OCADO GROUP PLC

Further strong progress supporting our partners
Full Year results for the 52 weeks ended 29 November 2020

9 February 2021

Financial highlights

- **35% Retail Revenue growth, reflecting strong demand for online grocery in the UK**
- **Fees invoiced to International Solutions partners of £123.9 million, up over 52%, bringing the total of unrecognised fees to £256m**
- **International Solutions revenue includes the first capacity-related fees from the successful opening of first international Customer Fulfilment Centres ("CFCs") for Groupe Casino and Sobeys**
- **"Other" includes £7.9m of non-recurring costs attributable to FX charges and other costs relating to the acquisition of Kindred Systems and Haddington Dynamics**
- **Group EBITDA was £73.1 million, reflecting the strong revenue growth and operational gearing at Ocado Retail offset by a negative contribution from International Solutions**
- **UK Solutions & Logistics EBITDA was lower due to investment in more capacity and technology**
- **Loss before tax was £(44.0) million**
- **Funding position strengthened to £2.1 billion following the £600 million convertible bond issue in December 2019, and £1 billion convertible bond and share placing in June 2020**
- **We continued to invest for faster growth; in facilities for our clients, and in improving our platform and capabilities**

£m	FY 2020	FY 2019	Change vs FY 2019 %
Revenue			
Retail*	2,188.6	1,618.1	35.3%
UK Solutions & Logistics*	654.3	576.0	13.6%
International Solutions*	16.6	0.5	-
Inter-Segment & Other	(527.7)	(438.0)	-
Group[3]	**2,331.8**	**1,756.6**	**32.7%**
EBITDA			
Retail*	148.5	40.6	265.8%
UK Solutions & Logistics*[1]	44.4	72.1	(38.4)%
International Solutions*[1]	(83.3)	(54.9)	(51.7)%
Other*[1]	(36.5)	(14.2)	(157.0)%
Group*[4,5]	**73.1**	**43.3**	**68.8%**
Exceptionals[2]	104.6	(94.1)	
Loss before tax	**(44.0)**	**(214.5)**	
Capital Expenditure	525.6	260.7	
Cash and cash equivalents and treasury deposits	**2,076.8**	**750.6**	
Net cash and treasury deposits*	671.6	142.4	

Notes:
1. Other excludes eliminations of £(0.3) million in FY 2019. Prior year segmental EBITDA for the UK Solutions & Logistics, International Solutions and Other segments re-presented following a review and re-allocation between segments of Group administration costs. Nil impact on Group and Retail EBITDA. See note 2.1 in the condensed financial statements.
2. Primarily due to Andover fire with £99.9 million net insurance reimbursement recognised in the year for rebuilding the CFC and business interruption

* These measures are Alternative Performance Measures, refer to the section "Alternative Performance Measures" in the condensed financial statements.

See page 4 for *Notes Continued*

Tim Steiner, Chief Executive Officer of Ocado Group, said:

"As we reflect on 2020 I would first and foremost like to pay tribute to the remarkable work of our colleagues in exceptionally challenging circumstances. The Group's performance over the course of the year is testament to their dedication and I am confident that their adaptability and resilience will enable us to take full advantage of the opportunities ahead.

The rapid acceleration of many pre-existing trends in business and society has been a feature of the Covid-19 crisis and the dramatic channel shift in grocery is a clear example of this. The landscape for food retailing is changing, for good. As we look ahead to a post-vaccine world and a return to a new normality, Ocado Group is very well placed to enable our grocery partners worldwide to bring the best customer experience to market, responsibly, with high levels of hygiene and superior, sustainable, and proven economics.

Going forward, customers who have experienced the benefits of online grocery shopping are likely to become ever more discerning. Winners in the online channel will need to offer the very highest standards of customer service and the ability to serve a full range of customer missions. These include the full family basket as well as the convenience shop, the option of direct to home or pick up at the store, the same day or next day. With the standard-sized CFC as an anchor, we can enable our partners to offer customers a best-in-class immediacy service alongside the geographic flexibility of mini-CFCs together with the additional, tactical advantages of In-Store Fulfilment roll out. The uniquely flexible Ocado Smart Platform allows our partners to offer all this, supported by proprietary technology which is constantly evolving thanks to our growing capacity to innovate. We believe strongly that our platform will help our partners deliver a market-leading service to their customers, as the very promising initial results from our partners Groupe Casino and Sobeys have shown.

We also look forward to welcoming shortly both a new Chairman and CFO and the fresh perspectives they will bring on our growth opportunities. With Kroger's first CFC set to go-live in H1, and seven of our nine partners likely to be on the OSP by the end of the year, we are very excited to be ever closer to our ambition of changing the way the world shops."

Key milestones in 2020

The grocery landscape worldwide is changing, for good

- The pandemic has accelerated the rate of channel shift to online. Online grocery market share in the UK has nearly doubled over the last year to 14%, according to Kantar. Similar trends are observable in the United States as well as many other countries around the world.
- Many customers who have tried online grocery for the first time have seen the benefits and are saying they are unlikely to revert to pre-crisis shopping habits. According to a recent survey by CH Robinson, for example, 54% of US customers have bought produce online for the first time during the crisis with 7 out of 10 saying they will continue to do so when the pandemic is over.
- Ocado Group is supporting grocery partners across the world to bring the benefits of online grocery to more customers, faster. The first international CFCs were opened successfully in Paris in April for Groupe Casino and in Toronto in May for Sobeys. A number of partners, already committed to opening CFCs in their local market, have also adopted In-Store Fulfilment ("ISF"), the enhanced store pick software that forms part of our flexible Ocado Smart Platform ("OSP"), in order to reach more customers faster. As a result of Covid-19 travel restrictions, it has been more difficult to progress discussions with potential Solutions customers. However, we are making progress and seven out of nine of Ocado's current partners will be using our platform by the end of the current financial year.

Delivering best in class customer experience

- Ocado Retail, the JV between Ocado Group and M&S, achieved leading customer service metrics over the year, despite the disruptive impact of the Covid-19 crisis.
- Our partners have been able to quickly replicate high levels of customer service when launching their own service based on OSP. In Q3 Sobeys has reported on-time delivery rates of 98.6%, basket accuracy of 99.6%, and a Net Promoter Score ("NPS") of 87%.
- Groupe Casino has also reported a NPS of up to 65% following the launch of its Monoprix.fr service.

Investing in technology innovation to raise the bar further

- Ocado Technology has hired 500 new colleagues during the year and is in the process of hiring up to 600 more in the coming year, including recent acquisitions, with 40% of these colleagues in advanced technology areas such as perception and handling robotics. The balance will support execution as we scale up for OSP partners.
- The strategic acquisitions of Kindred Systems and Haddington Dynamics, which completed after the year end, bring almost 100 new colleagues to Ocado Group, on top of those hired in the year and accelerate the timeline to deliver commercial solutions for robotic picking for partners.
- We have invested in seismic grid technology for Aeon as well as other partners operating in seismic areas.

Serving the whole range of customer missions

- In 2020, Ocado Group has significantly strengthened and broadened the OSP "ecosystem" available to its partners
- The first micro site, in West London, Ocado Zoom, is already full, a year ahead of schedule. A second London site has been secured and we are looking for an additional dozen sites within London's M25 orbital motorway to support the ambitious roll-out plan of Ocado Retail.
- The first mini-CFC will open for Ocado Retail in the first quarter, in Bristol. Mini CFCs bring the efficiency benefits of our automated fulfilment model to areas of lower population density, which are not suited for the volumes of large CFCs, or the benefits of more same day service. Kroger has also ordered its first mini CFC which will open in 1H22 in Romulus, Michigan.
- In-Store Fulfilment ("ISF") is also available to assist partners who wish to bring an online grocery service to more customers, whether this be serving less densely populated areas or, for tactical reasons, accelerating the opening of an online grocery service to customers who will later be served by CFCs. Ocado's In-Store Fulfilment solution includes proprietary software that supports human efforts to assemble orders and makes it easier and more efficient for them to find products when fulfilling customer orders. The roll out of ISF has already supported an over eight-fold increase in online capacity served by operational partners, including Morrisons and Bon Preu, through 2020, and Kroger, Sobeys and ICA will all be rolling out ISF nationwide over the course of 2021. We expect 6 OSP partners to be using ISF by 2025 in their stores.

Reducing our cost to serve

- We are taking learnings from the roll out of our first international CFCs, including more resilient training processes and improved operational reporting tools, and applying these to new projects going forward to continue to improve the launch and ramp process for partners.
- Our new generation bots will set new benchmarks for reliability, efficiency, performance and maintainability, resulting in lower cost of ownership. The 500 series bot is now live on the grid at the Bristol mini CFC, as we begin the stock build pre launch.
- Average engineering cost per order at Erith CFC has decreased by a further 20% in the year, with plans in place for further progress in the UK and internationally.

Expanding our market opportunities

- The grocery industry worldwide is worth £7.6tn. Key markets for Ocado Group - defined as those with at least five million population and a GDP per capita in excess of $25,000 - are worth £2.8tn, of which our current partners currently represent £210bn, or 7.5%. We see significant opportunity for them to grow sales from this level.
- The acquisitions in November 2020 of Kindred Systems and Haddington Dynamics allow us to accelerate the development of our robotic manipulation solutions, including their speed, accuracy, product range and economics, and therefore to monetise these solutions quicker. Given that the average annual costs of manual picking and decant per CFC are £7m, and we already have 55 CFCs on order, with more expected, this represents a significant future opportunity for both Ocado Group and its clients.
- We continue to expand our market opportunities outside of OSP and indeed grocery. The global market for robotic picking solutions, for example, is sizable - already over $3bn a year - with scope for very substantial growth in the future. Although the primary motivation of the acquisition of Kindred Systems and Haddington Dynamics was to materially reduce the cost of fulfilment in our partners' CFCs, Kindred Systems already has a fast growing client base in apparel and logistics and we believe that the combination of our skills and experience will transform the way in which the retail industry as a whole processes orders online.
- Similarly, our investments in vertical farming through Jones Food Company and Infinite Acres, represent additional optionality for our partners while expanding the addressable markets in which the Group can create shareholder value. Barclays Research recently estimated the global market opportunity for vertical farming to be worth $50bn.

Outlook statement

- **Revenue growth:**
    - YoY Retail revenue growth highly dependent on length of Covid-19 restrictions. New capacity ramp up over the course of the year from 3 new UK CFCs, two of which are expected to open in the fourth quarter
    - Double digit percentage revenue growth in UK Solutions & Logistics, reflecting ramp-up of new UK capacity
    - International Solutions revenue from OSP partners expected to increase to around £50m, reflecting benefit of full year revenues from 2 CFC sites opened in FY20 and 2 new CFC sites expected to open in 1H21
- **Growth of around 30% for invoiced International Solutions fees,** reflecting the full year effect of existing CFC sites, together with fees for existing and new commitments
- **EBITDA:**
    - Covid-19 will continue to have a significant impact on Group performance
    - We are investing an additional £30m to accelerate investments in technology and platform, in response to the increased demand for online grocery
    - Additional capacity fees for UK CFC sites should broadly return UK Solutions & Logistics to 2019 EBITDA levels, including cost allocation changes
    - International Solutions EBITDA is expected to be lower, reflecting greater investment in building the business,

more than offsetting the increase in revenue

- As a reminder, Ocado expects FY21 revenues to increase as a result of the acquisition of Kindred Systems and Haddington Dynamics by approximately £30 million with a small negative impact on EBITDA
- **Total capital expenditure for the Group is expected to be around £700m** reflecting increased investment in the UK and International CFC roll-out, whilst continuing to invest in our technology development and platforms
- **Continue to target further Solutions deals** which would generate additional cash fees but would negatively impact short term profits

Autostore update

In October 2020 legal proceedings were issued by Autostore against a number of Ocado entities in the USA and UK. Having analysed the claims we remain of the view that we do not infringe any valid Autostore rights. Their claim in East Virginia has been stayed and we have filed defences in all other forums, and have brought our own proceedings against Autostore in the USA for infringement of certain Ocado patents and violation of US antitrust laws. It is very difficult to predict litigation costs, but we expect to incur significantly more legal costs than in 2020. These will be treated as exceptional items.

Results presentation

A results webcast and Q&A will be held for investors and analysts at 9.30am today. The webcast and presentation can be accessed at: https://brrmedia.news/cw44x and will also be available on the Reports and Presentations page of our Group website. Analysts or investors who would like to ask a question in the session following the webcast will need to dial into the conference call using the dial in details. To participate use dial-in details +44 (0)330 336 9411 and confirmation code 1505296.

Contacts

Tim Steiner, Chief Executive Officer on 020 7353 4200 today or 01707 228 000
David Shriver, Director of Communications, on 020 7353 4200 today or 01707 228 000
Martin Robinson at Tulchan Communications on 020 7353 4200

Notes continued

3. Revenue is online sales (net of returns) including charges for delivery but excluding relevant vouchers/offers and value added tax. The recharge of costs and associated fees to our UK Solutions clients and International Solutions clients are also included in revenue with the exception of recharges to Ocado Retail which are eliminated on consolidation.
4. EBITDA* is a non-GAAP measure which we define as earnings before net finance cost, taxation, depreciation, amortisation, impairment and exceptional items*
5. Group EBITDA reflects an IFRS 16 impact of £27.1m (FY19: £25.4m).

Financial Calendar

The schedule for Ocado Retail results for the remainder of the year is for a Q1 Trading Statement on 18 March 2021, Q3 Trading Statement on 14th September 2021 and a Q4 Trading Statement on 9th December 2021. The results of Ocado Retail will also be included in the Ocado Group H1 Results on 6th July 2021.

Cautionary statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward- looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Ocado does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Financial Review

We have delivered a strong performance this year. The Group achieved significant revenue growth in the UK Retail business, due to an acceleration in the rate of demand for online grocery in response to the Covid-19 pandemic. At the same time we have continued to transform our business to support future growth: we continued our good progress rolling out new CFCs for our partners, both in the UK and internationally; we have made significant investments in our International Solutions business, strengthening our teams and investing in technology; we announced the acquisition of two leading robotics businesses in the US, to accelerate the commercial delivery of robotic solutions; and we have raised a total £1.6 billion in the capital markets, to finance future growth. This supports our ability to capitalise at pace on the structural growth opportunities available in global online grocery adoption.

Group Highlights

- Revenue increased 32.7% to £2,331.8 million (2019: £1,756.6 million), reflecting an acceleration in demand in UK online grocery in response to Covid-19.
- Gross profit increased 36.3%, ahead of the growth in Revenue, with Retail gross margin up 130bps mainly due to changes in the product mix.
- Group EBITDA* of £73.1 million (2019: £43.3 million), with a significant increase in Retail EBITDA* to £148.5 million (2019: £40.6m) offset by increased investment in both the UK and International Solutions business to support future growth.
- Statutory loss before tax of £(44.0) million (2019: £(214.5) million) including depreciation, amortisation, and impairment charges of £168.9 million, and net exceptional income of £104.6 million principally due to insurance income for the Andover CFC.
- Strong balance sheet, with cash and other financial assets of £2.1 billion as at the end of the year, following the £600 million convertible bond issue in December 2019, and £1 billion convertible bond and share placing in June 2020.
- Post year-end completion of the acquisition of Kindred Systems and Haddington Dynamics Inc. for consideration of $260 million and $25 million respectively (subject to closing adjustments).

£ millions	**FY 2020**			**FY 2019**			
	Pre-Exceptional	Exceptional Items	Total Statutory Reported	Pre-Exceptional	Exceptional Items	Total Statutory Reported	Pre-Exceptional Growth
Revenue[1]	**2,331.8**	**-**	**2,331.8**	***1,756.6***	***-***	***1,756.6***	**32.7%**
Gross profit	813.9	-	813.9	*597.3*	*(5.5)*	*591.8*	36.3%
Other income	87.6	103.9	191.5	*83.9*	*23.8*	*107.7*	4.4%
Distribution and administrative costs	(827.5)	0.7	(826.8)	*(638.6)*	*(12.3)*	*(650.9)*	29.6%
Share of results from joint ventures and associates[2]	(0.9)	-	(0.9)	*0.7*	-	*0.7*	-
EBITDA*	**73.1**	**104.6**	**177.7**	***43.3***	***6.0***	***49.3***	**68.8%**
Depreciation, amortisation and impairment	(168.9)	-	(168.9)	*(136.1)*	*(99.0)*	*(235.1)*	24.1%
Loss on disposal of subsidiary	-	-	-	-	*(1.1)*	*(1.1)*	-
Net Finance costs	(52.8)	-	(52.8)	*(27.6)*	-	*(27.6)*	91.3%
(Loss) before tax	**(148.6)**	**104.6**	**(44.0)**	***(120.4)***	***(94.1)***	***(214.5)***	**23.4%**

1. Revenue is online sales (net of returns) including charges for delivery but excluding relevant vouchers/offers and value added tax. The recharge of costs and associated fees to our UK Solutions clients and International Solutions clients are also included in revenue with the exception of recharges to Ocado Retail which are eliminated on consolidation.
2. Share of results from joint ventures relates to joint ventures where the Group does not exercise control such as MHE JVCo and Infinite Acres Holdings BV. The Ocado Retail joint venture, over which the Group exercises control, is not included in this category as its results are fully consolidated.

* These measures are Alternative Performance Measures. Please refer to the section "Alternative Performance Measures" in the condensed financial statements.

The commentary is on a pre-exceptional basis to aid understanding of underlying performance of the business.

Group revenue for the period increased by 32.7% to £2,331.8 million in comparison to FY 2019 revenue of £1,756.6 million. This was primarily driven by a 35.3% increase in Retail revenue, reflecting increased demand driven by Covid-19 restrictions, with a £31 increase in the average basket value from £106 to £137. The Group also began to recognise revenue under IFRS 15 in its International Solutions business following the successful commencement of operations at the first two international CFCs in Toronto and Paris, with reported revenue of £16.6m. Total invoiced fees across all International Solutions partners were £123.9

million, an increase of 52.2% compared to the prior period. Cumulative fees not yet recognised as revenue at the end of the period stood at £256 million.

Gross profit grew strongly, particularly in the second half of the period, principally due to the increase in revenue in UK Retail and change in product mix. Other income grew at a lower rate than revenue, at 4.4% to £87.6 million, due to a lower rate of growth in media income compared to overall Retail revenue, and primarily relating to changes in product range implemented due to the additional demand caused by Covid-19.

EBITDA* for the period was £73.1 million (2019: £43.3 million). The benefit of higher revenues and operational efficiencies in the UK Retail business was offset by the increased investment in areas to support our platform growth, including additional headcount to support our international relationships, and technology resources to help scale and improve the platform and infrastructure needed to support our UK and International business. In addition we incurred higher Covid-19 related costs such as frontline worker bonuses and additional safety measures, received lower fee income from Morrisons due to a revised agreement which temporarily releases Erith capacity following the Andover fire, and incurred higher management incentive, FX and other acquisition related costs.

Depreciation, amortisation and impairment increased by 24.1% to £168.9 million, primarily due to an increase in amortisation costs relating to our investment and rollout of OSP software.

Net finance costs increased from £27.6 million to £52.8 million, primarily due to increased interest expense as a result of the £600 million unsecured convertible bond issued in December 2019, and the £350 million unsecured convertible bond issued in June 2020. The majority of the increase year-on-year was due to non-cash accounting charges for these instruments. Furthermore, the Group terminated the existing Revolving Credit Facility ("RCF") which resulted in the release of previously capitalised finance costs.

As a result of the above, and exceptional items of £104.6 million primarily relating to insurance proceeds from the Andover CFC, the statutory loss before tax for the period was £(44.0) million (2019: loss of £(214.5) million).

Trading review by segment

Segment revenue and Segment EBITDA* are shown below. Consistent with the prior period, the Group has three reportable trading segments, which reflect the structure of the Group following the sale of 50% of Ocado Retail to Marks and Spencer Group plc ("M&S"). These are: Retail, UK Solutions and Logistics, and International Solutions.

In the second half of the year, a detailed review of Group administration costs was undertaken to assess how Group Operations support both UK and International segments in light of the significant investments made to support future platform growth across the Group. This has resulted in the re-allocation of certain administrative costs between UK, International and Other segments. FY 2019 results for these segments have therefore been re-presented to ensure comparability year-on-year, in addition to the restatement of segment EBITDA* reported at the half year, relating to the re-presentation of leases under IFRS 16. There is no impact from these changes on overall Group EBITDA* for FY 2019.

<u>Retail</u>

	FY 2020 **£million**	**FY 2019** **£million**	Growth
Revenue	**2,188.6**	**1,618.1**	**35.3%**
Gross profit and other income	749.0	532.6	40.6%
Distribution costs[1]	(491.8)	(417.3)	17.9%
Marketing (non-voucher) costs	(22.1)	(20.0)	10.5%
Other administrative costs[1]	(86.6)	(54.7)	58.3%
EBITDA*[2]	**148.5**	**40.6**	**265.8%**
Effect of IFRS 16	*22.8*	*19.5*	

1. Distribution and other administrative costs exclude depreciation, amortisation and impairment
2. EBITDA* does not include the impact of exceptional items

FY 2020 was a landmark year for Ocado Retail with revenue* growing by 35.3% year on year to £2,188.6m and EBITDA* expanding from £40.6m to £148.5m.

Revenue

Retail Revenue grew by 35.3%, driven by strong customer demand and enabled by a significant increase in the peak day capacity of all three mature CFCs. Customer behaviour shifted significantly following the introduction of Covid-19 restrictions and this allowed Ocado Retail to spread customer orders more evenly over the whole week compared to the normal peaks and troughs. The change in the demand shape of the week combined with an increase in peak day capacity led to volume growth of 28.1% year-on-year. An increase in both the average units per basket and a small increase in the average selling price led the average basket value to increase by £31 to £137 (2019: £106). Covid-19 has put extra pressure on our suppliers' supply chains resulting in lower product availability and higher levels of substitutions during FY 2020. Substitutions are now back to normal levels and product availability is expected to return to normal levels once the Covid-19 related restrictions are eased. Due to unprecedented demand, higher frequency from our most loyal customers and significantly increased basket size, Ocado Retail deployed increased capacity to serve a smaller number of active customers, with new customer acquisition activity paused, resulting in a decline in active customers over the year from 795,000 to 680,000. Increased CFC capacity in FY 2021 will provide the opportunity to serve more customers.

Gross profit and other income

Gross profit and other income increased by 40.6% to £749.0 million, driven by higher revenue and improved product mix, together with the benefit of the termination of the Waitrose Sourcing contract in August 2020 and reduction in stock wastage. Other income grew year on year but slightly less than the rate of sales growth as we made certain product range changes to maximise our capacity during the pandemic.

Distribution and administrative costs

	FY 2020 **£million**	**FY 2019** **£million**	Growth
CFC	158.0	135.7	16.4%
Trunking and Delivery	235.6	195.5	20.5%
Other operating costs	98.2	86.1	14.1%
Total Distribution costs	491.8	417.3	17.9%

Distribution costs primarily consist of fulfilment and delivery operation costs which are provided to Ocado Retail by the UK Logistics operation of the Ocado Group.

CFC costs increased by 16.4% to £158.0 million, significantly less than the revenue growth due to improvements in productivity and economies of scale which more than offset Covid-19 related additional costs.

Trunking and delivery costs increased by 20.5% to £235.6 million, which was also below the revenue growth primarily due to the growth in average basket sizes. The larger basket sizes meant that the average number of customer orders delivered by each van in a week fell to 184 (2019: 196). However, the larger average basket size meant that units delivered by each van each week increased. Trunking and delivery also incurred Covid-19 related additional costs but overall the total cost per item delivered reduced by (9.4)% year-on-year.

Other operating costs of £98.2 million (2019: £86.1 million) include the costs associated with the provision of the OSP and Logistics services to Ocado Retail by UK Solutions & Logistics, in addition to payment processing costs.

Marketing costs (excluding voucher spend) increased by £2.1 million to £22.1 million, as we invested in preparation of our brand relaunch in FY 2021, but marketing costs excluding vouchers declined as a percentage of Retail revenue to 1.0% (2019: 1.2%).

Other administrative costs increased by £31.9 million to £86.6 million to support underlying business growth. This includes the full year effect of Board and other head office costs following the establishment of Ocado Retail as a stand-alone business unit in the prior period. This included strengthening the buying team to source more products directly from suppliers following the termination of the Waitrose sourcing agreement. Board costs include the creation of an annual bonus plan and incentive scheme for senior management linked to long-term value creation. An accounting charge is required each year based on an estimate of the current business value. Payments will be assessed over the life of the scheme, with the first measurement date for any potential vesting in FY 2022.

Following the 50% sale of the Retail business to M&S, the UK Logistics operation of the Ocado Group entered into a contract with Retail to provide third party logistics services during FY 2019. Included within the fees payable under this contract are a number of fees relating to the use of fixed assets (‘capital recharges’). Under IFRS 16, certain fees are classified as "lease" payments. Therefore, any income that UK Solutions & Logistics receives for these are removed from EBITDA* and the corresponding cost in Retail is also removed from EBITDA*. The total value of these fees in FY 2020 was £8.7 million (2019: £8.5 million).

EBITDA*

EBITDA* for the Retail business was £148.5 million (2019: £40.6 million). Amounts recoverable under business interruption insurance for Andover are included in Exceptional Income, and therefore are excluded from the Retail segmental result.

UK Solutions & Logistics

	FY 2020 £million	FY 2019[3] £million	Growth
Fee revenue	117.1	105.9	10.6%
Cost recharges[1]	537.2	470.1	14.3%
Revenue	**654.3**	**576.0**	**13.6%**
Other Income and cost of sales	3.4	3.6	(5.6)%
Distribution costs[2]	(544.4)	(458.0)	18.9%
Administrative costs[2]	(68.9)	(49.5)	39.2%
EBITDA*	**44.4**	**72.1**	**(38.4)%**
Effect of IFRS 16	*2.3*	*4.9*	

1. Cost recharges include cost recharges to Ocado Retail of £428.5 million which eliminate on consolidation
2. Distribution and administrative costs excludes depreciation, amortisation and impairment
3. Segment has been re-presented for FY 2019. For further details refer to note 2.1 of the condensed financial statements

Revenue

Revenue from the UK Solutions & Logistics business increased by £78.3 million to £654.3 million, an increase of 13.6%. This comprises the recharge of relevant operational variable and fixed costs by the UK Logistics operation to its UK partners Ocado Retail and Morrisons, as well as fees charged to both partners for access to Ocado's technology platforms, capital recharges, management fees and research and development. The increase in fees was due to the increase in CFC capacity provided to Ocado Retail, partly offset by a loss of fees from Morrisons as a result of the agreement to take back capacity at the Erith CFC following the Andover fire until February 2021.

Other income

Other income, net of cost of sales, was £3.4 million (2019: £3.6 million). Other income primarily relates to rent received from Morrisons in respect of Dordon CFC rent recharges.

Distribution and administrative costs

Distribution and administrative costs grew by 20.8% to £613.3 million (2019: £507.5 million). These costs consist of fulfilment and delivery operations costs which are recharged to Ocado Retail and Morrisons; engineering and other support costs for the provision of the contracted services, for which fees are charged; and an allocation of technology and head office costs.

The volume throughput of the CFCs increased by 22.6% year on year, with distribution costs increasing by £86.4 million to £544.4 million, an increase of 18.9%. Logistics related costs increased due to higher volumes and additional Covid-19 related costs, offset by cost efficiencies in both CFC and trunking and delivery operations as a result of productivity improvements, and growth in capacity delivered without the addition of new CFCs. Engineering costs increased above the rate of volume growth as the majority of volume growth took place in the Erith CFC, which currently has a higher cost as a proportion of sales. Good progress was made to reduce costs at Erith which reduced by 20% year on year as a proportion of sales.

Mature CFC (defined as Hatfield, Dordon and Erith CFCs) Units per Hour ("UPH") improved by 5.2% to 169.2 UPH (2019: 160.8), driven mainly by improvements at Erith CFC.

Administrative costs grew by 39.2% to £68.9 million (2019: £49.5 million), primarily as a result of investment in additional headcount and technology resources to support and improve the platform and infrastructure needed for UK growth.

EBITDA*

EBITDA* from UK Solutions & Logistics activities was £44.4 million, a decrease of £27.7 million, with the increase in fees from additional capacity more than offset by the combination of reduced fee income from Morrisons as a result of the agreement to take back capacity following the Andover fire, together with the allocation of platform development costs to the UK Solutions & Logistics segment. The value of Morrisons fees which has been forgone forms part of the business interruption insurance claim for Andover, but amounts recoverable under this claim are included in Exceptional Income, and therefore are excluded from the UK Solutions & Logistics segmental result.

International Solutions

	FY 2020 £million	FY 2019[3] £million	Growth
Fees invoiced	**123.9**	**81.4**	**52.2%**
Revenue[1]	**16.6**	**0.5**	**-**
Cost of sales	(7.0)	-	-
Distribution and administrative costs[2]	(92.9)	(55.4)	67.7%
EBITDA*	**(83.3)**	**(54.9)**	**51.7%**
Effect of IFRS 16	*1.6*	*1.3*	

1. FY 2020 Revenue includes £7.0 million of equipment sales to a retail partner recognised as revenue under IFRS 15. The impact on EBITDA is nil.
2. Distribution and administrative costs excludes depreciation, amortisation and impairment
3. Segment has been re-presented for FY 2019. For further details refer to note 2.1 of the condensed financial statements

Fees and Revenue

Fees invoiced amounted to £123.9 million (2019: £81.4 million), up 52.2%, with growth driven by design fees across a number of clients, certain upfront fees following the announcement of our new partnership with Aeon, and fees associated with the commencement of operations for Sobeys and Groupe Casino. Under IFRS15 revenue recognition, fees relating to OSP are not recognised as revenue until a working solution is delivered to the partner. In FY 2020 revenue recognised from the International Solutions business increased due to the "Go live" during the year of the first CFCs for Sobeys and Groupe Casino.

Distribution and administrative costs

Distribution and administrative costs primarily consist of the costs of operating the technology platform and CFCs for our international clients, other costs supporting our international partnership agreements and the non-capitalised costs of employees who are developing the OSP platform, such as research costs. These costs grew year-on-year as a result of the increase in headcount to support building further capabilities to sign future clients, increased people and cloud costs to support existing international clients in launching the CFCs, and further improvements in our platform.

EBITDA*

EBITDA* from our International Solutions activities was a loss of £(83.3) million (2019: £(54.9) million), principally reflecting the increased investment in our teams and technology to support our international growth ambitions, and the support costs relating to new CFCs.

Other Segment

EBITDA* loss was £(36.5) million in the current period (2019 loss: £(14.2) million). The "Other" segment represents revenue and costs which do not relate to the other three segments. This includes Board costs, the results of the Fabled business that was divested during FY 2019 and the consolidated results of Jones Food Company. The increase in costs is primarily due to an increase in share-based senior management incentive charges, in part attributable to a strong share price performance in FY 2020, together with net realised foreign exchange losses of £(4.4) million, principally in respect of FX movements on US Dollars purchased in preparation for the acquisition of Kindred Solutions and Haddington Dynamics, and acquisition related costs of £(3.5) million.

Exceptional items

	FY 2020 £million	FY 2019 £million
Andover CFC		
Write off of property, plant and equipment	-	(96.9)
Write off of intangible assets	-	(2.1)
Loss of inventory	-	(5.5)
Insurance reimbursement	103.9	23.8
Other exceptional costs	(4.0)	(7.3)
Total Andover exceptional	**99.9**	**(88.0)**
Disposal of Fabled	-	(1.1)
Set up costs for the joint venture with Marks & Spencer	-	(3.4)
Litigation costs	(2.7)	(1.3)
Changes in fair value of contingent consideration	7.4	-
Other exceptional items	-	(0.3)
Total exceptional items	**104.6**	**(94.1)**

Andover CFC

In February 2019 a fire destroyed the Andover CFC, including the building, machinery and all inventory held on site. The Group has comprehensive insurance and claims have been formally accepted by the insurers.

Insurance reimbursement

Insurance reimbursements of £103.9 million (2019: £23.8 million) comprise reconstruction and other incremental costs of £59.2 million (2019: £3.7 million) and reimbursement for business interruption losses of £44.7 million (2019: £20.1 million). The reimbursement has been presented within "other income". A portion of reimbursements has been received and recorded as deferred income. This will be released to profit or loss in the future as the rebuilding costs of the CFC are incurred.

The Group expects to receive further insurance reimbursement relating to reconstruction costs and business interruption losses. Claim negotiations are ongoing and the Group has not included any future reimbursement since the likely insurance proceeds cannot yet be quantified accurately. It is expected that income will be recognised in the future as the costs of rebuilding the CFC and business interruption losses are incurred.

Other exceptional costs

These include, but are not limited to, temporary costs of transporting employees to other warehouses to work, professional fees relating to the insurance claims process, reimbursement of employees' personal assets that were destroyed, and redundancy costs.

Litigation costs

Exceptional litigation costs of £(2.7) million relate to legal proceedings brought by the Group against Jonathan Faiman, Jonathan Hillary and their company Project Today Holdings Limited in relation to theft and unlawful use of the Group's Intellectual Property, and patent infringement complaints made against the Group by AutoStore AS (a Norwegian company owned by the US private equity firm TH Lee) and two subsequent counterclaims made by the Group against AutoStore AS.

Change in fair value of contingent consideration

In 2019 the Group sold Marie Claire Beauty Limited (trading as "Fabled") to Next plc and 50% of Ocado Retail Limited to Marks and Spencer Group plc ("M&S"). Part of the consideration agreed for these transactions was contingent on future events. The Group holds contingent consideration at fair value through profit or loss, and revalues it at each reporting date. This resulted in a gain of £7.4 million recognised in exceptional administrative expenses in FY 2020.

Covid-19

Covid-19 has impacted all aspects of the business, with the immediate effects predominantly in the Ocado Retail and UK Solutions and Logistics businesses. The Group considers the additional costs incurred and revenues generated as being a fundamental part of trading during the pandemic, reflecting the associated shifts in customer behaviour and in working practices. All associated costs have therefore been accounted for as pre-exceptional.

Whilst we have seen greater interest in our OSP platform as a way for retailers to meet the global increase in demand for online grocery, we have also had to work hard to adapt to new methods of engagement with clients and prospects in light of the international travel restrictions that have been in place during the year.

The Group has not taken advantage of any of the Covid-19 tax rebates and other support measures offered by the UK Government or any overseas Government.

Depreciation, amortisation and impairment

Total depreciation and amortisation costs were £168.9 million (2019: £136.1 million), an increase of 24.1% year-on-year. The increase in year-on-year costs is primarily due to an increase in amortisation costs relating to our investment and rollout of OSP software.

Net finance costs

Net finance costs of £52.8 million increased from £27.6 million in the prior period primarily due to interest expense on the two unsecured Convertible Bonds issued during the year totalling £950m, together with the release of previously capitalised interest costs totalling £2.8 million relating to the RCF which was terminated in the period. The vast majority of the movement primarily relates to the accounting charge for these instruments and the impact of IFRS 16, which are non-cash in nature, offset by finance income relating to treasury deposits. The coupon paid in the year relating to these two instruments was £2.7 million.

£0.5 million of interest costs have been capitalised in the period in relation to the senior secured notes in accordance with the relevant accounting standards (2019: £0.1 million).

Share of result from joint ventures and associates

The Group has accounted for the share of results from two joint ventures; MHE JVCo Limited ("MHE JVCo"), a joint venture with Morrisons, and Infinite Acres Holdings BV, a vertical farming company jointly owned with 80 Acres Farm Inc. and Priva Holdings BV. MHE JVCo holds Dordon CFC assets, which Ocado uses to service its and Morrisons' online business and is owned jointly by Ocado and Morrisons. The Group share of MHE JVCo profit after tax in the period amounted to £0.5 million (2019: £1.0 million). The Group's interest in Infinite Acres Holdings BV was acquired during FY 2019, and contributed a loss of £(0.9) million to the Group's results in the period (2019: £(0.1) million).

Loss before tax

Loss before tax for the period was £(44.0) million (2019: loss of £(214.5) million).

Taxation

The Group's reported tax charge for the period was £25.6 million. This charge reflects corporation tax payable of £18.3 million, resulting from the increase in profitability in the Retail business after utilising all their respective carried forward tax losses. A deferred tax charge of £6.6 million was recognised in the period representing the expected future utilisation of UK tax losses and capital allowances. At the end of the period, the Group had £407.4 million (2019: £284.7 million) of unutilised carried forward tax losses.

Dividend

During the period, the Group did not declare a dividend (2019: nil).

Loss per share

Loss and diluted loss per share were (17.55)p (2019: (30.63)p).

Subsequent events

Acquisitions

On 2 November 2020, the Group announced that it had agreed to acquire the entire share capital of two companies, Kindred Systems Inc. ("Kindred Systems") and Haddington Dynamics Inc. ("Haddington Dynamics") for consideration of $260 million and $25 million respectively (subject to closing adjustments). The acquisition of Kindred Systems was completed on 15 December 2020, following the satisfactory completion of closing conditions, including US regulatory approvals. The acquisition of Haddington Dynamics was completed on 21 December 2020.

The consideration agreed for the acquisition of Kindred Systems comprises $257 million of cash paid on completion, and deferred cash of $3.5 million, payable on the third anniversary of the acquisition. The consideration agreed for the acquisition of Haddington Dynamics comprises $8 million of cash paid on completion, and 0.6 million ordinary shares of Ocado Group plc issued on completion.

Acquisition-related costs of £3.5 million, including legal and professional fees, have been recognised in the current period within administrative expenses in the Consolidated Income Statement.

Disposal

On 7 January 2021, Ocado Retail announced that it had agreed to sell the entire share capital of its wholly-owned subsidiary, Speciality Stores Limited trading as Fetch, to Paws Holdings Limited for an undisclosed sum. The disposal was completed on 31 January 2021.

Litigation

On 1 October 2020, AutoStore Technology AS ("AutoStore"), a Norwegian company owned by the US private equity firm TH Lee, filed patent infringement claims against the Group in the High Court in England, the United States International Trade Commission, and the United States District Court for Eastern District of Virginia.

AutoStore subsequently applied to the UK intellectual property office claiming ownership of several Ocado patents relating to elements of the OSP system.

The Group is confident in the merits of its defences and in the integrity of its existing portfolio of IP, together with the disciplined approach taken to build its capabilities and the OSP system over the last 20 years. It is taking appropriate action to defend against these claims and to protect its own intellectual property rights.

The Group has subsequently brought two separate proceedings against AutoStore in the United States - the first alleging patent infringement and the second an antitrust claim. In the antitrust claim Ocado has alleged, based on the available evidence, that four of the five AutoStore patents on which AutoStore has based its case were procured by fraud against the US Patent and Trademark office.

On 21 January 2021 an application to declare invalid Ocado's European patent for its Single Space Bot (part of the OSP system) was rejected by the European Patent Office, and the patent was declared to be novel, inventive and valid.

Legal and other costs have been incurred to defend against AutoStore's claims and to file the Group's claims.

Given the early nature of this litigation, the Group does not believe that any contingent asset or liability should be reflected.

UK Withdrawal from the European Union ("Brexit")

The conclusion and successful ratification of a binding post-Brexit Free Trade Agreement between the UK and EU occurred after the Group's financial year end. This substantially mitigated many of the principal risks relating to Brexit for the Group. The impact of this agreement will continue to be monitored and managed, including risks to the supply chain. The Group has created buffers of certain critical ambient and frozen products and engineering spare parts until there is confidence that the supply chain risk has subsided; however it is not possible to do this for fresh and short-life perishables.

Capital expenditure

Capital expenditure totalled £525.6 million in FY 2020 (2019: £260.7 million) as we continued to develop new CFCs in both the UK and with our International retail partners, and invest in technology to support our OSP growth ambitions.

	FY 2020 £million	FY 2019[4] £million
UK Operations	202.4	88.8
International CFCs	190.6	65.2
Technology, Fulfilment Development and Innovation	129.2	105.9
Total capital expenditure [1, 2] (excluding MHE JVCo)	**522.2**	**259.9**
Total capital expenditure[3] (including MHE JVCo)	**525.6**	**260.7**

1. Capital expenditure includes tangible and intangible assets
2. Capital expenditure excludes assets leased from MHE JVCo under lease liability arrangements
3. Capital expenditure includes MHE JVCo capital expenditure in 2020 of £3.4 million and in 2019 of £0.8 million
4. FY 2019 reflects changes in the allocation of certain expenditure between International CFCs and Technology, Fulfilment Development and Innovation to support appropriate comparison with FY 2020.

In FY 2020 we invested £135.5 million (2019: £8.2 million) in three new UK CFCs in Bristol, Andover and Purfleet. These are expected to go live during FY 2021 which will add approximately 40% more capacity once the facilities ramp up to full operational throughput. Included within UK Operations is capital expenditure of £55.2 million for the Andover CFC which represents the gross cost to the Group. This is offset by insurance proceeds received to date or in the future, which is recognised as exceptional income as capital expenditure is incurred. We have also continued the development work for Erith CFC with £19.2 million (2019: £39.0 million) invested to support a significant scale up in operations. The remaining £47.7 million of UK operational spend (2019: £41.6 million) increased by £6.1 million compared to the prior period and primarily relates to spend on UK Vehicles, together with investment in our back office systems and the Group's transformation programme.

During the period we invested £190.6 million (2019: £65.2 million) in developing international CFCs for our clients, with two now operational, and two more expected to be operational in 2021. Of this spend, £104.4 million related to the CFCs in North America.

Ocado continues to invest in the development of its own technology and incurred expenditure of £129.2 million (2019: £105.9 million). Technology and Engineering headcount now stands at over 2,200 (2019: 1,700 staff), reflecting the increased investment we are making to support our strategic initiatives. The main areas of investment are greater use of public and private cloud services, improvements in the efficiency of our routing systems, enhancements to our customer proposition, and support for the Erith CFC and existing partners' future CFCs. In addition, investment in the development of fulfilment equipment totalled £50.8 million (2019: £33.3 million), enhancing our next generation fulfilment solutions for CFCs and delivery operations for all our Solutions partners.

At 29 November 2020, capital commitments contracted, but not provided for by the Group, amounted to £328.7 million (2019: £93.6 million).

Cashflow

	FY 2020 £million	FY 2019 £million
EBITDA*[1]	**73.1**	**43.3**
Movement in contract liabilities	97.5	79.5
Other working capital movements	32.1	(29.0)
Other non-cash items	26.9	(5.1)
Finance costs paid	(25.8)	(30.6)
Insurance proceeds received	40.0	73.8
Cash settlement of share incentive plan	-	(80.2)
Taxation paid	(18.4)	-
Operating cash flow	**225.4**	**51.7**
Capital investment	(451.8)	(259.6)
Insurance proceeds received	25.0	-
Proceeds from disposal of 50% share in ORL	(13.1)	558.3
Dividend from joint venture	7.7	15.6
Increase / (decrease) in net debt*/finance obligations	881.6	(65.7)
Proceeds from share issues	657.5	59.5
Movement of short-term deposits	(260.0)	43.5
Other investing and financing activities	(3.7)	(20.0)
Movement in cash and cash equivalents	**1,068.6**	**383.3**

1. EBITDA* is stated before the impact of exceptional items

Operating cash flow increased by £173.7 million to £225.4 million, primarily driven by a strong Retail trading performance and growth in fees in the International Solutions business.

Cash received during the period in relation to our Solutions partners, excluding VAT (shown in movement in "contract liabilities"), amounted to £97.5 million (2019: £79.5 million). This reflects stage payments from both Kroger and Aeon as their CFC build programs gather momentum, and payments from Groupe Casino and Sobeys reflecting the achievement of go-live with both of these partners in the year.

A net decrease in other working capital of £32.1 million (2019: net increase of £29.0 million), primarily reflects movements as a result of the increase in retail trading volumes and the timing of cashflows relating to our expanded capital programme, which overall contributed a positive movement in cashflow. This gave rise to an increase in trade receivables of £59.2 million (2019: £29.4 million), offset by an increase in trade and other payables of £52.8 million, and an increase in inventory accruals of £38.5 million (2019: (£7.6) million) due to the increased trading volumes and differences in the invoicing cycle following the end of the Waitrose Sourcing Contract. Supplier promotional activity and amounts outstanding with payment service providers have increased in line with increased volume.

Insurance proceeds of £40.0 million were received in the period relating to the Andover business interruption claim and a further £25.0 million was received relating to rebuilding the Andover CFC and shown within investment activities in the cash flow.

Cash outflow for capital expenditure in 2020 amounted to £451.8 million as the Group invests for future growth comprising investments in new CFCs both in the UK and internationally, and development of our next generation fulfilment solutions. In anticipation of the acquisition of Kindred and Haddington that completed post period-end, the Group entered into a contract to purchase USD to hedge FX exposure prior to completion. The acquisitions completed subsequent to the year-end, in December 2020.

Investing activities include a net outflow of £260.0 million relating to placing treasury deposits, which are not defined as cash equivalent as the deposit term is greater than 3 months. Other investing activities included the initial Fabled disposal proceeds of £3.0 million inflow, joint venture dividends received of £7.7 million, interest received of £5.2 million and loans made to associated companies amounting to £11.2 million outflow.

Net debt and financing cash flows for the period were an inflow of £1,526.0 million. This included £935.5 million from the issuance of two new unsecured convertible bonds, proceeds from the issue of £646.2 million of new shares, offset by financing fees and £53.4 million of repayment of other lease liabilities. Other financing activities include £10.8 million proceeds from the allotment of share options and an outflow of £13.1 million on final completion of the disposal of the 50% share of Ocado Retail.

Balance Sheet

The Group had cash and cash equivalents and other treasury deposits totalling £2,076.8 million (2019: £750.6 million) at the end of the period, comprising cash and cash equivalents of £1,706.8 million (2019 (restated): £640.6 million), and other treasury deposits classified as other financial assets of £370.0 million (2019: £110.0 million). Gross debt at the period end was £1,405.2 million (2019: £608.2 million), with net cash at the period-end of £671.6 million (2019: £142.4 million). The balance of other current financial assets comprises loans to joint ventures and associates.

Trade and other receivables includes £73.8 million (2019: £61.9 million) of amounts due from suppliers in respect of commercial and media income. Of this amount £56.3 million (2019: £43.1 million) is within trade receivables, and £17.5 million (2019: £18.8 million) within accrued income.

Trade and other payables includes deferred income of £16.3 million in respect of insurance proceeds which have not yet been recognised as exceptional income. Within contract liabilities, £299.3 million (2019: £191.8 million) relates to Solutions contracts, payments made for performance-based payments, or progress payments on ongoing service delivery. Where invoicing is greater than the revenue recognised at the end of a period, a contract liability is recognised for the difference. Within accrued income, £3.8 million (2019: £1.1 million) is due from our Solutions customers.

Deferred tax assets decreased by £3.6 million to a balance of £23.6 million at the end of the period, primarily due to the utilisation of brought forward losses by the Ocado Retail business. This was partially offset by the recognition of a deferred tax asset on short term timing differences in the period. Deferred tax liabilities increased by £3.0 million to a balance of £19.3 million (2019: £16.3 million).

Provisions in the period relating to the insurance reimbursement decreased by £43.7 million to £5.5 million resulting in the reimbursement being utilised in the period. An insurance reimbursement asset and an equal provision of £5.5 million has been recognised on the balance sheet for the obligation to restore the original asset at the Andover CFC site under the leasehold agreement.

Included within property, plant and equipment and intangible assets of £339.1 million (2019: £141.2 million) is capital work-in-progress where depreciation has not yet commenced. The increase year-on-year relates to international CFCs, predominantly with Kroger, and the various UK CFCs that are in progress, specifically Bristol, Andover and Purfleet.

Increasing financing flexibility

In the period the Group issued senior unsecured convertible bonds of £600 million (December 2019) with a coupon of 0.875% due in 2025, and subsequently raised £1.0 billion (June 2020) in additional funds consisting of a £657 million share issue and issuance of senior unsecured convertible bonds of £350 million with a coupon of 0.75% due in 2027. Subsequent to both fundraisings, the Group terminated a £100 million RCF which had been renegotiated in 2017 and which was undrawn in the period.

We expect increased demand for the Ocado platform and the fundraisings carried out in 2020 will allow the Group greater opportunities to grow faster and capitalise on the worldwide shift to online retail. The additional capital supports Ocado Solutions in its ability to sign more clients, build more CFCs, build CFCs faster and invest in innovation to ensure the Ocado platform stays at the forefront in the sector. As our client commitments grow we expect further funding will be required to deliver additional CFC investments.

Key performance indicators

The following table sets out a summary of selected unaudited operating information for FY 2020 and FY 2019:

	FY 2020	**FY 2019**	Variance
Average orders per week (000's)	**334**	325	2.8%
Average basket size (£s)[1]	**137**	106	29.2%
Average deliveries per van per week (DPV/week)	**184**	196	(6.1)%
Mature CFC efficiency (units per hour)[2]	**169**	161	5.0%
Active customers[3] (000's)	**680**	795	(14.5)%

Source: the information in the table above is derived from information extracted from internal financial and operating reporting systems and is unaudited. Fabled is excluded from both years.

1. Average basket size refers to results of Ocado.com and Fetch.
2. Measured as units dispatched from the CFC per variable hour worked by Hatfield CFC, Dordon CFC and Erith CFC operational personnel. We consider the mature CFCs to be Hatfield, Dordon and Erith. FY 2019 therefore now includes Erith UPH to enable comparison.
3. Customers are classified as active if they have shopped on ocado.com within the previous 12 weeks

Consolidated Income Statement for the 52 weeks ended 29 November 2020

	Notes	52 weeks ended 29 November 2020 £m	Exceptional items* (note 2.3) £m	Total for 52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019[1,2] £m
Revenue	2.2	2,331.8	-	**2,331.8**	1,756.6
Cost of sales		(1,517.9)	-	**(1,517.9)**	(1,164.8)
Gross profit		813.9	-	**813.9**	591.8
Other income		87.6	103.9	**191.5**	107.7
Distribution costs		(653.4)	(1.0)	**(654.4)**	(549.7)
Administrative expenses		(343.0)	1.7	**(341.3)**	(336.3)
Operating profit/(loss) before results from joint ventures and associate		(94.9)	104.6	**9.7**	(186.5)
Share of results from joint ventures and associate		(0.9)	-	**(0.9)**	0.7
Operating profit/(loss)		(95.8)	104.6	**8.8**	(185.8)
Loss on disposal of subsidiary		-	-	**-**	(1.1)
Finance income	4.4	5.5	-	**5.5**	3.3
Finance costs	4.4	(58.3)	-	**(58.3)**	(30.9)
Loss before tax		(148.6)	104.6	**(44.0)**	(214.5)
Income tax		(25.6)	-	**(25.6)**	2.7
Loss for the period		(174.2)	104.6	**(69.6)**	(211.8)
Attributable to:					
Owners of Ocado Group plc				**(126.0)**	(213.1)
Non-controlling interests				**56.4**	1.3
				(69.6)	(211.8)

Loss per share				**pence**	pence
Basic and diluted loss per share	2.4			**(17.55)**	(30.63)

1. £22.1 million of adjustments relating to the adoption of IFRS 16 "Leases" have been reclassified from administrative expenses to distribution costs for the 52 weeks ended 1 December 2019, since the leases to which they relate are used for distribution rather than administration.

2. Basic and diluted loss per share for the 52 weeks ended 1 December 2019 has been amended to reflect the correct weighted average number of shares at the end of the period. See note 2.4 for more information.

Earnings before interest, taxation, depreciation, amortisation, impairment and exceptional items (EBITDA)*

	Notes	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 £m
Operating profit/(loss)		**8.8**	(185.8)
Adjustments for:			
Exceptional items*	2.3	**(104.6)**	93.0
Amortisation of intangible assets	3.2	**49.0**	37.3
Impairment of intangible assets	3.2	**3.3**	1.8
Depreciation of property, plant and equipment	3.3	**57.2**	46.0
Impairment of property, plant and equipment	3.3	**2.1**	0.6
Depreciation of right-of-use assets	3.4	**57.3**	50.4
EBITDA*		**73.1**	43.3

* See alternative performance measures on pages 34 to 36.

Consolidated Statement of Comprehensive Income for the 52 weeks ended 29 November 2020

	Notes	**52 weeks ended 29 November 2020 £m**	52 weeks ended 1 December 2019 £m
Loss for the period		**(69.6)**	(211.8)
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
- Gains/(loss) arising on hedging contracts	4.5	**0.4**	(1.7)
Foreign exchange loss on translation of foreign subsidiary and joint venture	4.5	**(0.9)**	(0.6)
Items that will not be reclassified to profit or loss in subsequent periods:			
Gain on equity investments designated as at fair value through other comprehensive income	4.5	**5.2**	2.8
Reclassification of equity of Jones Food Company	4.5	**-**	0.1
Other comprehensive income for the period, net of income tax		**4.7**	0.6
Total comprehensive expense for the period		**(64.9)**	(211.2)
Attributable to:			
Owners of Ocado Group plc		**(121.3)**	(212.5)
Non-controlling interests		**56.4**	1.3
		(64.9)	(211.2)

Consolidated Balance Sheet as at 29 November 2020

	Notes	29 November 2020 £m	1 December 2019 (restated[1,2]) £m	2 December 2018 (restated[1,2]) £m
Non-current assets				
Goodwill	3.1	**4.7**	4.7	-
Other intangible assets	3.2	**239.5**	185.8	143.2
Property, plant and equipment	3.3	**785.0**	468.6	556.7
Right-of-use assets	3.4	**385.0**	368.8	-
Investment in joint ventures		**37.4**	45.8	52.2
Investment in associate		**4.1**	4.7	-
Other financial assets		**166.8**	177.3	4.1
Contract assets	2.2	**0.3**	0.3	-
Costs to obtain contracts	2.2	**0.7**	0.8	0.8
Deferred tax assets		**23.6**	27.2	16.6
		1,647.1	1,284.0	773.6
Current assets				
Asset held for sale	3.5	**4.2**	4.2	4.2
Inventories		**61.6**	52.3	56.5
Trade and other receivables		**200.6**	150.0	104.7
Other financial assets		**402.0**	112.8	153.5
Cash and cash equivalents		**1,706.8**	640.6	257.3
Insurance reimbursement asset		**5.5**	49.2	-
Contract assets	2.2	**0.1**	0.1	-
Costs to obtain contracts		**0.1**	-	-
Derivative financial assets		**0.2**	-	0.1
		2,381.1	1,009.2	576.3
Total assets		**4,028.2**	2,293.2	1,349.9
Current liabilities				
Contract liabilities	2.2	**(14.4)**	(5.1)	(6.6)
Trade and other payables		**(422.9)**	(350.6)	(292.0)
Provisions		**(8.4)**	(54.0)	(8.3)
Lease liabilities	4.2	**(48.1)**	(50.1)	(22.9)
Derivative financial instruments		**(0.3)**	(0.5)	(0.5)
		(494.1)	(460.3)	(330.3)
Net current assets		**1,887.0**	548.9	246.0
Non-current liabilities				
Contract liabilities	2.2	**(284.9)**	(186.7)	(108.6)
Provisions		**(35.6)**	(14.5)	(8.8)
Borrowings	4.1	**(997.4)**	(219.7)	(244.3)
Lease liabilities	4.2	**(359.7)**	(338.4)	(93.4)
Deferred tax liabilities		**(19.3)**	(16.3)	(8.9)
		(1,696.9)	(775.6)	(464.0)
Net assets		**1,837.2**	1,057.3	555.6
Equity				
Share capital	4.5	**15.0**	14.2	14.0
Share premium	4.5	**1,361.6**	705.3	589.9
Treasury shares reserve	4.5	**(113.2)**	(113.6)	(9.2)
Other reserves	4.5	**76.9**	(112.2)	(114.8)
Retained earnings		**425.5**	554.2	75.7
Equity attributable to owners of Ocado Group plc		**1,765.8**	1,047.9	555.6
Non-controlling interests		**71.4**	9.4	-
Total equity		**1,837.2**	1,057.3	555.6

[1] £110.0 million (2018: £153.5 million) of treasury deposits with a maturity of more than three months at the date of acquisition have been reclassified from cash and cash equivalents to other financial assets as at 1 December 2019.

[2] Trade and other payables have been increased as at 2 December 2018 and 1 December 2019 by £1.0 million to correct immaterial historical errors, with a corresponding decrease of retained earnings.

Consolidated Statement of Changes in Equity for the 52 weeks ended 29 November 2020

	Attributable to owners of Ocado Group plc							
	Share capital £m	Share premium £m	Treasury shares reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 2 December 2018[1]	14.0	589.9	(9.2)	(114.8)	75.7	555.6	-	555.6
Adjustment on adoption of IFRS 9	-	-	-	2.0	-	2.0	-	2.0
Adjusted balance at 2 December 2018	14.0	589.9	(9.2)	(112.8)	75.7	557.6	-	557.6
Loss for the period	-	-	-	-	(213.1)	(213.1)	1.3	(211.8)
Other comprehensive income:								
Cash flow hedges								
– Loss arising on hedging contracts	-	-	-	(1.7)	-	(1.7)	-	(1.7)
Foreign exchange loss on translation of foreign subsidiaries and joint venture	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Gain on equity investments designated as at fair value through other comprehensive income	-	-	-	2.8	-	2.8	-	2.8
Reclassification of equity of Jones Food Company Limited				0.1	-	0.1	-	0.1
Total comprehensive expense for the period	-	-	-	0.6	(213.1)	(212.5)	1.3	(211.2)
Transactions with owners:								
– Issue of ordinary shares	0.2	113.0	(111.1)	-	-	2.1	-	2.1
– Allotted in respect of share option schemes	-	2.4	-	-	-	2.4	-	2.4
– Disposal of treasury shares on exercise by participants	-	-	0.5	-	0.3	0.8	-	0.8
– Disposal of unallocated treasury shares	-	-	5.7	-	48.5	54.2	-	54.2
– Transfer of treasury shares to participants	-	-	0.8	-	(0.8)	-	-	-
– Reclassification between reserves	-	-	(0.3)	-	0.3	-	-	-
– Cash settlement of Growth Incentive Plan	-	-	-	-	(80.2)	(80.2)	-	(80.2)
– Share-based payments charge	-	-	-	-	12.8	12.8	-	12.8
– Part-disposal of Ocado Retail Limited	-	-	-	-	710.7	710.7	6.0	716.7
– Acquisition of Jones Food Company Limited	-	-	-	-	-	-	2.1	2.1
Total transactions with owners	0.2	115.4	(104.4)	-	691.6	702.8	8.1	710.9
Balance at 1 December 2019[1]	14.2	705.3	(113.6)	(112.2)	554.2	1,047.9	9.4	1,057.3
Loss for the period	**-**	**-**	**-**	**-**	**(126.0)**	**(126.0)**	**56.4**	**(69.6)**
Other comprehensive income:								
Cash flow hedges								
– Gain arising on hedging contracts	**-**	**-**	**-**	**0.4**	**-**	**0.4**	**-**	**0.4**
Foreign exchange loss on translation of foreign subsidiaries and joint venture	**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**	**-**	**(0.9)**
Gain on equity investments designated as at fair value through other comprehensive income	**-**	**-**	**-**	**5.2**	**-**	**5.2**	**-**	**5.2**
Total comprehensive expense for the period	**-**	**-**	**-**	**4.7**	**(126.0)**	**(121.3)**	**56.4**	**(64.9)**
Transactions with owners:								
– Issue of ordinary shares	**0.7**	**645.6**	**-**	**-**	**(0.1)**	**646.2**	**-**	**646.2**
–Allotted in respect of share option schemes	**0.1**	**10.7**	**-**	**-**	**-**	**10.8**	**-**	**10.8**
– Disposal of treasury shares on exercise by participants	**-**	**-**	**0.3**	**-**	**0.2**	**0.5**	**-**	**0.5**
– Disposal of unallocated treasury shares	**-**	**-**	**0.1**	**-**	**(0.1)**	**-**	**-**	**-**
– Share-based payments charge	**-**	**-**	**-**	**-**	**22.4**	**22.4**	**-**	**22.4**
– Issue of convertible bonds	**-**	**-**	**-**	**184.5**	**-**	**184.5**	**-**	**184.5**
– Adjustments arising from part-disposal of Ocado Retail Limited[2]	**-**	**-**	**-**	**-**	**(24.8)**	**(24.8)**	**5.2**	**(19.6)**
– Additional investment in Jones Food Company Limited	**-**	**-**	**-**	**(0.1)**	**(0.3)**	**(0.4)**	**0.4**	**-**
Total transactions with owners	**0.8**	**656.3**	**0.4**	**184.4**	**(2.7)**	**839.2**	**5.6**	**844.8**
Balance at 29 November 2020	**15.0**	**1,361.6**	**(113.2)**	**76.9**	**425.5**	**1,765.8**	**71.4**	**1,837.2**

1. Trade and other payables have been increased as at 2 December 2018 and 1 December 2019 by £1.0 million to correct immaterial historic errors, with a corresponding decrease of retained earnings.
2. The completion statement relating to the part-disposal of Ocado Retail Limited in August 2019 was not finalised until February 2020, after the financial statements for the prior period had been issued. An adjustment was recognised to the gain on disposal in the current period to reflect the repayment of consideration to Marks and Spencer Holdings Limited and other completion-related adjustments.

Consolidated Statement of Cash Flows for the 52 weeks ended 29 November 2020

	Notes	**52 weeks ended 29 November 2020 £m**	52 weeks ended 1 December 2019 (restated[1]) £m
Cash flows from operating activities			
Loss before tax		**(44.0)**	(214.5)
Adjustments for:			
- Revenue recognised from long-term contracts	2.2	**(6.1)**	(2.9)
- Depreciation, amortisation and impairment expenses	3.2, 3.3, 3.4	**168.9**	233.0
- Insurance proceeds recognised as other income	2.3	**(103.9)**	(23.8)
- Non-cash exceptional items*	2.3	**(7.4)**	-
- Write-off of fixed assets, intangible assets and inventories	2.3	**-**	9.5
- Share of results of joint ventures and associate		**0.9**	(0.7)
- Movement of provisions		**18.5**	(1.0)
- Net finance cost	4.4	**52.8**	27.6
- Net gain/(loss) on derivative financial instruments		**0.4**	(1.7)
- Settlement of cash flow hedges		**(2.5)**	(0.1)
- Share-based payments charge		**22.4**	12.8
Changes in working capital:			
- Movement of contract liabilities		**97.5**	79.5
- Movement of inventories		**38.5**	(7.6)
- Movement of trade and other receivables		**(59.2)**	(29.4)
- Movement of trade and other payables		**52.8**	8.0
Cash generated from operations		**229.6**	88.7
Insurance proceeds relating to destroyed inventory and business interruption		**40.0**	73.8
Corporation tax paid		**(18.4)**	-
Interest paid		**(25.8)**	(30.6)
Cash settlement of Growth Incentive Plan		**-**	(80.2)
Net cash flow from operating activities		**225.4**	51.7
Cash flows from investing activities			
Insurance proceeds relating to rebuilding Andover CFC		**25.0**	-
Proceeds from disposal of Marie Claire Beauty Limited, net of cash sold		**3.0**	(0.5)
Purchase of Jones Food Company Limited, net of cash acquired		**-**	(7.6)
Purchase of intangible assets		**(107.2)**	(84.1)
Purchase of property, plant and equipment		**(344.6)**	(175.5)
Dividend received from joint venture		**7.7**	15.6
Purchase of investments in joint venture and associate		**-**	(13.6)
Purchase of other treasury deposits		**(355.0)**	(70.0)
Proceeds from other treasury deposits		**95.0**	113.5
Purchase of unlisted equity investments		**(0.7)**	(1.6)
Loans to joint venture and associate		**(11.2)**	-
Interest received		**5.2**	3.3
Net cash flow used in investing activities		**(682.8)**	(220.5)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital, net of transaction costs		**646.2**	0.8
Proceeds from allotment of share options		**10.8**	2.4
Proceeds from disposal of treasury shares on exercise by participants		**0.5**	0.8
Proceeds from the disposal of unallocated treasury shares, net of transaction costs		**-**	54.2
Proceeds from Value Creation Plan – jointly-owned equity awards		**-**	1.3
Proceeds from issue of convertible bonds, net of issue costs	4.1	**935.5**	-
Repayment of borrowings	4.1	**-**	(25.0)
Repayments of lease liabilities		**(53.4)**	(40.2)
Payment of financing fees		**(0.5)**	(0.5)
Proceeds from part-disposal of Ocado Retail, net of transaction costs		**(13.1)**	558.3
Net cash flows from financing activities		**1,526.0**	552.1
Net increase in cash and cash equivalents		**1,068.6**	383.3
Cash and cash equivalents at beginning of period		**640.6**	257.3
Effect of changes in foreign exchange rates		**(2.4)**	-
Cash and cash equivalents at end of period		**1,706.8**	640.6

[1]. £110.0 million (2018: £153.5 million) of treasury deposits with a maturity of more than three months at the date of acquisition have been reclassified from cash and cash equivalents to other financial assets as at 1 December 2019.

* See alternative performance measures on pages 34 to 36.

Notes to the consolidated financial statements

Section 1 – Basis of preparation

1.1 General information

Ocado Group plc (hereafter "the Company") is a listed company, limited by shares, incorporated in the England and Wales under the Companies Act 2006 (company number: 07098618). The Company is the parent and the ultimate parent of the Group. The address of its registered office is Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, United Kingdom, AL10 9UL. The financial statements comprise the results of the Company and its subsidiaries (hereafter "the Group"). The financial period represents the 52 weeks ended 29 November 2020. The prior financial period represents the 52 weeks ended 1 December 2019.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority (where applicable), international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The accounting policies applied are consistent with those described in the Annual Report and Accounts for the 52 weeks ended 1 December 2019 of the Group.

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of section 435 of the Companies Act (the "Act"). The financial information for the 52 week period ended 29 November 2020 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the 52 week period ended 29 November 2020 will be delivered to the Registrar of Companies in advance of the Group's Annual general meeting.

The statutory accounts for the 52 week period ended 1 December 2019 have been delivered to the registrar of Companies, and the Auditors of the Group made a report thereon under Chapter 3 or part 16 of the Act. This report was unqualified and do not contain a statement under sections 498 (2) or (3) of the Act.

The financial statements are presented in pounds sterling, rounded to the nearest hundred thousand unless otherwise stated. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset investments and certain other financial assets and liabilities, which are held at fair value.

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Group.

New standards, amendments and interpretations adopted by the Group

In the current period, the Group has not adopted any new standards, but in the prior period, IFRS 9 "Financial Instruments" and IFRS 16 "Leases" were adopted for the first time.

The Group has considered the following new standards, interpretations and amendments to published standards that are effective for the Group for the financial year beginning 2 December 2019, and concluded either that they are not relevant to the Group or that they would not have a significant effect on the Group's financial statements other than on disclosures:

		Effective date
IAS 19	Employee Benefits (amendments)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019

New standards, amendments and interpretations not yet adopted by the group

The following new standards, interpretations and amendments to published standards and interpretations which are relevant to the Group have been issued but are not effective for the financial year beginning 2 December 2019, and have not been adopted early:

		Effective date
IFRS 3	Business Combinations (amendments)	1 January 2020
IFRS 7, IFRS 9, IAS 39	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
IAS 1, IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Various	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
IAS 16	Property, Plant and Equipment – proceeds of intended use	1 January 2022
IAS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements to IFRS	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022

Standards 2018-2020 Cycle		
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of liabilities as Current or non-Current	1 January 2023
IFRS 10	Consolidated Financial Statements (amendments)	Deferred
IAS 28	Investments in Associates and Joint Ventures (amendments)	Deferred

These standards, interpretations and amendments to published standards and interpretations are not expected to have a material effect on the Group's financial statements.

1.3 Changes in significant accounting policies

The accounting policies adopted are consistent with those of the prior period; there have been no changes in significant accounting policies.

Section 2 – Results for the period

2.1 Segmental reporting

	Retail £m	UK Solutions & Logistics £m	International Solutions £m	Other £m	Group eliminations £m	Total £m
2020						
Segmental revenue*	**2,188.6**	**654.3**	**16.6**	**-**	**(527.7)**	**2,331.8**
Segmental EBITDA*	**148.5**	**44.4**	**(83.3)**	**(36.5)**	**-**	**73.1**
2019 (restated[1])						
Segmental revenue*	1,618.1	576.0	0.5	9.8	(447.8)	1,756.6
Segmental EBITDA*	40.6	72.1	(54.9)	(14.2)	(0.3)	43.3

1. The figures for the 52 weeks ended 1 December 2019 have been re-presented to reflect changes to the basis of allocating revenue and expenses to segments. The total revenue and EBITDA* are the same, but the figures attributed to each segment have changed.
* See alternative performance measures on pages 34 to 36.

No measure of total assets and total liabilities is reported for each reportable segment, as such amounts are not regularly provided to the chief operating decision-maker.

2.2 Revenue

Disaggregation of revenue

Set out below is a disaggregation of the Group's revenue:

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 (restated[1]) £m
Retail	**2,188.6**	1,618.1
UK Solutions & Logistics	**654.3**	576.0
International Solutions	**16.6**	0.5
Other	**-**	9.8
Group eliminations	**(527.7)**	(447.8)
	2,331.8	1,756.6
Timing of revenue recognition		
At a point in time	**2,188.5**	1,626.4
Over time	**143.3**	130.2
	2,331.8	1,756.6

1. The figures for the 52 weeks ended 1 December 2019 have been re-presented to reflect changes to the basis of allocating revenue and expenses to segments. The total revenue and EBITDA* are the same, but the figures attributed to each segment have changed.

* See alternative performance measures on pages 34 to 36.

Contract balances

	29 November 2020	1 December 2019	2 December 2018
	£m	£m	£m
Trade receivables	**33.8**	12.3	8.6
Contract assets	**0.4**	0.4	-
Contract liabilities	**(299.3)**	(191.8)	(115.2)

Contract assets

	29 November 2020	1 December 2019	2 December 2018
	£m	£m	£m
Current	**0.1**	0.1	-
Non-current	**0.3**	0.3	-
	0.4	0.4	-

The contract assets represents Solutions revenue recognised in the Consolidated Income Statement, but not yet invoiced:

Significant changes in the contract assets balance during the period are as follows:

	29 November 2020	1 December 2019
	£m	£m
At beginning of period	**0.4**	-
Amount recognised as revenue	**-**	0.4
At end of period	**0.4**	0.4

Contract liabilities

	29 November 2020	1 December 2019	2 December 2018
	£m	£m	£m
Current	**(14.4)**	(5.1)	(6.6)
Non-current	**(284.9)**	(186.7)	(108.6)
	(299.3)	(191.8)	(115.2)

The contract liabilities relate primarily to consideration received in advance from Solutions customers, for which revenue is recognised as the performance obligation is satisfied.

Significant changes in the contract liabilities balance during the period are as follows:

	29 November 2020	1 December 2019
	£m	£m
At beginning of period	**(191.8)**	(115.2)
Amount invoiced	**(113.6)**	(79.5)
Amount recognised as revenue	**6.1**	2.9
At end of period	**(299.3)**	(191.8)

Set out below is the amount of revenue recognised from:

	52 weeks ended 29 November 2020	52 weeks ended 1 December 2019
	£m	£m
Amount included in contract liabilities at beginning of period	**6.1**	2.9

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

	29 November 2020 £m	1 December 2019 £m
Within one year	**195.3**	114.5
In between one and five years	**1,407.2**	1,004.9
In more than five years	**3,554.4**	3,308.8
Total transaction price	**5,156.9**	4,428.2

The total transaction price includes £2,154.5 million (2019: £1,824.0 million) in respect of potential revenue in relation to the recovery of costs that are expected to be incurred in existing Solutions contracts.

The amounts disclosed above in respect of unsatisfied and partially unsatisfied performance obligations do not include estimates of any amounts that will arise if the customer continues to receive services beyond the estimated contract term. In addition, they are reduced, during the contract term, so as to limit the estimate of future variable amounts to a conservative amount that is "highly probable". The figures disclosed do not include any incremental amounts in relation to CFCs and other solutions to which a customer is not yet committed. However, they do include any amounts that are payable by the customer irrespective of whether an option for future CFCs and other solutions is exercised (i.e. amounts that are equivalent to a non-refundable deposit).

Costs to obtain contracts

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 £m
At beginning of period	**0.8**	0.8
Amortisation recognised in profit and loss	**-**	-
At end of period	**0.8**	0.8

Management expects that the incremental costs of obtaining the contract (i.e. sales bonus) are recoverable. The Group, therefore, capitalises them as costs to obtain contracts.

These capitalised costs will be amortised over the period of transferring goods or services to the customer.

2.3 Exceptional items*

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 £m
Andover CFC		
- Write-off of property, plant and equipment	**-**	96.9
- Write-off of inventory	**-**	5.5
- Write-off of intangible assets	**-**	2.1
- Other exceptional costs	**4.0**	7.3
- Insurance reimbursement	**(103.9)**	(23.8)
Loss on disposal of Marie Claire Beauty Limited	**-**	1.1
Costs on creation of joint venture with Marks and Spencer Holdings Limited	**-**	3.4
Litigation costs	**2.7**	1.3
Change in fair value of contingent consideration receivable	**(7.4)**	-
Other exceptional costs	**-**	0.3
Net exceptional (income)/expense	**(104.6)**	94.1

* See alternative performance measures on pages 34 to 36.

Andover CFC

In February 2019, a fire destroyed the Andover CFC, including the building, machinery and all inventory held on site. The Group has comprehensive insurance and claims have been formally accepted by the insurers.

Other exceptional costs

These include, but are not limited to, temporary costs of transporting employees to other warehouses to work, professional fees relating to the insurance claims process, reimbursement of employees' destroyed personal assets, and redundancy costs.

Insurance reimbursement
This mainly comprises reimbursement for the costs of rebuilding the CFC, and business interruption losses. Reimbursement has been recognised as other income. A portion of reimbursement has been received and recognised as deferred income. This will be released to profit or loss in the future as the costs of rebuilding the CFC are incurred. Another portion has not yet been received but has been recognised as accrued income. This relates to incurred business interruption losses and will be received in the 2021 financial year.

The Group expects to receive further insurance reimbursement relating to reconstruction costs and business interruption losses. Claim negotiations are ongoing and the Group has not included any future reimbursement since the likely insurance proceeds cannot yet be quantified accurately. Income will be recognised in the future as the costs of rebuilding the CFC and business interruption losses are incurred.

Litigation costs
Litigation costs relate to legal proceedings brought by the Group against Jonathan Faiman, Jonathan Hillary and Project Today Holdings Limited in relation to the theft and unlawful use of the Group's Intellectual Property, and patent infringement claims made against the Group by AutoStore Technology AS ("AutoStore") and two subsequent claims made by the Group against AutoStore.

Change in fair value of contingent consideration
In 2019, the Group sold Marie Claire Beauty Limited to Next Holdings Limited, and 50.0% of Ocado Retail Limited to Marks and Spencer Holdings Limited. Part of the consideration agreed for these transactions was contingent on future events. The Group holds contingent consideration receivable as a financial asset at fair value through profit or loss, and revalues it at each reporting date.

2.4 Loss per share
The basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held pursuant to the Group's Joint Share Ownership Scheme ("JSOS") and linked jointly-owned equity ("JOE") awards under the Value Creation Plan ("VCP"), which are accounted for as treasury shares.
The diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion or vesting of all potentially dilutive shares. The Company has four classes of instruments that are potentially dilutive: share options, share interests held pursuant to the Group's JSOS, linked JOE awards under the VCP, and shares under the Group's employee incentive plans.
There was no difference in the weighted average number of shares used for the calculation of the basic and diluted loss per share since the effect of all potentially dilutive shares outstanding was anti-dilutive.
The basic and diluted loss per share has been calculated as follows:

	52 weeks ended 29 November 2020 million	52 weeks ended 1 December 2019[1] million
Weighted average number of shares for the period	**718.0**	695.8
	£m	**£m**
Loss attributable to owners of the Company	**(126.0)**	(213.1)
	pence	**pence**
Basic and diluted loss per share	**(17.55)**	(30.63)

1. The basic and diluted loss per share for the 52 weeks ended 1 December 2019 has been amended to reflect the correct weighted average number of shares at the end of the period.

Section 3 – Assets and liabilities
3.1 Business combinations

Goodwill
The movements in the net carrying amount of goodwill are as follows:

	Goodwill
	£m
Cost	
At 2 December 2018	-
Recognised on acquisition of Jones Food Company Limited	**4.7**
At 1 December 2019 and 29 November 2020	**4.7**
Accumulated impairment	
At 2 December 2018 and 1 December 2019	**-**
Impairment charge	**-**
At 29 November 2020	**-**
Net book value	
At 1 December 2019	4.7
At 29 November 2020	**4.7**

The whole goodwill balance relates to the acquisition of Jones Food Company Limited ("Jones Food Company"), which was completed in June 2019. For the purpose of annual impairment testing, it has been allocated to the Other segment. Management has calculated the recoverable amount of the Group's holding of Jones Food Company as its fair value, less costs sell. It has reconsidered factors such as the skills and expertise of the workforce and expectations of future growth, and at the time of writing there are no indicators to suggest that the goodwill has been impaired.

Business Combinations
The acquisition of Jones Food Company was the only significant investment in a subsidiary during the prior period. No significant investments were made during the current period.

3.2 Other intangible assets

	Internally-generated intangible assets	Other intangible assets	Total
	£m	£m	£m
Cost			
At 2 December 2018	211.4	34.7	246.1
Additions	-	13.6	13.6
Internal development costs capitalised	70.2	-	70.2
Impairment of Andover CFC (see note 2.3)	(3.3)	-	(3.3)
At 1 December 2019	278.3	48.3	326.6
Additions	-	**17.4**	**17.4**
Internal development costs capitalised	**89.6**	-	**89.6**
Disposals	**(2.1)**	**(1.8)**	**(3.9)**
At 29 November 2020	**365.8**	**63.9**	**429.7**
Accumulated amortisation			
At 2 December 2018	(92.4)	(10.5)	(102.9)
Charge for the period	(32.6)	(4.7)	(37.3)
Impairment charge	(0.6)	(1.2)	(1.8)
Impairment of Andover CFC (see note 2.3)	1.2	-	1.2
At 1 December 2019	(124.4)	(16.4)	(140.8)
Charge for the period	**(40.7)**	**(8.3)**	**(49.0)**
Impairment charge	**(1.7)**	**(1.6)**	**(3.3)**
Disposals	**1.2**	**1.7**	**2.9**
At 29 November 2020	**(165.6)**	**(24.6)**	**(190.2)**
Net book value			
At 1 December 2019	153.9	31.9	185.8
At 29 November 2020	**200.2**	**39.3**	**239.5**

Included within intangible assets is capital work-in-progress for internally generated assets of £31.2 million (2019: £17.7 million) and capital work-in-progress for other intangible assets of £3.9 million (2019: £8.3 million).

3.3 Property, plant and equipment

	Land and buildings	Fixtures, fittings, plant and machinery	Motor vehicles	Total
	£m	£m	£m	£m
Cost				
At 2 December 2018	130.5	697.0	82.5	910.0
Reclassified to right-of-use assets at 3 December 2018	(32.4)	(211.1)	(69.8)	(313.3)
Additions	0.9	140.4	1.0	142.3
Internal development costs capitalised	-	23.6	-	23.6
Acquired on purchase of Jones Food Company Limited	0.6	4.8	-	5.4
Impairment of Andover CFC (see note 2.3)	(32.3)	(82.8)	-	(115.1)
Disposals	-	(2.6)	(2.7)	(5.3)
At 1 December 2019	67.3	569.3	11.0	647.6
Additions	**22.5**	**320.7**	**-**	**343.2**
Internal development costs capitalised	**-**	**30.9**	**-**	**30.9**
Disposals	**-**	**(1.2)**	**-**	**(1.2)**
Effect of changes in foreign exchange rates	**-**	**1.0**	**-**	**1.0**
At 29 November 2020	**89.8**	**920.7**	**11.0**	**1,021.5**
Accumulated depreciation				
At 2 December 2018	(27.8)	(283.3)	(42.2)	(353.3)
Reclassified to right-of-use assets at 3 December 2018	23.2	143.2	32.8	199.2
Charge for the period	(2.8)	(41.6)	(1.6)	(46.0)
Impairment charge	-	(0.6)	-	(0.6)
Impairment of Andover CFC (see note 2.3)	2.6	15.6	-	18.2
Disposals	-	0.8	2.7	3.5
At 1 December 2019	(4.8)	(165.9)	(8.3)	(179.0)
Charge for the period	**(2.4)**	**(54.0)**	**(0.8)**	**(57.2)**
Impairment charge	**(0.1)**	**(2.0)**	**-**	**(2.1)**
Disposals	**-**	**1.8**	**-**	**1.8**
At 29 November 2020	**(7.3)**	**(220.1)**	**(9.1)**	**(236.5)**
Net book value				
At 1 December 2019	62.5	403.4	2.7	468.6
At 29 November 2020	**82.5**	**700.6**	**1.9**	**785.0**

Included within property, plant and equipment is capital work-in-progress for land and buildings of £28.0 million (2019: £0.1 million) and £276.0 million (2019: £115.1 million) for fixtures, fittings, plant and machinery.

3.4 Right-of-use assets

The right-of-use assets are included in a separate line within non-current assets on the Consolidated Balance Sheet.

	Land and buildings	Fixtures, fittings, plant and machinery	Motor vehicles	Total
	£m	£m	£m	£m
Cost				
At 2 December 2018	-	-	-	-
Reclassified from property, plant and equipment	32.4	211.1	69.8	313.3
Recognised on adoption of IFRS 16	268.5	3.0	4.4	275.9
At 3 December 2018	300.9	214.1	74.2	589.2
Additions	8.9	-	20.4	29.3
Disposals	-	(0.2)	(3.8)	(4.0)
At 1 December 2019	309.8	213.9	90.8	614.5
Additions	**53.2**	**0.2**	**20.1**	**73.5**
Disposals	**(0.2)**	**(0.3)**	**(3.4)**	**(3.9)**
At 29 November 2020	**362.8**	**213.8**	**107.5**	**684.1**

Accumulated depreciation				
At 2 December 2018	-	-	-	-
Reclassified from property, plant and equipment at 3 December 2018	(23.2)	(143.2)	(32.8)	(199.2)
Charge for the period	(19.4)	(15.6)	(15.4)	(50.4)
Disposals	-	0.2	3.7	3.9
At 1 December 2019	(42.6)	(158.6)	(44.5)	(245.7)
Charge for the period	**(24.5)**	**(15.2)**	**(17.6)**	**(57.3)**
Disposals	**0.2**	**0.3**	**3.4**	**3.9**
At 29 November 2020	**(66.9)**	**(173.5)**	**(58.7)**	**(299.1)**
Net book value				
At 1 December 2019	267.2	55.3	46.3	368.8
At 29 November 2020	**295.9**	**40.3**	**48.8**	**385.0**

3.5 Asset held for sale

The asset held for sale of £4.2 million (2019: £4.2 million) is a property in the United Kingdom, previously used in the Group's distribution network, which the Group is in the process of selling.

The completion of the sale has been delayed by circumstances beyond the Group's control. The Group remains committed to the sale, which it expects to complete within 12 months of the reporting date. Accordingly, the asset has continued to be classified as held for sale. The proceeds of the disposal are expected to exceed the carrying amount and, accordingly, no gain or loss was recognised on the classification of the property as held for sale.

Section 4 – Capital structure and financing costs

4.1 Borrowings

	Due in less than one year £m	Due in between one and two years £m	Due in between two and five years £m	Due in more than five years £m	Total £m
29 November 2020					
Senior secured notes	**-**	**-**	**220.8**	**-**	**220.8**
Senior unsecured convertible bonds	**-**	**-**	**-**	**776.4**	**776.4**
Chattel mortgages	**-**	**-**	**0.2**	**-**	**0.2**
Total borrowings	**-**	**-**	**221.0**	**776.4**	**997.4**
1 December 2019					
Senior secured notes	-	-	219.5	-	219.5
Chattel mortgages	-	-	0.2	-	0.2
Total borrowings	-	-	219.7	-	219.7

Borrowings at 29 November 2020 can be analysed as follows:

Principal amount £m	Inception	Security held	Current rate	Instalment frequency	Final payment due	Carrying amount as at 29 November 2020 £m
225.0	June 2017	Collateral	4.000%	Biannual	June 2024	**220.8**
0.3	January 2019	Collateral	8.800%	Monthly	January 2023	**0.2**
600.0	December 2019	None	0.875%	Biannual	December 2025	**504.2**
350.0	June 2020	None	0.750%	Biannual	January 2027	**272.2**

Borrowings at 1 December 2019 can be analysed as follows:

Principal amount £m	Inception	Security held	Current rate	Instalment frequency	Final payment due	Carrying amount as at 1 December 2019 £m
225.0	June 2017	Collateral	4.000%	Biannual	June 2024	219.5
0.3	January 2019	Collateral	8.800%	Monthly	January 2023	0.2

The £100.0 million revolving credit facility was terminated in October 2020; it was not used in the current or prior period.

The senior secured notes were issued in June 2017, raising £250.0 million, and are carried net of transaction fees. The senior secured notes are secured by charges over the issued share capital of the Company's subsidiaries which acted as guarantors for the notes. In the prior period, £25.0 million was repaid, incurring early repayment fees of £0.8 million.

The £600.0 million of senior unsecured convertible bonds were issued in December 2019, raising £592.1 million, net of transaction fees. At the date of issue, the liability component was valued at £485.0 million, with the remaining £107.1 million recognised in the convertible bonds reserve, directly in reserves.

The £350.0 million of senior unsecured convertible bonds were issued in June 2020, raising £343.4 million, net of transaction fees. At the date of issue, the liability component was valued at £266.0 million, with the remaining £77.4 million recognised in the convertible bonds reserve, directly in reserves.

The Group reviews its financing arrangements regularly. The senior secured notes and senior unsecured convertible bonds contain typical restrictions concerning dividend payments and additional debt and leases.

4.2 Lease liabilities

The Group leases properties, vehicles and other items of equipment. The leases have varying terms, escalation clauses and renewal rights. With the exception of short-term leases and leases of low-value items, each lease is reflected on the Consolidated Balance Sheet as a right-of-use asset and a lease liability.

	29 November 2020 £m	1 December 2019 £m
Discounted lease payments due:		
Within one year	**48.1**	50.1
Between one and two years	**46.9**	42.9
Between two and five years	**93.9**	90.1
In more than five years	**218.9**	205.4
Lease liabilities	**407.8**	388.5

External obligations under lease liabilities are £358.1 million (2019: £320.4 million), excluding £49.7 million (2019: £64.0 million) payable to MHE JVCo Limited, a company incorporated in England and Wales in which the Group holds a 50.0% interest.

	29 November 2020 £m	1 December 2019[1] £m
Undiscounted lease payments due:		
Within one year	**67.1**	62.0
In between one and two years	**63.8**	58.3
In between two and five years	**134.2**	134.0
In more than five years	**324.9**	320.8
	590.0	575.1
Less: Future finance charges	**(182.2)**	(186.6)
Lease liabilities	**407.8**	388.5
Disclosed as:		
Current	**48.1**	50.1
Non-current	**359.7**	338.4
	407.8	388.5

1. The minimum lease payments and future finance charges as at 1 December 2019 have been corrected.

The existing lease arrangements entered into by the Group contain no restrictions concerning dividends, additional debt and further leasing. Furthermore, no material leasing arrangements exist relating to contingent rent payable, renewal or purchase options and escalation clauses.

4.3 Analysis of net cash *

	29 November 2020 £m	1 December 2019 (restated[1]) £m
Current assets		
Other treasury deposits	**370.0**	110.0
Cash and cash equivalents	**1,706.8**	640.6
	2,076.8	750.6
Current liabilities		
Lease liabilities	**(48.1)**	(50.1)
Non-current liabilities		
Borrowings	**(997.4)**	(219.7)
Lease liabilities	**(359.7)**	(338.4)
	(1,357.1)	(558.1)
Net cash *	**671.6**	142.4

[1]. £110.0 million (2018: £153.5 million) of treasury deposits with a maturity of more than three months at the date of acquisition have been reclassified from cash and cash equivalents to other financial assets as at 1 December 2019.

At the reporting date, the Group had net cash* of £721.3 million (2019: £206.4 million), excluding lease liabilities of £49.7 million (2019: £64.0 million) payable to MHE JVCo Limited, a company incorporated in the United Kingdom in which the Group holds a 50.0% interest. £5.3 million (2019: £5.3 million) of the Group's cash and cash equivalents is considered to be restricted and is not available to circulate within the Group on demand.

Reconciliation of net cash flow with movement of net cash*

	29 November 2020 £m	1 December 2019 (restated[1]) £m
Net increase/(decrease) in other treasury deposits	**260.0**	(43.5)
Net increase in cash and cash equivalents	**1,066.2**	383.3
Net (increase)/ decrease in borrowings and lease liabilities	**(724.3)**	57.6
Non-cash movements:		
- Assets acquired under leases	**(72.7)**	(305.2)
Movement of net cash* in period	**529.2**	92.2
Net cash* at beginning of period	**142.4**	50.2
Net cash* at end of period	**671.6**	142.4

[1]. £110.0 million (2018: £153.5 million) of treasury deposits with a maturity of more than three months at the date of acquisition have been reclassified from cash and cash equivalents to other financial assets as at 1 December 2019.

* See alternative performance measures on pages 34 to 36.

4.4 Finance income and costs

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 £m
Interest on cash balances	**5.2**	3.3
Interest on loans to joint venture and associate	**0.3**	-
Finance income	**5.5**	3.3
Interest expense on borrowings	**(40.9)**	(10.3)
Interest expense on lease liabilities	**(14.7)**	(20.6)
Interest expense on provisions	**(0.3)**	-
Foreign exchange loss	**(2.4)**	-
Finance costs	**(58.3)**	(30.9)
Net finance cost	**(52.8)**	(27.6)

4.5 Share capital and reserves

At the reporting date, the number of ordinary shares available for issue under the Block Listing Facilities was 9,278,146 (2019: 13,657,551). These ordinary shares will only be issued and allotted when the shares under the relevant share plan have vested or the share options have been exercised. They are therefore not included in the total number of ordinary shares outstanding below.

The movements in called-up share capital and share premium are set out below:

	Ordinary shares million	Share Capital £m	Share premium £m
Balance at 2 December 2018	698.3	14.0	589.9
Issue of ordinary shares	10.0	0.2	113.0
Allotted in respect of share option schemes	0.9	-	2.4
Balance at 1 December 2019	709.2	14.2	705.3
Issue of ordinary shares	**34.3**	**0.7**	**645.6**
Allotted in respect of share option schemes	**4.6**	**0.1**	**10.7**
Balance at 29 November 2020	**748.1**	**15.0**	**1,361.6**

Included in the total number of ordinary shares outstanding below are 10,587,150 (2019: 10,850,516) ordinary shares held by the Group's Employee Benefit Trust. The ordinary shares held by the Trustee of the Group's Employee Benefit Trust pursuant to the JSOS, and the linked jointly-owned equity ("JOE") awards under the Value Creation Plan ("VCP") are treated as treasury shares on the Consolidated Balance Sheet in accordance with IAS 32 ''Financial Instruments: Presentation''. These ordinary shares have voting rights but these have been waived by the Trustee (although the Trustee may vote in respect of shares that have vested and remain in the Trust). The number of allotted, called-up and fully-paid shares, excluding treasury shares, at the end of each period differs from that used in the basic loss per share calculation in note 2.4, since the basic loss per share is calculated using the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

The movements in reserves other than share premium and retained earnings are set out below:

		Other reserves				
	Treasury shares reserve £m	Reverse acquisition reserve £m	Convertible bonds reserve £m	Translation reserve £m	Fair value reserve £m	Hedging reserve £m
Balance as at 2 December 2018	(9.2)	(116.2)	-	0.2	-	1.2
Adjustment on adoption of IFRS 9	-	-	-	-	2.0	-
Adjusted balance as at 2 December 2018	(9.2)	(116.2)	-	0.2	2.0	1.2
Loss arising on hedging contracts	-	-	-	-	-	(1.7)
Foreign exchange loss on translation of foreign subsidiaries and joint venture	-	-	-	(0.6)	-	-
Gain on equity investments designated as at fair value through other comprehensive income	-	-	-	-	2.8	-
Reclassification of equity of Jones Food Company Limited	-	-	-	-	0.1	-
Issue of ordinary shares	(111.1)	-	-	-	-	-
Disposal of treasury shares on exercise by participants	0.5	-	-	-	-	-
Disposal of unallocated treasury shares	5.7	-	-	-	-	-
Transfer of treasury shares to participants	0.8	-	-	-	-	-
Reclassification between reserves	(0.3)	-	-	-	-	-
Balance at 1 December 2019	(113.6)	(116.2)	-	(0.4)	4.9	(0.5)
Gain arising on hedging contracts	-	-	-	-	-	**0.4**
Foreign exchange loss on translation of foreign subsidiaries and joint venture	-	-	-	**(0.9)**	-	-
Gain on equity investments designated as at fair value through other comprehensive income	-	-	-	-	**5.2**	-
Disposal of treasury shares on exercise by participants	**0.3**	-	-	-	-	-
Disposal of unallocated treasury shares	**0.1**	-	-	-	-	-
Issue of convertible bonds	-	-	**184.5**	-	-	-
Additional investment in Jones Food Company Limited	-	-	-	-	**(0.1)**	-
Balance at 29 November 2020	**(113.2)**	**(116.2)**	**184.5**	**(1.3)**	**10.0**	**(0.1)**

Treasury shares reserve
The treasury shares reserve arose when the Group issued equity share capital under its JSOS. During the prior period, the Group issued share capital relating to the linked jointly-owned equity ("JOE") awards under the Value Creation Plan ("VCP"). The shares under both plans are held in trust by the Trustee of the Group's Employee Benefit Trust. Treasury shares cease to be accounted for as such when they are sold outside the Group or the interest is transferred in full to the participant pursuant to the terms of the JSOS and VCP. Participants' interests in unexercised shares held by participants are not included in the calculation of treasury shares.

Reverse acquisition reserve
The acquisition by the Company of the entire issued share capital in 2010 of Ocado Limited was accounted for as a reverse acquisition under IFRS 3 "Business Combinations". Consequently, the previously-recognised book values and assets and liabilities have been retained, and the consolidated financial information for the period to 29 November 2020 has been presented as if the Company had always been the parent company of the Group.

Convertible bonds reserve
The convertible bonds reserve contains the equity components of convertible bonds issued by the Group, net of apportioned transaction costs. The carrying amounts of the equity components will not change until the liability components are redeemed through repayment or conversion into ordinary shares.

£600.0 million of senior unsecured convertible bonds were issued in December 2019, with £107.1 million being recognised in the convertible bonds reserve. Another £350.0 million of senior unsecured convertible bonds were issued in June 2020, with £77.4 million being recognised in the convertible bonds reserve.

Translation reserve
The translation reserve comprises cumulative foreign exchange differences on the translation of foreign subsidiaries and the foreign joint venture.

Fair value reserve
The fair value reserve comprises cumulative changes in the fair value of assets and liabilities recognised through other comprehensive income.

Hedging reserve
The hedging reserve comprises cumulative gains and losses on movements in the Group's hedging arrangements (see note 4.6 in the financial statements.)

Section 5 – Other notes

5.1 Commitments

Capital commitments

Contracts placed for future capital expenditure but not provided for in the financial statements are as follows:

	29 November 2020 £m	1 December 2019 £m
Land and buildings	**6.9**	1.5
Property, plant and equipment	**321.8**	92.1
Capital commitments	**328.7**	93.6

Of the total capital expenditure committed at the end of the period, £288.5 million (2019: £72.5 million) relates to new CFCs, £2.5 million (2019: £9.5 million) to existing CFCs, £1.0 million (2019: £3.3 million) to fleet costs and £36.4 million (2019: £1.3 million) to technology projects.

Lease commitments
The Group has a number of short-term leases and leases of low-value items. The payments relating to these leases are recognised as expenses in the Consolidated Income Statement on a straight-line basis over the lease terms.

At the reporting date, the ageing profile of future aggregate minimum lease payments under non-cancellable operating leases is as follows:

	29 November 2020	1 December 2019
	£m	£m
Due within one year	**0.2**	0.2
Due in more than one year	**-**	-
Lease commitments	**0.2**	0.2

5.2 Related party transactions

Key management personnel

Only the Executive and Non-Executive Directors are recognised as being key management personnel. It is the Board which has responsibility for planning, directing and controlling the activities of the Group. The aggregate emoluments of key management compensation are as follows:

	29 November 2020	1 December 2019
	£m	£m
Salaries and other short-term employee benefits	**5.7**	4.7
Share-based payments	**17.7**	14.7
Aggregate emoluments	**23.4**	19.4

Further information can be found in the Annual Report and Accounts, which is expected to be available on 9 February 2021.

Other related party transactions with key management personnel made during the period related to the purchase of professional services amounted to £nil (2019: £5,000). All transactions were on an arm's length basis. At the reporting date, no amounts (2019: £nil) were owed by key management personnel to the Group. During the period, there were no other material transactions or balances between the Group and its key management personnel or members of their close family.

Joint ventures

MHE JVCo Limited

The following transactions were carried out with MHE JVCo Limited ("MHE JVCo"), a company incorporated in England and Wales in which the Group holds a 50.0% interest:

	29 November 2020	1 December 2019
	£m	£m
Dividend received from MHE JVCo	**7.7**	15.6
Supplier invoices paid on behalf of MHE JVCo	**2.3**	4.2
Capital element of lease liability instalments paid to MHE JVCo	**14.9**	24.6
Interest element of lease liability instalments accrued or paid to MHE JVCo	**3.0**	3.7

During the period, the Group incurred lease instalments (including interest) of £18.0 million (2019: £29.6 million) to MHE JVCo.

Of the £18.0 million, £9.0 million (2019: £9.0 million) was recovered directly from Morrisons in the form of other income, and £7.7 million (2019: £15.6 million) was received from MHE JVCo by way of a dividend. Of the remaining £1.3 million, £nil (2019: £1.2 million) represents the capital element of the lease liability instalments due to MHE JVCo, and £1.3 million (2019: £3.7 million) interest incurred on the lease liabilities due to MHE JVCo.

Included within trade and other receivables is a balance of £0.6 million (2019: £0.3 million) due from MHE JVCo. £0.6 million (2019: £0.3 million) of this relates to capital recharges.

Included within trade and other payables is a balance of £1.8 million (2019: £1.8 million) due to MHE JVCo.

Included within lease liabilities is a balance of £49.7 million (2019: £64.0 million) due to MHE JVCo.

Infinite Acres Holding B.V.

During the period, the Group loaned $12.0 million to Infinite Acres Holding B.V. ("Infinite Acres"), a company incorporated in the

Netherlands in which the Group holds a 33.3% interest. The loan was recognised within other financial assets, and its carrying amount was £9.3 million (2019: £nil) at the reporting date. £0.3 million (2019: £nil) of interest income was recognised within finance income during the period.

Associate

Karakuri Limited

During the period, the Group loaned £1.7 million to Karakuri Limited ("Karakuri"), a company incorporated in England and Wales in which the Group holds a 20.8% interest. The loan was recognised within other financial assets, and its carrying amount was £1.7 million (2019: £nil) at the reporting date. £17,000 (2019: £nil) of interest income was recognised within finance income during the period.

Unlisted equity investment

Paneltex Limited

The following transactions were carried out with Paneltex Limited ("Paneltex"), a company incorporated in England and Wales in which the Group holds a 25.0% interest.

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019 £m
Purchase of goods		
- Plant and machinery	**-**	0.7
- Consumables	**0.4**	0.6

Indirectly, through some of the Group's leasing counterparties, the Group purchased motor vehicles from Paneltex, worth £10.9 million (2019: £9.1 million).
Included within trade and other payables are no amounts (2019: £23,000) due to Paneltex.
No other transactions that require disclosure under IAS 24 "Related Party Disclosures" have occurred during the period.

5.3 Post-Balance Sheet events

Acquisitions

On 2 November 2020, the Group announced that it had agreed to acquire the entire share capital of two companies, Kindred Systems Inc. ("Kindred Systems") and Haddington Dynamics Inc. ("Haddington Dynamics"). The acquisition of Kindred Systems was completed on 15 December 2020 for consideration of $260.3 million, following the satisfactory completion of closing conditions, including United States regulatory approvals and employee retention. The acquisition of Haddington Dynamics was completed on 21 December 2020 for consideration of $25.1 million.

The consideration paid for the acquisition of Kindred Systems comprised $256.8 million of cash paid on completion, and deferred cash of $3.5 million, payable on the third anniversary of the acquisition. The consideration paid for the acquisition of Haddington Dynamics comprised $7.8 million of cash paid on completion, and 0.6 million ordinary shares of Ocado Group plc issued on completion.

Acquisition-related costs of £3.5 million, including legal and professional fees, have been recognised in the current period within administrative expenses in the Consolidated Income Statement.

Given the size, complexity and close proximity of these acquisitions to the date of approval of the financial statements, the initial calculations of the fair values of the assets and liabilities acquired have not yet been completed, and no value can be disclosed for goodwill.

Disposal

On 7 January 2021, Ocado Retail Limited announced that it had agreed to sell the entire share capital of Speciality Stores Limited, its pets business trading as Fetch, to Paws Holdings Limited. The disposal was completed on 31 January 2021.

Litigation

On 1 October 2020, AutoStore Technology AS ("AutoStore"), a Norwegian company owned by the United States private equity firm Thomas H. Lee Partners, L.P., filed patent infringement claims against the Group in the High Court in England, the United States International Trade Commission, and the United States District Court for the Eastern District of Virginia. The Group initially learned of the filing of these claims through the media, and has been very clear that it does not believe it has infringed any valid rights of AutoStore.

AutoStore subsequently applied to the United Kingdom Intellectual Property Office claiming ownership of several of the Group's patents relating to elements of the OSP system.

The Group is confident in the merits of its defences and in the integrity of its existing portfolio of IP, together with the disciplined approach taken to building its capabilities over the last 20 years. It is taking appropriate action to defend against these claims and to protect its own intellectual property rights.

The Group has subsequently brought two separate proceedings against AutoStore in the United States: the first a patent infringement claim; the second an antitrust claim. In the antitrust claim, the Group has alleged, based on the evidence available, that four of the five AutoStore patents on which AutoStore has based its case were procured fraudulently from the United States Patent and Trademark Office.

On 21 January 2021 an application to declare invalid Ocado's European patent for its Single Space Bot (part of the OSP system) was rejected by the European Patent Office, and the patent was declared to be novel, inventive and valid.

Alternative performance measures

The Group assesses its performance using a variety of alternative performance measures which are not defined under IFRS and are therefore termed "non-IFRS" measures. These measures provide additional useful information on the underlying trends, performance and position of the Group. The non-IFRS measures we used are:

- Exceptional items;
- EBITDA;
- Segmental revenue;
- Segmental EBITDA;
- Segmental gross profit;
- Segmental other income;
- Segmental distribution costs and administrative costs;
- Net cash; and
- External gross debt.

Reconciliation of these non-IFRS measures with the nearest measures prepared in accordance with IFRS are presented below. The alternative performance measures used may not be directly comparable with similarly-titled measures used by other companies.

Exceptional items

The Group's Consolidated Income Statement identifies separately trading results before exceptional items. The Directors believe that presentation of the Group's results in this way is important for understanding the Group's financial performance. This presentation is consistent with the way that financial performance is measured by Management and reported to the Board, and assists in providing a meaningful analysis of the trading results of the Group. This also facilitates comparison with prior periods to assess trends in financial performance more readily.

The Group applies judgement in identifying significant non-recurring items of income and expenditure that are recognised as exceptional to help provide an indication of the Group's underlying business. In determining whether an event or transaction is exceptional in nature, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of items that the Group considers exceptional include, but are not limited to, corporate reorganisations, material litigation, and any other material costs, outside of the normal course of business as determined by Management.

The Group has adopted a three-columned approach to the Consolidated Income Statement to aid clarity and allow users of the financial statements to understand more easily the performance of the underlying business and the effect of one-off events.

Exceptional items are disclosed in note 2.3.

EBITDA

In addition to measuring its financial performance based on operating profit, the Group measures performance based on EBITDA. EBITDA is defined as the Group's earnings before depreciation, amortisation, impairment, net finance cost, taxation and exceptional items. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies.

The Group considers EBITDA to be a useful measure of its operating performance because it approximates the underlying operating cash flow by eliminating depreciation and amortisation. EBITDA is not a direct measure of liquidity, which is shown by the Consolidated Statement of Cash Flows, and needs to be considered in the context of the Group's financial commitments.

A reconciliation of operating profit with EBITDA can be found on the face of the Consolidated Income Statement on page 15.

Segmental revenue

Segmental revenue is a measure of reported revenue for the Group's Retail, UK Solutions & Logistics and International Solutions segments. A reconciliation of revenue for the segments with revenue for the Group can be found in notes 2.1 and 2.2 on page 21.

Segmental EBITDA

The financial performance of the Group's segments is assessed using EBITDA, as reported internally.

A reconciliation of EBITDA for the segments with EBITDA for the Group can be found in note 2.1.

Segmental gross profit

Segmental gross profit is a measure which seeks to reflect the profitability of segments in relation to their revenues earned. A reconciliation of reported gross profit, the most directly-comparable IFRS measure, with segmental gross profit is set out below:

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019[1] £m
Retail gross profit	**679.0**	467.1
UK Solutions & Logistics gross profit	**653.9**	576.0
International Solutions gross profit	**9.6**	0.4
Other gross profit	**(0.9)**	0.9
Group eliminations gross profit	**(527.7)**	(447.1)
Reported gross profit	**813.9**	597.3

1. The figures for the 52 weeks ended 1 December 2019 have been re-presented to reflect changes to the basis of allocating revenue and expenses to segments. The total revenue is the same, but the figure attributed to each segment has changed.

Segmental other income

Segmental other income is a measure which seeks to reflect segmental income which is not generated through the primary trading activities of the segments (for example, volume-rebates from suppliers in the Retail segment).

A reconciliation of reported other income, the most directly-comparable IFRS measure, with segmental other income, is set out below:

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019[1] £m
Retail other income	**70.0**	65.6
UK Solutions & Logistics other income	**3.8**	3.6
International Solutions other income	**-**	-
Other other income	**14.3**	15.4
Group eliminations other income	**(0.5)**	(0.7)
Reported other income	**87.6**	83.9

1. The figures for the 52 weeks ended 1 December 2019 have been re-presented to reflect changes to the basis of allocating other income to segments. The total other income is the same, but the figure attributed to each segment has changed

Segmental distribution costs and administrative expenses

Segmental distribution and administrative expenses is a measure which seeks to reflect the performance of the Group's segments in relation to the long-term sustainable growth of the Group. These measures exclude certain costs that are not allocated to a specific segment: depreciation, amortisation, impairment and other central costs.

A reconciliation of reported distribution costs and administrative expenses, the most directly-comparable IFRS measures, with segmental distribution costs and administrative expenses, is set out below:

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019[1] £m
Retail distribution costs and administrative expenses	**600.5**	492.1
UK Solutions & Logistics distribution costs and administrative costs	**613.3**	507.5
International Solutions distribution and administrative expenses	**92.9**	55.3
Other distribution costs and administrative expenses	**49.0**	31.2
Group Eliminations distribution costs and administrative expenses	**(528.2)**	(447.5)
Depreciation, amortisation, impairment and other central costs	**168.9**	136.1
Reported distribution costs and administrative expenses	**996.4**	774.7

[1]. The figures for the 52 weeks ended 1 December 2019 have been re-presented to reflect changes to the basis of allocating expenses to segments. The total revenue and EBITDA are the same, but the figures attributed to each segment have changed.

	52 weeks ended 29 November 2020 £m	52 weeks ended 1 December 2019[1] £m
Reported distribution costs	**653.4**	542.7
Reported administrative expenses	**343.0**	232.0
Reported distribution costs and administrative expenses	**996.4**	774.7

1. £22.1 million of adjustments relating to the adoption of IFRS 16 "Leases" have been reclassified from administrative expenses to distribution costs for the 52 weeks ended 1 December 2019, since the leases to which they relate are used for distribution rather than administration.

Net cash and treasury deposits

Net cash is calculated as cash and cash equivalents, plus other treasury deposits, less gross debt (borrowings plus lease liabilities).

Net cash is a measure of the Group's net indebtedness that provides an indicator of the overall strength of the Consolidated Balance Sheet. It is also a single measure that can be used to assess the combined effect of the Group's cash position and its indebtedness. The use of the term "net cash" does not necessarily mean that the cash included in the net cash calculation is available to settle the liabilities included in this measure.

Net cash is considered to be an alternative performance measure as it is not defined in IFRS. The most directly-comparable IFRS measure is the aggregate of borrowings and lease liabilities (current and non-current) and cash and cash equivalents. A reconciliation of these measures with net cash can be found in note 4.3.

External gross debt

External gross debt is calculated as gross debt (borrowings and lease liabilities), less lease liabilities payable to joint ventures of the Group. External gross debt is a measure of the Group's indebtedness to third parties which are not considered related parties of the Group.
A reconciliation of gross debt with external gross debt can be found below:

	29 November 2020 £m	1 December 2019 £m
Gross debt	**1,405.2**	608.2
Less: Lease liabilities payable to joint ventures	**(49.7)**	(64.0)
External gross debt	**1,355.5**	544.2

Announcement information

Person responsible for arranging the release of this announcement:
Neill Abrams
Group General Counsel & Company Secretary
Ocado Group plc
Buildings One & Two Trident Place
Mosquito Way
Hatfield
Hertfordshire
AL10 9UL
Fax: +44 (0)1707 227997
email: company.secretary@ocado.com
Ocado Group plc LEI: 213800LO8F61YB8MBC74