
Senior Facilities: Facility B (USD)*	30.07.26	LIBOR+4.25%	136.1	148.6
Facilities: Second Lien (SL) Facility*	30.07.27	EURIBOR+7.75%	149.6	163.4
Capitalized fees - Facility B + SL Facility			-11.6	-14.4
Total non-current interest bearing loans and borrowings			**564.1**	**588.5**

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

Current interest bearing loans and borrowings	Maturity	Interest rate	31.12.2020	31.12.2019
Senior Facilities: Facility B (EUR)*	30.07.26	EURIBOR+3.5%	0.8	0.9
Senior Facilities: Facility B (USD)*	30.07.26	LIBOR+4.25%	0.5	0.8
Facilities: Second Lien Facility*	30.07.27	EURIBOR+7.75%	1.0	1.4
Total current interest bearing loans and borrowings			**2.3**	**3.2**

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

The Senior Facilities: Facility B (EUR) + Facility B (USD) + Revolving Facility and Second Lien Facility, together the Credit Agreement, were negotiated during 2019 in connection with the acquisition of Terminator Bidco AS by Automate Bidco AS. The Credit Agreement was signed on 22 July 2019 and the Group received the funds on 31 July 2019. The Group has a revolving credit facility in place which may be drawn at any time up to 70 mEUR.

The assets pledged by the Group as security for its loans and borrowings represent the shares in other entities within the Terminator Bidco sub-group and are presented in the table below:

Assets pledged as security for interest bearing loans and borrowings	31.12.2020	31.12.2019
Secured balance sheet liabilities:		
Non-current and current interest bearing liabilities	566.4	591.6
Balance sheet value of assets pledged as security for secured liabilities:		
Property, plant and equipment	8.5	5.1
Right-of-use assets	10.8	9.9
Intangible assets	524.9	588.5
Other non-current assets	0.1	0.1
Inventories	23.7	19.8
Trade receivables	35.7	53.9
Other receivables	4.3	4.9
Cash and cash equivalents	28.1	17.5
Total	**636.1**	**699.8**

The Group has not given any guarantees to or on behalf of third parties in the current and previous period.

Covenant requirements

The terms of the loan stipulate that a financial covenant test is not required for Facility B, the Second Lien Facility or any additional facility unless separately agreed with additional facility lenders. However, the Group is obligated to comply with a Senior Secured Net Leverage covenant, which is defined as *consolidated senior secured net debt* to *consolidated pro forma EBITDA*, subject to certain events and Cure Rights, for the sole benefit of the lenders under the Revolving Facility. This covenant test is required only if loans under the Revolving Facility on the relevant test date exceed 40% of such Total Revolving Facility Commitments as at the relevant testing date. The covenant ratio may not exceed 9.50x and application of this rule will commence on 31 December 2020. The Group ensures that it at all times is able to meet the financial covenant requirement.

No covenant testing was required as at 31.12.2020, as the outstanding loan under the Revolving Facility did not exceed 40% of Total Revolving Facility Commitments.

4.3 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities is presented below:

31 December 2020	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability (note 3.2)	1.5	1.5	8.0	6.8	**17.8**
Non-current interest-bearing loans and borrowings* (note 4.2)	15.9	15.9	63.8	671.3	**767.0**
Current interest-bearing loans and borrowings (Note 4.2)	2.3				**2.3**
Trade payables (note 2.7)	21.4				**21.4**
Total	**41.1**	**17.4**	**71.7**	**678.1**	**808.4**

31 December 2019	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability (note 3.2)	1.2	1.2	6.8	8.7	**17.9**
Non-current interest-bearing loans and borrowings* (note 4.2)	15.9	15.9	63.8	730.4	**826.1**
Current interest-bearing loans and borrowings (Note 4.2)	3.2				**3.2**
Trade payables (note 2.7)	18.2				**18.2**
Total	**38.4**	**17.1**	**70.6**	**739.1**	**865.3**

*Cash flows disclosed for Non-current interest-bearing loans and borrowings do also include estimated interest payments based on current level of interest.

4.3 Ageing of financial liabilities (continued)

Reconciliation of changes in liabilities incurred as a result of financing activities in 2020:

				Non-cash changes			
	31.12.19	**Additions through acquisition**	**Cash flow effect**	**Foreign exchange movement**	**New leases recognised**	**Other changes**	**31.12.2020**
Lease liabilities (note 3.2)	14.6	-	-2.5	-0.8	3.0	0.7	**15.0**
Non-current interest-bearing loans and borrowings - The Facilities (note 4.2)	588.5	-	-29.5	-26.4		31.6	**564.1**
Current interest-bearing loans and borrowings (note 4.2)	3.2		-3.2			2.3	**2.3**
Total liabilities from financing	**606.3**	**-**	**-35.2**	**-27.2**	**3.0**	**34.6**	**581.4**

Reconciliation of changes in liabilities incurred as a result of financing activities in 2019:

				Non-cash changes			
	28.05.19	**Additions through acquisition**	**Cash flow effect**	**Foreign exchange movement**	**New leases recognised**	**Other changes**	**31.12.2019**
Lease liabilities (note 3.2)	-	15.3	-1.0	-0.1	-	0.3	**14.6**
Non-current interest-bearing loans and borrowings - The Facilities (note 4.2)	-	-	577.0	-1.5		13.0	**588.5**
Current interest-bearing loans and borrowings (note 4.2)	-					3.2	**3.2**
Repayment of revolving credit facility	-	14.3	-14.3	-	-	-	**-**
Non-current interest-bearing loans and borrowings - Facility B1+B2*	265.8	-	-265.8	-	-	-	**-**
Total liabilities from financing	**265.8**	**29.6**	**295.9**	**-1.5**	**-**	**16.5**	**606.3**

* Facility B1 and B2 refer to the previous loan commitment by Terminator Bidco which was repaid during the transaction that resulted in the formation of the new Group, Automate Holdings S.à r.l. in July 2019.

Cash flow effects related to Non-current interest-bearing loans and borrowings disclosed above include both principal payments (or proceeds from issuance of new debt) and interest payments.

4.4 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Cash and cash equivalents	31.12.2020	31.12.2019
Bank deposits, unrestricted	40.2	19.8
Bank deposits, restricted	0.7	0.6
Total in the statement of financial position	**40.9**	**20.4**
- Revolving Senior Facility	-	-
Total in the statement of cash flows	**40.9**	**20.4**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

In accordance with IFRS, Autostore has opted for the low credit risk exemption given that all cash balances are held with investment graded banks (i.e. minimum BBB).

For more information on the Group's credit facilities see note 4.2.

4.5 Finance income and finance costs

ACCOUNTING POLICIES

Interest income and interest expenses on loans and receivables are calculated using the effective interest method. Foreign currency gains or losses are reported as agio or disagio in financial income or financial expense, except for currency translation effects from investments in foreign subsidiaries which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Finance income and finance costs	Class of financial instrument	2020	2019 28.05-31.12
Finance income			
Interest income	Financial assets	0.1	0.1
Total finance income		**0.1**	**0.1**
Finance costs			
Foreign exchange loss		10.4	1.2
Interest expenses* (note 4.2)	Interest-bearing loans and borrowings	31.8	16.2
Amortised cost (note 4.2)	Interest-bearing loans and borrowings	2.9	-
Interest on lease liability (note 3.2)	Other financial liabilities	0.7	0.3
Other financial expenses	Interest-bearing loans and borrowings	-0.9	2.7
Total finance costs		**44.9**	**20.4**

*Interest expenses mostly relate to the Group's senior facilities, see note 4.2 for more information.

4.6 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates.

Interest-bearing loans and borrowings

The fair values of the Group's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of the Group's interest-bearing loans and borrowings are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as at 31 December 2020 was assessed to be insignificant.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities disclosed at fair value						
Interest-bearing loans and borrowings (note 4.2)	31 December 2020	566.4	566.4			X
Interest-bearing loans and borrowings (note 4.2)	31 December 2019	591.6	591.6			X

The type and nature of the Group's funding did not change in 2020 compared to 2019, therefore a transfer between levels did not occur.

4.7 Financial risk and capital management

Overview

The Group is exposed to a range of risks affecting its financial performance, including market risk, financial risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging. At the current time the liquidity risk of the Group is assessed to be low based on the operating cash flows, scheduled repayments of debt and the availability of credit facilities.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

The market risk is mainly related to market exposure and possible changes in market prices. The AutoStore system is a patented solution with strong growth in the market and the risk is therefore regarded as small in the short term. In the long-run, the risk lies mainly in the product's market position and the ability for competitors to offer similar products. In addition, much of the Group's sales are related to exports. Significant changes in export conditions, customs duties, etc. may thus adversely affect the Group's access to this market.

Financial risk

The Group's main financial risk is connected to interest rates and changes in foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Senior Facilities which have base interest rates in LIBOR and EURIBOR. The Group does not currently hedge the base interest rates. The current interest rate environment is low and the Group may enter into contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity

The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Interest rate sensitivity* in EUR million	Increase / decrease in basis points	Effect on profit before tax	Effect on equity
31 December 2020	+/- 100	5.8	4.5
31 December 2019	+/- 100	2.7	2.1

*The figures given above are absolute figures.

4.7 Financial risk and capital management (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (revenue and expenses denominated in a foreign currency), external financing through interest bearing liabilities and the Group's net investments in foreign subsidiaries. A significant part of revenues are denominated in USD and EUR, with a smaller portion in NOK. The Group's interest bearing liabilities are denominated in the same foreign currencies; EUR and USD, thus, the Group has a natural hedge which reduces the impact from currency fluctuations in these currencies. The Group also limits its foreign currency exposure through having similar currencies for its revenues and operating expenses. The Group's equity and expenses are mainly denominated in NOK, EUR, USD and PLN. The Group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity

The following table illustrates the sensitivity of the Group's financial instruments denominated in a foreign currency to a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

Foreign currency sensitivity*	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase / decrease in NOK/EUR	31 December 2020	+/- 10%	28.0	21.9
Increase / decrease in USD/EUR	31 December 2020	+/- 10%	27.7	21.6
Increase / decrease in USD/NOK	31 December 2020	+/- 10%	-1.5	-1.1

Foreign currency sensitivity*	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase / decrease in NOK/EUR	31 December 2019	+/- 10%	28.4	22.1
Increase / decrease in USD/EUR	31 December 2019	+/- 10%	30.8	23.1
Increase / decrease in USD/NOK	31 December 2019	+/- 10%	-0.4	-0.3

*The figures given above are absolute figures

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is mainly exposed to credit risk from its operating activities.

In order to offset the risk on trade receivables the Group has entered into a credit insurance agreement. Additionally, the Group manages its credit risks by trading only with recognised, creditworthy third parties (mainly distributors/partners). It is the Group's policy that all customers wishing to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to losses has been insignificant and the overall credit risk is assessed as low.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). For an overview of the ageing of trade receivables and the expected credit losses recognised for trade receivables, refer to Note 2.6.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and the Senior Facilities Agreement to finance working capital and investments. The Group has flexible debt financing through an Revolving Credit Facility as part of the Senior Facilities and may further draw funds or establish additional incremental revolving facilities if deemed necessary (see note 4.3). Additionally, the Group has a significant positive cash flow from operating activities which limits its liquidity risk.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 4.3.

4.8 Shareholders and investor information

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, perform prepayments of debt or draw on short-term credit.

In order to achieve this overall objective, the Group’s capital management, amongst other things, aims to ensure that it reinvests or returns excess cash flows from operations that are not necessary to maintain a healthy operating working capital to its investors. There has been no breach of the financial covenants in the current or previous period. Reference is made to note 4.2.

The ultimate parent

The shares of Automate Holdings S.à r.l. are held by the ultimate parent THL fund VIII, which is managed by THL Partners.

Issued capital and reserves:

Share capital in Automate Holdings S.à r.l. at 31 December 2019	Number of shares authorised and fully paid	Par value per share (EUR)	Financial Position
At 28 May 2019	**12,000**	**1.00**	**0.01**
Stock split 31.07.2019	-12,000	1.00	-0.01
Stock split 31.07.2019	1,200,000	0.01	0.01
Share conversion into class A-J and capital increase 31.07.2019	3,161,787,200	0.01	31.62
At 31 December 2019	**3,162,987,200**	**0.01**	**31.63**
Share issue at 03.01.2020	330,000	0.01	**0.00**
At 31 December 2020	**3,163,317,200**	**0.01**	**31.63**

The Group’s shareholders:

Shareholders in Automate Holdings S.à r.l. at 31 December 2019	Total shares	Ownership	Voting rights
THL Fund VIII	2,743,830,900	87 %	87 %
Other investors	419,156,300	13 %	13 %
At 31 December 2019	**3,162,987,200**	**100 %**	**100 %**
THL Fund VIII	2,742,630,900	87 %	87 %
Other investors	420,686,300	13 %	13 %
At 31 December 2020	**3,163,317,200**	**100 %**	**100 %**

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

Distribution to shareholders

ACCOUNTING POLICIES

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Dividends	2020	2019
Total dividends paid in the period (in mEUR)	-	-
Dividends per share in the period (in EUR)	-	-

Section 5 - Tax
5.1 Taxes

ACCOUNTING POLICIES

Current income tax
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.1 Taxes (continued)

	2020	2019
Current income tax expense:		
Tax payable	1.6	10.3
Tax payable subsidiaries prior to acquisition	-	-0.9
Adjustment for income tax payable for previous years	1.9	0.1
Change deferred tax/deferred tax assets (ex. OCI effects) *	-8.3	-7.6
Currency effects	-0.0	0.0
Total income tax expense	**-4.8**	**1.8**

* Change in deferred tax in balance sheet, adjusted for currency translation effects of EUR 7.9 million in 2020

	31.12.2020	31.12.2019
Current tax liabilities consist of:		
Income tax payable for the year as above	1.6	10.3
- of which paid in fiscal year	-1.5	-
Current tax liabilities	**0.1**	**10.3**

Deferred tax assets:	**31.12.2020**	**31.12.2019**
Property, plant and equipment	0.3	-0.0
Intangible assets	-0.0	-0.0
Other current assets	-0.0	-0.2
Liabilities	-4.7	-0.4
Losses carried forward (including tax credit)	-0.0	-0.4
Basis for deferred tax assets:	**-4.4**	**-1.0**
Calculated deferred tax assets	1.0	**0.2**
- Deferred tax assets not recognised		
Net deferred tax assets recognised in balance sheet	**1.0**	**0.2**

Deferred tax liabilities	**31.12.2020**	**31.12.2019**
Property, plant and equipment (including leased assets)	0.6	0.5
Intangible assets	509.1	583.9
Other current assets	0.2	0.6
Liabilities	-4.1	-4.7
Untaxed profit	-	-
Basis for deferred tax liabilities	**505.8**	**580.3**
Calculated deferred tax liabilities	109.4	**124.9**
- Deferred tax not recognised		-
Deferred tax liabilities recognised in balance sheet	**109.4**	**124.9**

5.1 Taxes (continued)

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 17% to 31%, which results in a difference between the statutory income tax rate in Luxembourg and the average tax rate applicable to the group. The average tax rate for the group's deferred tax assets is 21.6 for 2020 and 23.3% for 2019. The average tax rate for the group's deferred tax liabilities is 22.2% for 2020 and 21.5% for 2019. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Luxembourg and the actual tax expense is as follows:

Reconciliation of income tax expense	**2020**	**2019**
Profit before taxes	**-23.3**	**-17.1**
Tax expense 17% (Luxembourg tax rate)	-4.0	-2.9
Permanent differences*	-0.8	3.9
Change to prior year tax expense	1.9	0.0
Effects of foreign tax rates	-1.6	3.3
Currency effects	0.3	0.7
Other adjustments	-0.7	-3.3
Recognised income tax expense	**-4.8**	**1.8**

* The permanent differences are related to "Skattefunn" in AutoStore AS, tax relief for research and development activities, and non-deductible costs in AutoStore Sp. z o.o.

Section 6 - Group structure
6.1 Interests in other entities

ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of Automate Holdings S.à r.l. and its subsidiaries as at 31 December 2020. The subsidiaries are consolidated when control is achieved as defined by IFRS 10. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. However, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group does not have ownership in joint arrangements as defined by IFRS 11, other associates, interests in unconsolidated structured entities or interests in unconsolidated subsidiaries that require disclosure under IFRS 12.

The consolidated entities
The Group was established when Automate Holdings S.à r.l. acquired all shares in Terminator Bidco AS through Automate BidCo AS with control effective from 31 July 2019.

The subsidiaries of Automate Holdings S.à r.l. are presented below:

Consolidated entities	Office	CUR	Shareholding	Group's voting ownership share
Automate Intermediate Holdings 1 S.à r.l.	Luxembourg	EUR	100.0%	100.0%
Automate Intermediate Holdings 2 S.à r.l.	Luxembourg	EUR	100.0%	100.0%
Automate HoldCo 1 AS	Norway	NOK	100.0%	100.0%
Automate BidCo AS	Norway	NOK	100.0%	100.0%
Terminator BidCo AS	Norway	NOK	100.0%	100.0%
AutoStore AS	Norway	NOK	100.0%	100.0%
AutoStore Technology AS	Norway	NOK	100.0%	100.0%
AutoStore Sp. Z o.o.	Poland	PLN	100.0%	100.0%
AutoStore System Incorporated	USA	USD	100.0%	100.0%
AutoStore System Limited	UK	GBP	100.0%	100.0%
AutoStore SAS	France	EUR	100.0%	100.0%
AutoStore System GmbH	Germany	EUR	100.0%	100.0%
AutoStore System K.K.	Japan	JPY	100.0%	100.0%
AutoStore System Ltd.	South Korea	KRW	100.0%	100.0%

All subsidiaries are included in the consolidated statement of financial position.

6.2 Business combinations

ACCOUNTING POLICIES

A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at acquisition date according to IFRS 13, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

In a business combination, the assets acquired and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual value in this allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The economic useful life of intangible assets acquired in a business combination are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are subsequently tested for impairment by assessing the recoverable amount of the CGU to which the intangible assets relates, further described in note 3.5.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment or changes to the amortisation period as described in note 3.4. The assumptions applied to determining the economic useful lives in a business combination may involve considerable estimates such as future innovations and developments to software and technology.

SIGNIFICANT ACCOUNTING JUDGEMENTS

According to IFRS 3, goodwill is to be allocated at the acquisition date, to each of the acquirer's CGUs, or groups of CGUs, which are expected to benefit from the business combination. This can include existing CGUs of the acquirer irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The identification of CGUs may require significant judgement by management.

6.2 Business combinations (continued)

Acquisitions in 2019

On 19 June 2019, the Group entered into a SPA and acquired 100% of the voting shares of Terminator Bidco AS, the parent of AutoStore. AutoStore is a unique world-wide patented warehouse system proven to be the ideal small-goods handler for any warehouse, old or new. With standardized boxes stacked in a cube, it is easily the most space-efficient goods-to-man system on the market and can double storing capacity without increasing footprint. AutoStore is sold via a global multi-distribution network.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when the Group obtained control of the legal entities, on 31 July 2019. For tax and economic purposes, the effective date was 31 July 2019.

The acquisition-date fair value of the total consideration transferred was 1,353 mEUR in cash. Transaction costs of 27.9 mEUR were expensed and are included in other operating expenses.

The following intangible assets outside of goodwill were identified in the Autostore acquisition, including management's expectation of economic useful life:

- Technology - 25 years
- Trademark and trade name - Indefinite
- Customer relationships - 5 years
- Patents - 18 years

The following liability in addition to deferred tax was identified in the Autostore acquisition:

- Lease agreement liability - 9.4 years

The acquired balance of AutoStore AS includes an unrecorded liability related to lease commitments at terms less favorable than observed general market terms. The fair value of the liability over the lease term is estimated by using the replacement cost method.

Only assets and liabilities where fair value exceeded the carrying amount under other IFRS standards are included in the summary above.

6.2 Business combinations (continued)

The below table illustrates the fair values of the identifiable assets at the acquisition date:

EUR million	**Fair value recognised on acquisition**
ASSETS	
Non-current assets	
Deferred tax asset	0.1
Property, plant and equipment	3.7
Trademarks and trade name	6.0
Patent rights	79.0
Technology and software	411.5
Customer relationships	111.2
Right-of-use assets	10.5
Total non-current assets	**622.0**
Current assets	
Inventories	21.5
Trade and other receivables	19.1
Cash and cash equivalents	27.0
Total non-current assets	**67.6**
Total assets	**689.6**
Non-current liabilities	
Deferred tax liability	134.3
Non-current provisions and other liabilities (Unfavorable lease terms)	18.1
Long-term debt	265.4
Total non-current liabilities	**417.8**
Current liabilities	
Trade and other payables	6.5
Income tax payable	0.9
Current provisions and other liabilities	7.9
Total current liabilities	**15.3**
Total liabilities	**433.1**
Total identifiable net assets at fair value	256.5
Purchase consideration	1,353.0
Goodwill arising on acquisition	**1,096.5**
Purchase consideration	
Cash consideration paid	1,353.0
Total consideration	**1,353.0**
Goodwill as a result of deferred tax - technical goodwill	104.0
Goodwill related to synergies & employees - residual goodwill	992.5
Net goodwill from acquisition	**1,096.5**

6.2 Business combinations (continued)

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill of 992.5 mEUR includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

As the AutoStore system is highly integrated with all components and divisions in the company, distribution is done by external distributors and management monitors the business on this level, the goodwill arising from the transaction is allocated to the Group's one CGU, the AutoStore system. For impairment considerations of goodwill, reference is made to note 3.4.

Analysis of cash flows on acquisition	31 July 2019
Net cash acquired (included in the cash flow from operating activities)	27.0
Cash paid (included in the cash flow from investing activities)	1,353.0
Net cash flow from acquisition	**-1,326.0**

Acquisitions in 2020

The Group did not have any acquisition in 2020.

Acquisitions after the balance sheet date

Name	Acquisition date	% voting share acquired	Fair value of consideration (USD)
Locai Solutions, Inc	25.01.2021	100 %	11,205,977

25 January 2021, the Group signed an agreement to acquire all the shares in Locai Solutions Inc through its subsidiary Autostore Systems INC. Locai is a software company located in Delaware, US, providing Digital Commerce platforms to the grocery market based on AI and machine learning technology. The acquisition of Locai broadens Autostore's offerings to include order fulfilment and warehouse management software for stand-alone Autostore solutions.

The consideration is partly paid in shares in Automate Holdings S.a.r.l (USD 7 million) and cash (USD 4.2 million). The initial accounting for the business combination is incomplete at the time these financial statements are authorised for issue. Hence disclosures related to purchase price allocation is not provided.

Section 7 - Other disclosures

7.1 Provisions

ACCOUNTING POLICIES

Provisions are liabilities with uncertain timing or amount and are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The group classifies provisions in the following categories:

- Assurance-type warranties: A provision for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns.
- Onerous shared cost: A provision for the unfavorable terms related to the service element (shared cost) in a lease agreement. The provision includes the expected future payments above the market rate for these services discounted to present value.
- Social security for share based payments: Contains a provision for the accrued social security on share options and restrictive share units which will be paid when the options are exercised/fully vested.
- Salary related costs: Contains a provision for accrued holiday pay, unspent vacation days, accrued bonuses, restructuring and other salary related accruals
- Refund liability (customer bonus): A provision for the expected bonus to be refunded to customers (distributors) after the reporting date. The provision is recognised as variable consideration by applying the expected value method to the bonus based on historical sales and specific forward looking factors. See note 2.1 for further descriptions.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

Reconciliation of provisions:

	Assurance-type warranties	Onerous shared cost	Social security for share based payments	Salary related costs	Refund liability/ customer bonus	Other provisions	Total
At 28 May 2019	-	-	-	-	-	-	-
Additions through acquisitions		4.9					**4.9**
Additional provisions made	0.2	-		1.7	5.2	0.5	**7.7**
Amounts used	-	-0.2		-	-	-	**-0.2**
At 31 December 2019	**0.2**	**4.7**	**-**	**1.7**	**5.2**	**0.5**	**12.4**
Additions through acquisitions	-	-		-	-	-	-
Additional provisions made	0.3	-	3.1	2.0	3.4	4.1	**12.8**
Amounts used	-0.2	-0.6	-	-1.7	-5.2	-0.5	**-8.3**
At 31 December 2020	**0.3**	**4.1**	**3.1**	**2.0**	**3.4**	**4.1**	**17.0**
Current provisions	-	0.6	-	1.8	3.4	3.6	**9.4**
Non-current provisions	0.3	3.6	3.1	0.1	-	0.4	**7.5**

The increase of provisions in the reporting period is mainly related to the recognition of expected social security for share based payments. The provisions for salary related costs and other provisions have increased due to the significant increase in the Group's operating activities.

The provision for social security for share based payments will be settled when the options are exercised, which will occur 1-10 years after the end of the reporting period. The expected average time of settlement is five years, however, earlier settlement could occur due to a change in control and externally dependant exercise patterns.

The onerous shared cost provision is expected to be settled at the end of 2028 with approximately similar amounts each year.

7.2 Other commitments and contingencies

ACCOUNTING POLICIES

Other commitments and contingencies

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognised in the annual accounts but are disclosed when an inflow of economic benefits is considered probable.

Other commitments

The Group does not have other significant commitments to be disclosed.

Assets pledged as security and guarantee liabilities

For assets pledged as security and guarantee liabilities, reference is made to note 4.2.

Legal claims

Autostore filed in October 2020 patent infringement lawsuits in the United States and the United Kingdom against Ocado Group Plc. Autostore is seeking court orders barring Ocado and its partner, Tharsus Group, from manufacturing, importing, using and selling technology that infringes Autostore's patents, as well as monetary damages. An ITC hearing in scheduled in the US in August 2021. In January and March Ocado filed counterclaims against Autostore in the United States, the United Kingdom and Germany.

The Group expects a positive outcome of the cases as it is of the opinion that it is entitled to ownership of its patents covering the robots' central cavity technology, which is already found by a Norwegian court. Hence, the Group also believes that the counterclaims from Ocado are not well-founded, and that it is not probable that the counterclaims will result in an outflow of economic resources from Autostore.

7.3 Related party transactions

Related parties are Group companies, major shareholders, members of the board and Management in the parent company and the group subsidiaries. Note 6.1 and 4.8 provides information about the Group structure, including details of the subsidiaries and the holding company. Significant agreements and remuneration paid to the Board for the current and prior period appear in note 2.4

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial year:

Related party transactions 2020	Amounts received from related parties	Payments made to related parties	Receivable from related parties	Payable to related parties
THL Managers VIII, LLC		2.0		
Total	**-**	**2.0**	**-**	**-**

The above payments relates to recurring management fee paid to the THL managers for consulting services which is paid in quarterly installments. For Group purposes, THL Managers VII, LLC represents a related party as it is part of the PE-controlled entity structure of private equity firm, THL Partners L.P., located in Boston, MA.

Related party transactions 2019	Amounts received from related parties	Payments made to related parties	Receivable from related parties	Payable to related parties
THL Managers VIII, LLC		27.3		
Total	**-**	**27.3**	**-**	**-**

The Group's related party transactions in 2019 are mainly related to one-time advisory fee payments by the Group to its ultimate parent company, THL Partners L.P. as a result of the closed transaction on July 2019, see note 6.2 for additional information on the business combination.

7.4 Events after the reporting period

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group’s consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Non-adjusting events

On 4 January 2021 the Parent Company increased its subscribed capital by issuing share classes with a total value of EUR 84,386.89 in return for a contribution in kind as a receivable amounting to EUR 2,784,771.06. The amount of EUR 2,700,384.17 was allocated to the share premium account of the company.

On 25 January 2021 the Group acquired 100 % of the shares in Locai Inc, see note 6.2 for more information. In relation to this and the related share issue, the Parent Company received EUR 5,722,500.00 in kind of which EUR 98,100.00 was allocated to the subscribed capital.

On 5 April 2021 it was announced that SoftBank acquires 40 % of the shares in Automate Holdings S.a.r.l. for USD 2.8 billion. SoftBank will pay a crucial role in accelerating AutoStore’s global expansion, with particular emphasis on the Asia Pacific region, and complements the leading automation investor base. Thomas H. Lee Partners, L.P. continues to be AutoStore’s majority shareholder. The transaction is subject to customary closing conditions and is expected to be completed in April 2021.

The transaction and the increased value of the Group's shares that it reflects has not affected the 2020 accounting for management's outstanding share options as this is a 2021 event. Based on the increased value of Autostore's shares, the SST provision is expected to increase by EUR 16.3 million in Q1 2021. The total option expense is not expected to be affected due to the fact that the options are equity settled and cost recognised is based on the estimated fair value on the grant date. However, as a result of the transaction, the performance options are considered fully vested, which results in an expected option expense of EUR 1.6 million in Q1 2021.

Deloitte.

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg
B.P. 1173
L-1011 Luxembourg

Tel: +352 451 451
www.deloitte.lu

To the Shareholders of
Automate Holdings S.à r.l.
6, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Automate Holdings S.à r.l. (the "Group") and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *"Commission de Surveillance du Secteur Financier"* (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

The Board of Managers of the Group is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our report of the *"réviseur d'entreprises agréé"* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the Group for the Consolidated Financial Statements

The Board of Managers of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers of the Group determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"réviseur d'entreprises agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers ' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*"réviseur d'entreprises agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Alberto Olivero

Alberto Olivero, *Réviseur d'entreprises agréé*
Managing Director

April 22, 2021