

Ocado Invests in Oxbotica

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Ocado Group plc

OCADO INVESTS IN AUTONOMOUS VEHICLE SOFTWARE COMPANY OXBOTICA; ANNOUNCES PLANS TO DEVELOP A RANGE OF VEHICLES THAT WILL BE INTEGRATED INTO THE OCADO SMART PLATFORM.

Ocado Group plc ("Ocado"), the leading online grocery platform and solutions provider, today announces that it has commercially partnered with Oxbotica Ltd. ("Oxbotica"), headquartered in Oxford.

The purpose of this partnership is to collaborate on hardware and software interfaces for autonomous vehicles, enhancing and integrating Oxbotica's autonomy software platform into a variety of vehicles. The use cases range from vehicles that operate inside of Ocado's Customer Fulfilment Centre ("CFC") buildings and the yard areas that surround them, all the way to last-mile deliveries and kerb-to-kitchen robots. This will be a multi-year collaboration, and the ultimate ambition is to enable Ocado's partners that use the Ocado Smart Platform ("OSP") to reduce the costs of last-mile delivery and other logistics operations.

The Ocado/Oxbotica relationship began in 2017, when we conducted a two-week trial using an early prototype delivery vehicle doing autonomous deliveries in Greenwich, London. Since that initial trial, Oxbotica has made significant progress in developing its platform, leading to today's announcement of a broader relationship that includes both Ocado's financial investment and a commercial collaboration agreement.

Oxbotica's two core products are Selenium and Caesium. Selenium is an on-vehicle suite of software that brings full autonomy to a vehicle in a way that is agnostic to both hardware and environment. Caesium is a cloud-based autonomy management system that brings fine-grained control, audit, data management and monitoring to autonomous fleets.

Oxbotica's products use an advanced set of AI, machine learning and optimisation technologies to yield a low-power, safe, explainable, quick-to-deploy, modular and completely flexible "Universal Autonomy" platform.

Ocado will build teams of engineers within its existing Advanced Technology division to work with Oxbotica on these diverse use cases. The Advanced Technology division is independent from the engineering team that develops core OSP software and automation. The initial development work will focus on UK operations, and will then extend to international markets where Ocado's partners operate.

Over the last five years Ocado has created more than 8,000 new jobs in the UK and abroad, with headcount now approaching 19,000 employees. As with its robotics business, this vehicle autonomy programme is not expected to have any impact on Ocado's current hiring or employment levels within logistics or operations groups.

Logistics costs constitute the single-largest line item in the operating cost structure of online grocery. Moving finished orders from CFCs to 'spokes' (where they are then cross-docked to delivery vans) represents approximately 1.5% of sales in the UK; the cost of final mile delivery is approximately 10% of sales. Labour represents approximately 50% of these costs.

Beyond potential cost savings within its core operations¹, Ocado sees significant opportunities to improve its partners' customer proposition by being better able to respond to peak delivery demands, reducing the cost-to-serve of its immediacy proposition, and accelerating the shift to electrically-powered vehicles (thereby improving fleet sustainability and reducing environmental impact).

For both regulatory and complexity reasons, Ocado expects that the development of vehicles that operate in low-speed urban areas or in restricted access areas, such as inside its CFC buildings or within its CFC yards, may become a reality sooner than fully-autonomous deliveries to consumers' homes. However, all aspects of autonomous vehicle development will be within the scope of this collaboration. Ocado expects to see the first prototypes of some early use cases for autonomous vehicles within two years.

In addition to this collaboration with Oxbotica, Ocado continues to seek further investments and/or partnerships as it grows and develops its autonomous vehicle capabilities.

Main Transaction Terms

Ocado will invest £10m in Oxbotica as part of Oxbotica's latest Series B equity funding round. The round was led by bp

ventures, and included other strategic and financial investors in the U.S., the U.K., China and Australia, such as Tencent, Halma, BGF, HostPlus, IP Group, Venture Science, and funds advised by Doxa Partners. Ocado will take a seat on Oxbotica's board.

As part of this collaboration, Ocado will outfit a subset of its delivery vans and warehouse vehicles with data capture capabilities, which may include video cameras, LiDAR, RADAR and other sensing devices. Ocado will make this data available to Oxbotica to train and test its technologies, which will then inform Ocado as to what opportunities exist and where best it might take advantage of these exciting new partnerships.

Alex Harvey, Chief of Advanced Technology at Ocado, commented:

"We are excited about the opportunity to work with Oxbotica to develop a wide range of autonomous solutions that truly have the potential to transform both our and our partners' CFC and service delivery operations, while also giving all end customers the widest range of options and flexibility."

Paul Newman, Co-Founder & CTO of Oxbotica, commented:

"This is an excellent opportunity for Oxbotica and Ocado to strengthen our partnership, sharing our vision for the future of autonomy. By combining both companies' cutting-edge knowledge and resources, we hope to bring our Universal Autonomy vision to life and continue to solve some of the world's most complex autonomy challenges."

Notes to Editors

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About Ocado Group

Ocado Group is a UK based technology company admitted to trading on the London Stock Exchange (Ticker OCDO). It provides end-to-end online grocery fulfilment solutions to some of the world's largest grocery retailers. It created the award-winning UK online grocery business Ocado.com, which is now a 50:50 joint venture with Marks & Spencer. Ocado has spent two decades innovating for online grocery, investing in a wide technology estate that includes robotics, AI & machine learning, simulation, forecasting, and edge intelligence.

About Oxbotica

Oxbotica is a global leader in autonomous vehicle software. Oxbotica was founded in 2014 as an Oxford University spin-out with a simple mission to develop autonomy software that will transform all industries where people and goods move. Oxbotica's autonomy software works with any vehicle, any time, and in any place. This is Universal Autonomy.

Oxbotica's autonomous vehicle software is deployed across multiple industries, bringing the benefits of autonomy to enterprises globally. Oxbotica is building an ecosystem that supports the adoption of autonomous vehicles, leveraging key partnerships to accelerate the deployment of Universal Autonomy.

¹ The extent to which these costs can ultimately be reduced through automation (if any) will depend on a wide variety of factors, including vehicle cost, penetration rates and how orders are ultimately moved from vehicles to (or picked up by) end customers.

The person responsible for arranging the release of this announcement is:

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