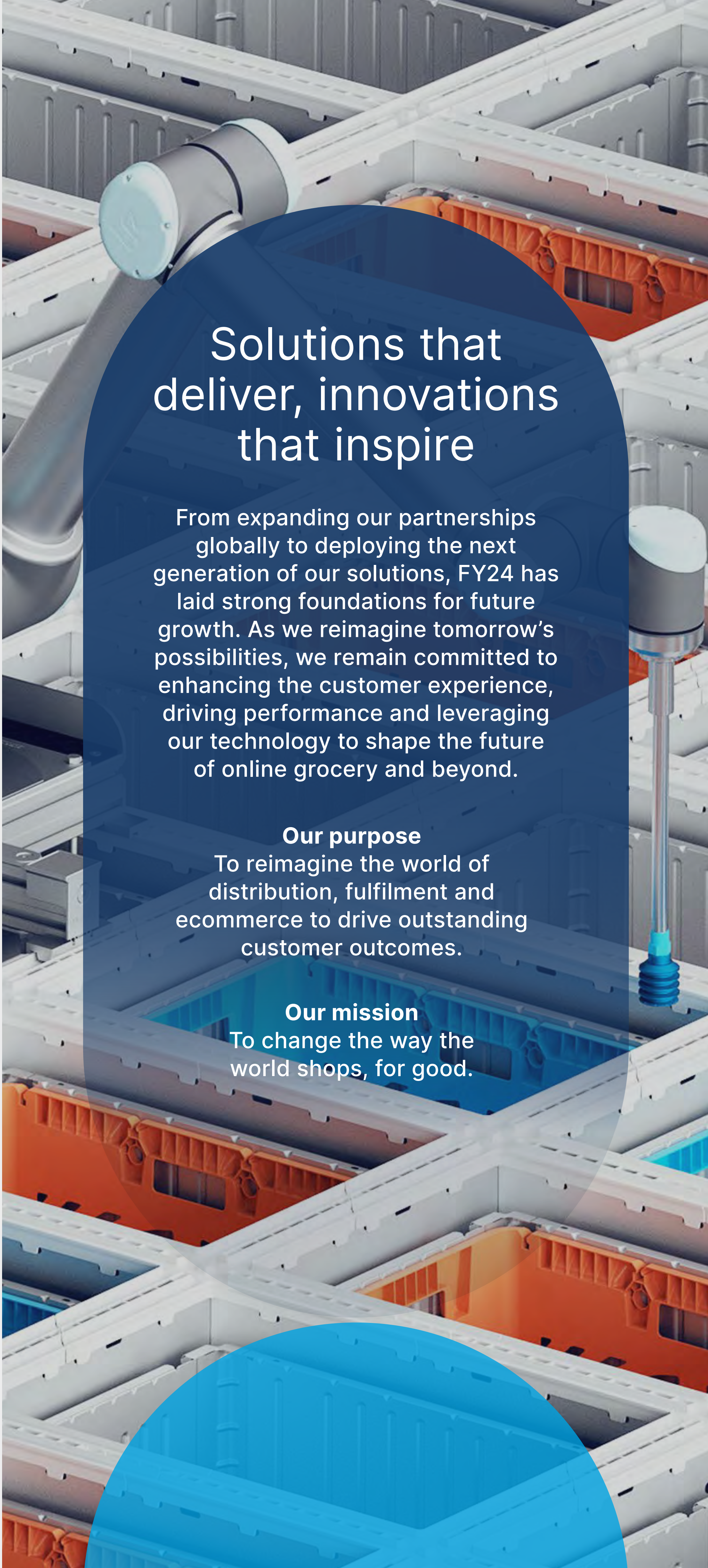
ocado GROUP

Solutions that deliver, innovations that inspire

Annual Report and Accounts 2024

Contents



Solutions that deliver, innovations that inspire

From expanding our partnerships globally to deploying the next generation of our solutions, FY24 has laid strong foundations for future growth. As we reimagine tomorrow's possibilities, we remain committed to enhancing the customer experience, driving performance and leveraging our technology to shape the future of online grocery and beyond.

Our purpose
To reimagine the world of distribution, fulfilment and ecommerce to drive outstanding customer outcomes.

Our mission
To change the way the world shops, for good.

Highlights of the Year

Financial progress

- Total Group revenueⒶ £3,156m, up 14.1% (FY23: £2,765m).
- Statutory revenue £1,214.6m (FY23: £1,122.1m).
- Total Group Adjusted EBITDAⒶ £153.3m (FY23: £51.6m).
- Statutory loss for the period £(374.3)m (FY23: £(387.0)m).
- Underlying cash outflowⒶ £(223.7)m (FY23: £(472.5)m).
- Total Group liquidity at £1,072m (FY23: £1,185m).
- Refinanced £700m of debt to proactively manage our liabilities and extend our maturity profile.

Operational progress

- Solid growth in modules: 12 modules added during FY24, now at 123 live modules (FY23: 111 live modules).
- Go-live of 3 Customer Fulfilment Centres ("CFCs") and module drawdowns on live CFCs.
- Specialist resources embedded with our partners.
- Re:Imagined technology rollout, with installations progressing well in the UK, USA, Sweden, Spain and Australia.
- Productivity and cost-efficiency improvements across all businesses.

Strategic progress

This year, OSP launched in Poland and Australia for the first time. CFCs in Melbourne, Sydney and Madrid went live, and Ocado Solutions signed its first partnership in the Middle East, with Panda in the Kingdom of Saudi Arabia.

Sustainability progress

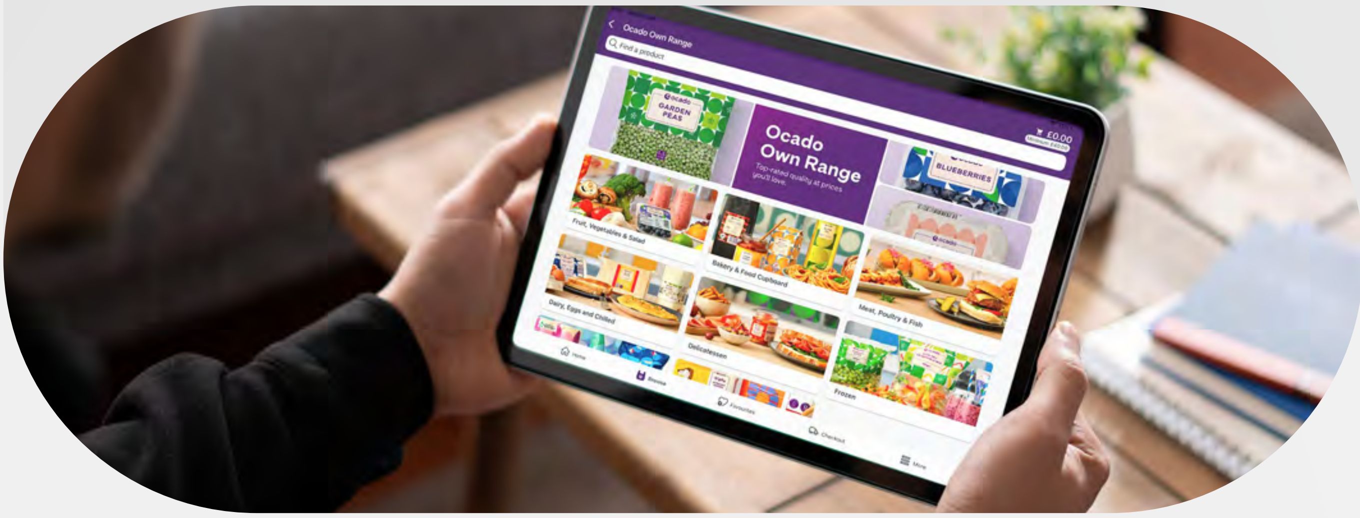
This year, the sustainability framework has been refreshed to more fully embed it in our business strategy. Structured around four key pillars – Climate, Circularity, Conduct and Community – it introduces new metrics and targets for 2030, reaffirming our commitment to address global sustainability challenges.

Governance progress

We have strengthened our Board composition and governance. In the year, we have reduced the number of Executive Directors on the Board from four to two, providing a stronger balance of independent directors (9:2 Non-Executive Directors to Executive Directors).

Five of our Board Directors are female, resulting in 45% representation of females on our Board. There were also two new appointments in the year, bringing new skills and experience to the Board, with Adam Warby as new Chair, and Gavin Patterson, as Non-Executive Director.

Ⓐ Where this symbol appears in the Report, see Alternative Performance Measures: pages 239-241.



At a Glance

Ocado today

Our vision

To be the undisputed leader and global partner of choice in providing technology and automation solutions for grocery retail and beyond.

Our Business Model: pages 10-13

Who we are

Ocado Group leverages cutting-edge technology solutions in automation, robotics, machine learning and AI for online grocery and non-grocery distribution. We are headquartered in Hatfield, UK, employing over 20,000 people globally across technology and logistics operations. We have a strong retail heritage, through Ocado Retail Limited ("ORL"), now a 50:50 owned joint venture with Marks and Spencer Group plc ("M&S").

What we do

We use our deep know-how, patent-protected technology and over 20 years' experience as a successful online grocer to transform grocery ecommerce worldwide. We continue to successfully operate in online grocery through Ocado Logistics and Ocado Retail. We provide the Ocado Smart Platform ("OSP") as an end-to-end suite of solutions to grocery retailers globally and are expanding into new sectors beyond grocery retail.

Our culture and values

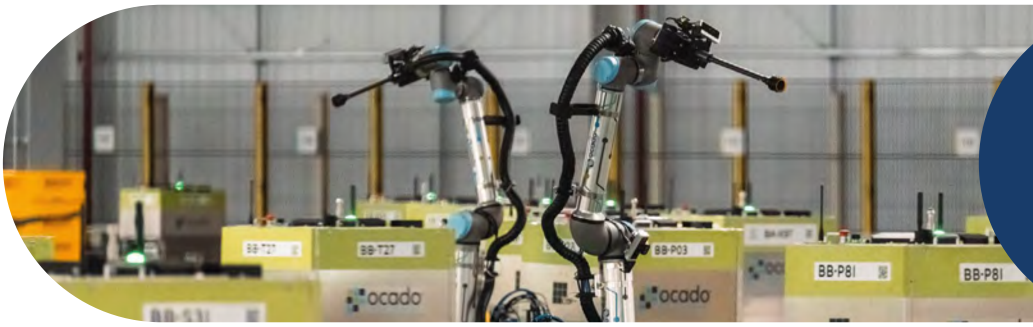
We take pride in the distinctive culture that unites our businesses and defines who we are. Open, collaborative, innovative and entrepreneurial – our culture drives our success and powers the delivery of our vision. These qualities are not just part of what we do; they are the foundation of everything we achieve and are built into our behaviours, which guide us on how we work together as a business.

Our structure

ocado GROUP

Ocado Group consists of three business segments, each with its own management teams and distinctive business models.

Technology Solutions



£496m
Revenue
FY23: £420m

Technology Solutions consists of two commercial units:

Ocado Solutions

Ocado Solutions provides OSP as an end-to-end suite of solutions to grocery retailers.

Read more on page 18

Ocado Intelligent Automation ("OIA")

OIA provides Ocado's automation solutions to sectors outside of grocery retail to drive efficiency in complex, high-volume warehouse environments.

Read more on page 19

Ocado Logistics

Ocado Logistics provides third-party logistics services to our UK partners, Ocado Retail and Morrisons.

Read more on pages 22-23

£718m
Revenue
(FY23: £668m)

Ocado Retail

A pure-play online grocery retail business serving customers in the UK, with a geographical coverage of over 80% of UK households.

Read more on pages 24-25

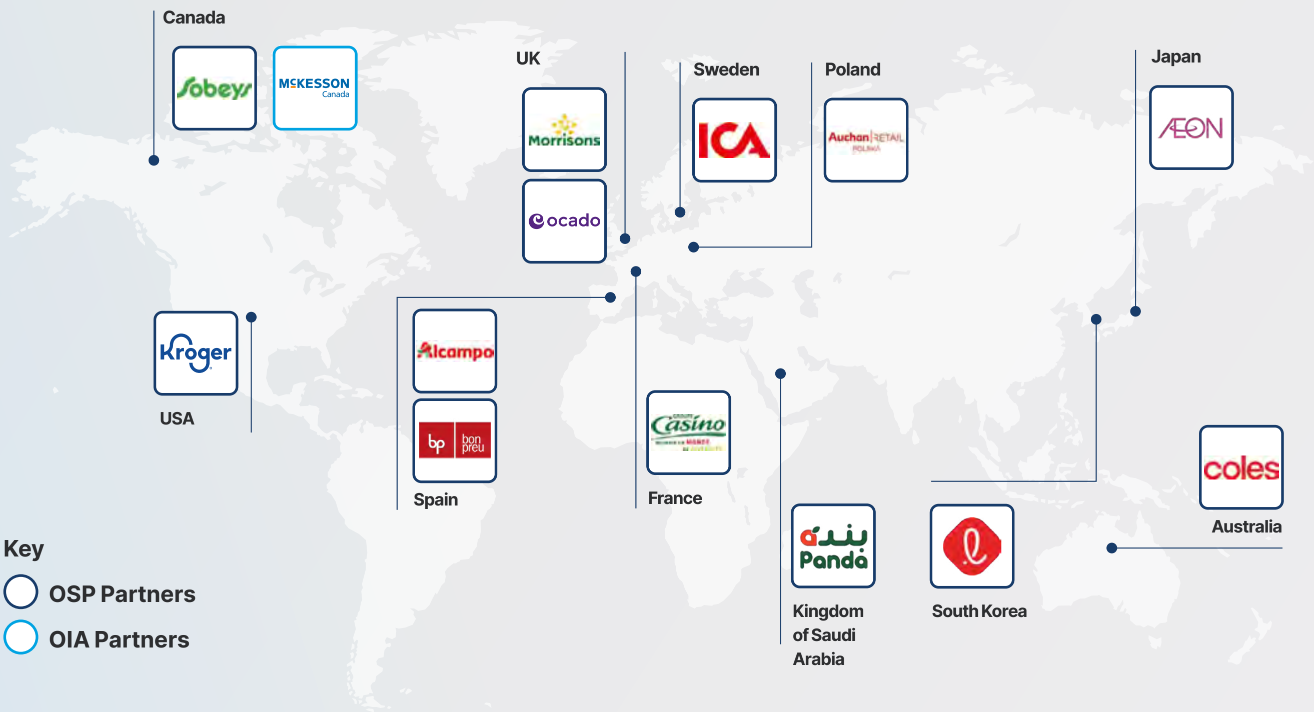
£2,686m
Revenue
(FY23: £2,358m)

At a Glance continued

Reimagining tomorrow

Our geographical reach

We have expanded significantly over the last decade. We signed our first partnership with Morrisons in 2013 and today we have a total of 25 CFCs with 13 leading grocery retailers around the world, representing more than £300bn of annual sales. In FY23, we announced our first non-grocery deal to provide automated fulfilment technology to McKesson Canada.



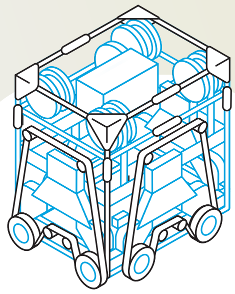
Our strategy

Our vision is supported by five high-level strategic priorities (shown in the diagram on the right) that are relevant for each of our three business segments. We measure progress against these to ensure we deliver value for all our stakeholders. We are pleased to report progress against all areas in FY24.

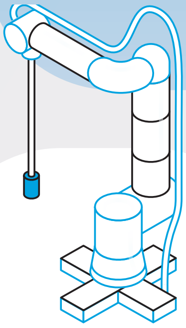
Read more

- **Our Chief Executive's Review: pages 7-9**
- **Our Sustainability Report: pages 48-67**
- **Our Strategy: pages 14-15**

Our differentiators

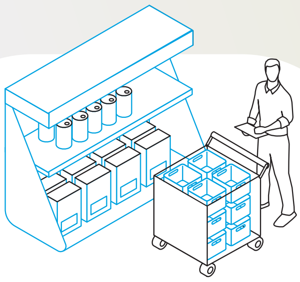


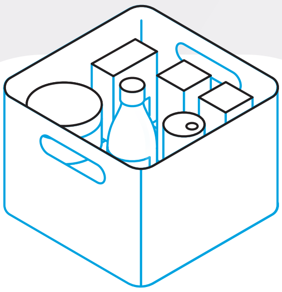
Market-leading and patent-protected technology offering flexible, end-to-end automated solutions



Versatile technology that can be deployed across grocery and non-grocery markets

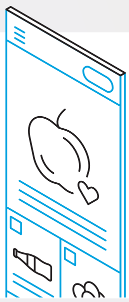
20+ years of retail and logistics operations know-how to support our partners





A wide range of fulfilment options to suit multiple practical scenarios for grocers, from manual to automated

Enables leading online grocery execution and profitability through OSP



Driving more sustainable and efficient ways of doing business

Chair's Letter

Adam Warby
Chair

"Good progress and growth, with much more to do in FY25"

It is a privilege to write my first statement as Chair of Ocado, having taken on this role just a few months ago. I want to begin by thanking you, our shareholders, for your ongoing support to Ocado in delivering its vision.

Overview

Since joining Ocado, I have been impressed by the dedication and drive of the leadership team and our employees. The Board's objectives cover the delivery of the Group's strategy, ensuring it continues to understand the markets in which we operate and that management continue to drive partner success, as well as the development of our people, sustainability framework and ensure we embed our desired culture.

As part of my induction programme, I have already met many key stakeholders. In the UK, I have visited the Luton and Bristol CFCs as well as our development centre in Welwyn Garden City, and I am looking forward to getting overseas in 2025 to meet with key partners and clients.

Strategic and financial priorities

FY24 was a year of transformation. We made big strides with the deployment of our Re:Imagined technology, deepening partnerships, and hitting major milestones. At the same time, we recognise that the success of our partners is behind where we and they expected to be, and there is more to do to ensure they get the full efficiency and productivity gains that our technology can offer.

The Board is fully committed to turning cash flow positive during FY26 and as a Board, we dedicate significant time to discussing the performance of the business units, ensuring we are putting capital to good use and all while we maintain a strong focus on healthy liquidity to support sustainable growth.

You can read more on the Group's financial, operational and strategic achievements in Tim Steiner's Chief Executive's Review.

Maintaining strong governance

The Board remains committed to maintaining the highest standards of governance while supporting the Executive Committee to achieve our ambitious goals.

You can read more in the Governance Report on page 90.

Looking ahead

We made good progress on many levels in FY24 and there is much more to do in FY25. Our recent results reflect both our adaptability and the opportunities ahead, but we need to remain vigilant in addressing our challenges. We are in a fast-moving industry and in FY25 we will keep pushing forward, helping our partners drive efficiency, improving cash flow and expanding the reach of our technology beyond grocery.

I am grateful for the trust placed in me to serve as Chair and help shape that future. I thank Rick Haythornthwaite for his leadership and contributions during his tenure. I look forward to working alongside the Board, leadership team and all our stakeholders, including our shareholders, to drive the Company's future success.

Adam Warby
Chair

27 February 2025

Chief Executive's Review

Tim Steiner
Chief Executive Officer

"A year of transformative change and growth"

FY24 was another year of transformative change and growth for Ocado. Following a period of significant R&D investment in new products, we are now rolling out our latest generation of advanced warehouse automation and innovative software solutions to our partners worldwide.

Overview

Last year saw OSP launch in new markets with our partners in Poland and Australia. We launched new CFCs in Melbourne, Sydney and Madrid, and saw more modules drawn down in existing CFCs, and new CFC capacity ordered. We also signed our first partnership in the Middle East, with Panda in the Kingdom of Saudi Arabia, demonstrating a new level of reach and application for our solutions.

In the UK, we saw ORL continue to grow profitability. More than two decades after the founding of the business, ORL continues to take market share and remains the fastest-growing grocer in the UK. It also passed an important milestone of delivering more than half a million orders a week, now with well over one million active customers.

With the majority of our OSP partners now live, our focus has been on optimising the efficiency of our joint operations with partners at scale, bringing our 24 years of experience operating one of the world's largest and most successful online grocers to help them succeed in the online channel.

Online grocery can take time to fine-tune. In some cases, retailers are developing new logistics capabilities and supply chain processes to support efficient online operations. They may be developing new marketing skills and teams to take advantage of a more real-time, flexible approach than some parts of store-based retail. However, when you get this fine-tuning right, the rewards are enormous. This is why we have continued to make significant investments in Partner Success and embedding Ocado experts across our global partners this year.

I remain confident that Ocado's technology and logistics expertise offers the clear, proven solution to driving profitability and standout customer satisfaction in online grocery globally. It also offers huge opportunities for better productivity and storage efficiency in wider parts of the retail and logistics industry.

It has been over a decade since Ocado first started supplying our technology to other retailers and, in that time, there have been some big structural changes in the global retail market. I believe these changes have reinforced our leadership position.

The shift to the online channel in grocery continues, with great and growing demand for compelling experiences at a price point similar to that of stores. Grocery shoppers want a mass market online service, at mass market offline prices. Grocers around the world now recognise that they need to meet this growing market, but they know that achieving it is expensive with traditional, manual methods.

More than that, the cost to serve with traditional methods is increasing. The grocery sector has reaped the benefits of a low-inflation, low-labour-cost environment for decades. Over that time, we have seen a trend of grocery retailers investing in lower prices for customers over and above more fundamental improvements in productivity. Today though, higher labour costs and lower availability are adding cost pressures to retail supply chains, while grocery customers worldwide are still bruised by a sustained period of high inflation.

In this environment, we believe that investing properly in technology and logistics that enable a low cost to serve and a high customer satisfaction service is not just a choice, it is essential.

Chief Executive's Review continued

"Ocado's technology and logistics expertise offers the clear, proven solution to driving profitability and standout customer satisfaction"

Over recent years, Ocado has reached significant milestones, going live with international partners for the first time and bringing new partners and clients to our business. Today, we have 25 CFCs live across the world and our software solutions are live in more than 1,000 stores globally. The centre of gravity in our business has shifted significantly from our home market to the global stage.

Our partners and clients today number among the most recognisable brands in global grocery. In FY25, we expect orders for more capacity, with a number of our international sites approaching or passing the profitability threshold for the first time. We also expect to bring more new partners and clients to our business.

Technology Solutions

Our Technology Solutions segment has continued to expand over the past year. OSP went live for the first time in Australia with two CFCs for Coles and in Poland with In-Store Fulfilment ("ISF") for Auchan Poland. We also expanded into a new region with the addition of our latest partner, Panda, in the Kingdom of Saudi Arabia.

We have continued to deepen our relationships with existing partners over the course of the year, with multiple OSP retailers choosing to roll-out our latest automation across their operations. On-Grid Robotic Pick ("OGRP") and Auto Frame Load ("AFL") installations are progressing well in the UK, USA, Sweden, Spain and Australia, with further installations due in FY25. We are now operating OGRP arms worldwide which have picked more than 33 million items to date.

Luton CFC, Ocado Retail's newest CFC, continues to be at the forefront of our Re:Imagined rollout, with over one-third of eaches now picked robotically. At target, we expect around 70% of the available range to be picked robotically. The CFC achieved 269 Units Picked per labour Hour ("UPH") in FY24, almost double the productivity of our first CFC in Hatfield.

Our Partner Success teams are now well embedded both within our partners' organisations and our overall account management structure. Over FY24, we have continued to place more emphasis on local teams who are working with our partners on the ground, supported by a central team of analysts. This shift has resonated well with our partners across the board and has led to accelerated improvements in a number of key areas.

In OIA, we have continued to invest in building brand awareness in key markets, with a busy and successful trade show agenda over the course of the year.

In FY25, we expect to see further growth and operational improvements across our partners, supported by our Partner Success teams, and the delivery of some key technology upgrades. We expect these to translate into further modules ordered and increased demand for new CFCs.

We expect to reach some exciting new milestones with our partners and clients, with Lotte and Panda both going live with OSP. We also expect to complete installation at the Auchan Poland CFC near Warsaw.

Ocado Retail

Ocado Retail has continued to gain market share over the course of FY24, reclaiming its position as the fastest-growing grocer in the UK market. The business continued to increase its profitability, reporting an underlying EBITDAⒶ margin of 2.9% (excluding Hatfield), with a further focus on costs, marketing efficiency and productivity gains in CFCs from new automation.

We saw more customers shopping more often and for more items on Ocado.com. This was underpinned by improvements in price perception versus competitors, as well as continued enhancements to the customer experience and available range. Ocado's technology drives exceptional levels of order accuracy and delivery punctuality, executed on an industrial scale. In FY24, we launched almost 10,000 new products on Ocado.com and now have almost the whole M&S addressable range available.

Achieving this level of continued growth and customer satisfaction in one of the world's most competitive grocery markets is a tribute to the talented teams at ORL, the quality of the customer proposition and the outcomes enabled by Ocado's technology.

Ocado Logistics

Ocado Logistics is the largest employer within Ocado Group, with over 15,000 colleagues employed across our CFCs, spokes and head office operations.

We continued to deliver a high level of service and efficiency to our UK partners in FY24 against the backdrop of a more challenging labour market, as well as the final stages of a platform shift from our legacy operating system to OSP.

In the year ahead, we continue to target further CFC efficiencies with the continued rollout of Ocado Re:Imagined technology in our UK sites, as well as a new programme to further improve delivery efficiency.

Our people remain at the heart of everything we do and I'm pleased this is reflected in the positive improvements we saw in colleague retention in FY24.

25
CFCs now live globally

Priorities for FY25

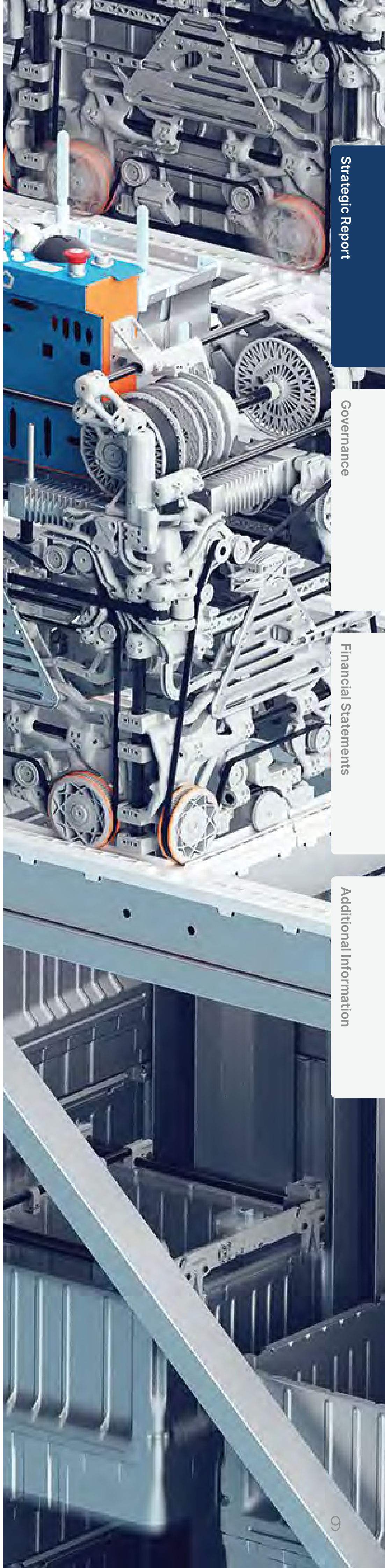
In what will be our 25th year, I look forward to building on the progress made in FY24 across the Group. We will continue to rollout our latest technologies to partners around the world to help them drive higher productivity and improved economics across their online operations.

We will release new software innovations to partners that we expect to deliver significant opportunities both for higher growth and more efficiency. We have already begun to roll-out OSP Swift Router, enabling our partners to serve a much higher share of short lead-time orders from their CFCs. We expect to improve operational decision-making for our partners at their CFCs with the roll-out of new AI enhancements in FY25.

Finally, we now have a well-embedded Partner Success framework, with our international partners benefiting from experienced support, in-market, to help enhance their operational efficiency and marketing and growth resources. This has generated positive feedback from partners in FY24. We expect it to drive further improvements over the next year both for existing live partners and for those preparing to go live in the period.

Tim Steiner
Chief Executive Officer

27 February 2025



Our Business Model

Our purpose

To reimagine the world of distribution, fulfilment and ecommerce to drive outstanding customer outcomes.

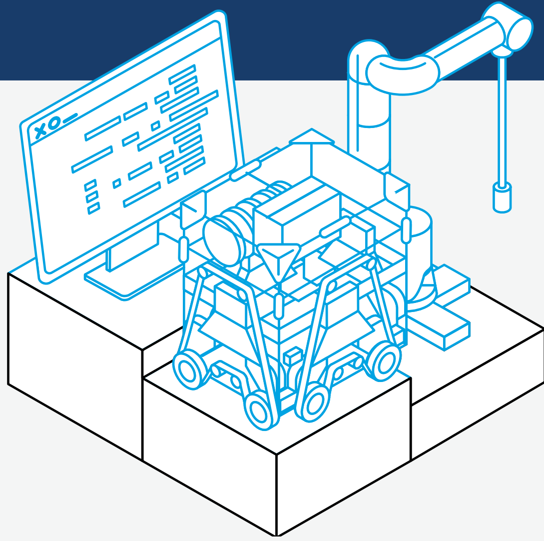
Delivering for our stakeholders

pages 44-45

- Our people
- Partners
- Investors
- Suppliers
- Environment, society and community

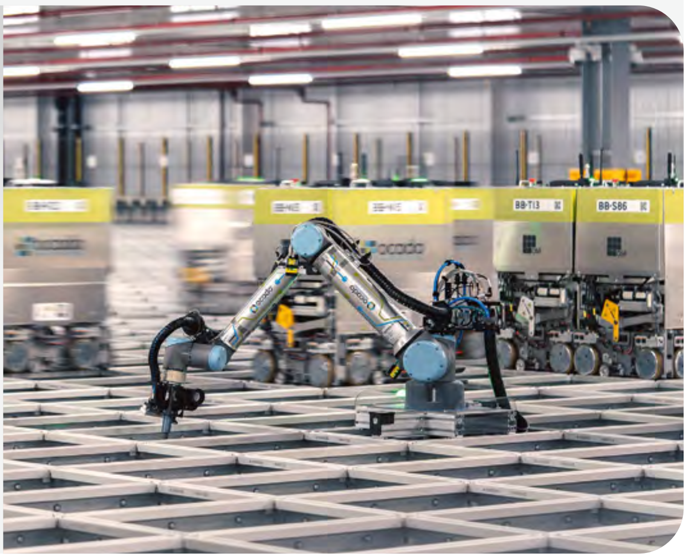
Technology Solutions

Technology Solutions is redefining ecommerce, fulfilment and logistics in grocery and beyond. Ocado Solutions offers OSP as an end-to-end suite of solutions to grocery retailers. OIA offers Ocado's automation solutions to sectors outside of grocery retail to drive efficiency in complex, high-volume warehouse environments.



Revenue generation

Technology Solutions generates revenue through its proprietary platforms, intellectual property and associated services to global grocery and non-grocery partners. In grocery, it primarily provides OSP as an end-to-end fulfilment-as-a-service model. Outside of grocery, it sells its proprietary material handling equipment on a capital sale or robotics-as-a-service model. By enabling partners to scale efficiently and enhance customer experiences, Technology Solutions creates long-term value while diversifying revenue through applications in both grocery and non-grocery sectors.



In online grocery

OSP is the world's most advanced end-to-end ecommerce, fulfilment and logistics platform for grocery retail.

Core features

- A wide range of fulfilment solutions for online grocery from automated CFCs to AI-powered ISF solutions.
- AI-driven demand forecasting and inventory management.
- Fully integrated order management and delivery systems.

Value proposition

Operating the full suite of OSP capabilities enables high levels of productivity and efficiency for the retailer and the best available proposition for the customer.

Read more on page 18

In non-grocery, distribution and logistics

OIA offers Ocado's automation solutions to sectors outside of grocery retail to drive efficiency in complex, high-volume warehouse environments.

Core features

- Automated fulfilment solutions tailored for non-grocery sectors.
- Integration of robotics for precision, speed and cost reduction.
- Customisable systems for diverse industries.

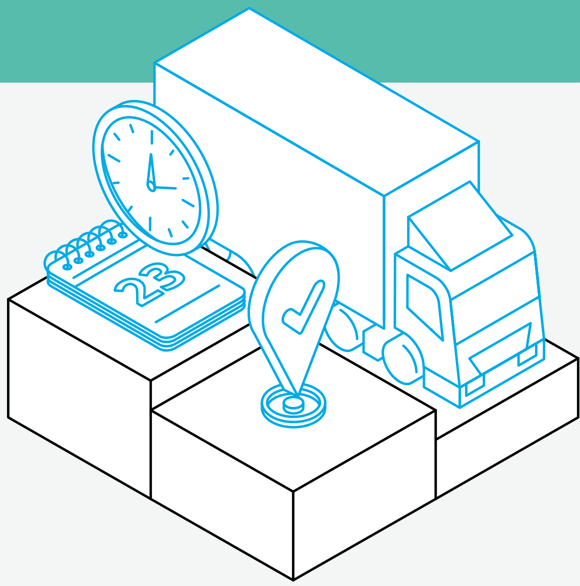
Value proposition

OIA helps businesses achieve higher efficiency, scalability and operational excellence by integrating cutting-edge automation technologies.

Read more on page 19

Ocado Logistics

Ocado Logistics is a high-performing third-party logistics and fulfilment business, operating in the UK for retailers Ocado Retail and Morrisons. It leverages deep operational knowledge and expertise to drive operating efficiency and customer satisfaction.



Revenue generation

Ocado Logistics operates as a standalone business, providing third-party end-to-end logistics services. Revenue is generated through the recharge of relevant costs incurred plus a management fee of 4% of those costs.

Value creation

Ocado Logistics offers deep knowledge and expertise from over 20 years of operating an online logistics model using Ocado's technology. This capability enables high performance levels across productivity, availability, on-time delivery and doorstep customer experience.

Core features

- Every order is picked and packed in one of our automated sites using our market leading software and technology.
- Orders are delivered directly to customers using the Ocado Logistics network.
- Supports two UK retailers.

Value proposition

Ocado Logistics provides a scalable and efficient fulfilment solution, powered by advanced automation and AI. By ensuring reliable, high-quality service at scale, it supports retail partners in meeting growing customer demands while driving operational excellence and long-term growth potential.

Read more on pages 22-23

1.3bn
Total eaches shipped*
(12% increase from FY23)

* An "each" refers to a single unit of a product

Ocado Retail

Ocado Retail Limited ("ORL") is a pure-play online grocery retail business serving customers in the UK, with a geographic coverage of over 80% of UK households. The business is a 50:50 owned joint venture between M&S and Ocado Group. This structure enables ORL to outperform the market, combining award-winning customer service and unrivalled customer data with world-leading technology and logistics from Ocado Group, and product development from M&S.

Revenue generation

ORL generates revenue through the sale of grocery products to consumers through the Ocado online platform and supplier services. Income is derived from product sales, delivery charges and premium membership fees.

Value creation

The collaboration with M&S allows ORL to offer an unrivalled range of products, including from M&S, Ocado Own Range and other branded products. Utilising Ocado's advanced technology and logistics infrastructure ensures efficient order fulfilment and delivery, enhancing customer satisfaction and loyalty.

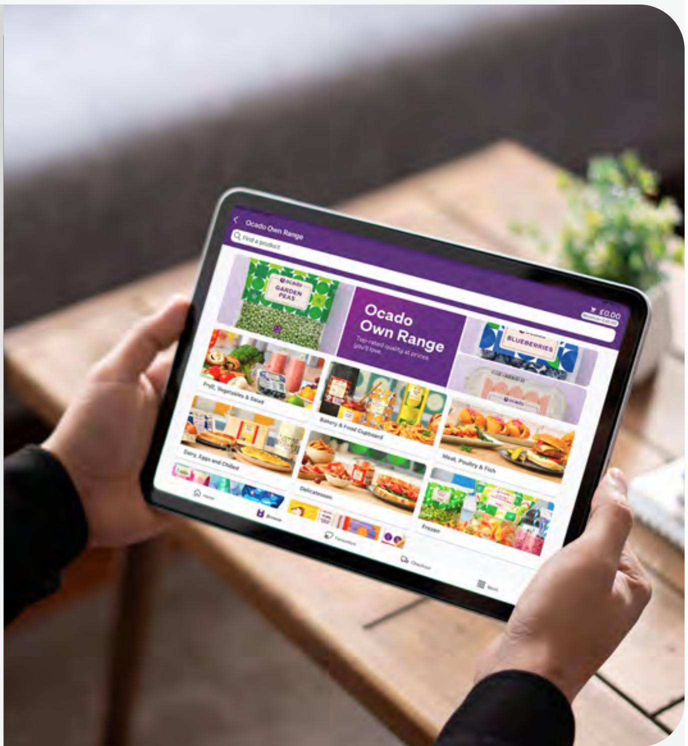
Core features

- Personalisation: Uses data analytics to provide tailored recommendations and promotions.
- Efficient online platform: Easy-to-navigate ecommerce site with advanced filtering and search capabilities.
- Flexible delivery: Includes scheduled delivery slots and same-day delivery.

Value proposition

ORL showcases the power of Ocado's technology, delivering a scalable, customer-focused online shopping experience. Combining the widest selection of grocery products with advanced data insights and flexible delivery, it proves the growth and market leadership enabled by Ocado's innovation.

Read more on pages 24-25



1.1m
Active customers
at year end FY24
(12% increase from FY23)

Our Strategy

Our vision is to be the undisputed leader and global partner of choice in providing technology and automation solutions for grocery retail and beyond. Our strategic framework of five interdependent priorities supports delivery of this vision and our ability to monitor performance and progress. Conducting business responsibly is at the core of our business and embodies our approach to all other priorities.

Our responsible business approach across our operations and supply chains is provided in our Sustainability Report: pages 48-67

Priorities	Link to stakeholders	How we measure progress	Links to risk	How culture supports this
Grow our revenue (1)	Our people; Investors; Partners; Suppliers	Ocado Group revenue growth % Technology Solutions recurring revenue growth % ORL revenue growth %	Market proposition Supply chain Partner success Climate & environment Geopolitical & macroeconomics	We innovate to create sustainable success for ourselves and our partners
Optimise OSP economics (2)	Our people; Investors; Partners; Environment, society and community	OSP direct operating costs as % of sales capacity Ocado Logistics cost per each UK OSP CFC UPH	Market proposition Product innovation, protection & performance Supply chain Climate & environment Geopolitical & macroeconomics Partner success	We collaborate to deliver improved efficiency and greater capital returns for ourselves and our partners
Deliver transformational technology (3)	Our people; Investors; Partners; Environment, society and community	Technology development headcount Patents granted and submitted	Product innovation, protection & performance Supply chain Talent & capability Cybersecurity & data Climate & environment Geopolitical & macroeconomics Partner success	We challenge boundaries and stretch the art of the possible, remaining curious in our pursuit of operational technology excellence
Drive success for our partners (4)	Our people; Investors; Partners; Suppliers; Environment, society and community	Average number of modules live Partner orders of additional CFCs Total eaches processed through the platform	Supply chain Talent & capability Fire & safety Climate & environment Geopolitical & macroeconomics Partner success	We care for our partners; their success is our success. We recognise our accountability and will always go the extra mile
Embed a responsible business approach (5)	Our people; Investors; Partners; Suppliers; Environment, society and community	Carbon intensity (tCO_2e/100,000 orders (Scope 1 & 2) Technology Solutions Employee Net Promoter Score ("eNPS") Ocado Logistics eNPS % of senior managers who are female or ethnically diverse	All risks (excluding partner success)	We create an environment that enables talent development and growth, listening to our people to improve employee engagement

Key: Our people · Investors · Partners · Suppliers · Environment, society and community

How Our Culture and Values Support Our Strategy

At Ocado, our vibrant and unique culture is the heartbeat of our success. Our values may differ across each distinct business but they are all rooted in the ambitious spirit of our early days. As a Group, our culture is open, collaborative, innovative and entrepreneurial.

We thrive on curiosity and a relentless drive to pioneer new ideas. As we have grown and expanded globally, our culture has evolved and we are proud of how these qualities have helped Ocado become the business it is today.

Our culture is underpinned by a set of values and behaviours that guide every step of an employee's journey at Ocado, from their first interview to their last day. These values shape decision-making and business conduct at every level of the Company and ensure we remain true to our pioneering spirit.

Keeping our culture alive and thriving is vital to shaping our future, and the Board recognises the importance of having the necessary culture in place in order to further our purpose and achieve our strategic objectives (see the Governance Report on pages 100-101). Every day, we ensure our values come to life across Ocado, fuelling innovation and success at every level.

We keep this culture thriving through a dynamic mix of qualitative and quantitative oversight. This includes measuring our eNPS via Peakon, our employee listening tool, and engaging directly with teams across all levels of the business. These insights ensure we stay aligned, engaged and ready to innovate.

For example, in Technology Solutions we collaborate closely with our developers to shape and refine how we are using our software. This year, we equipped our developers with cutting-edge AI tools such as GitHub Copilot, which received overwhelmingly positive feedback for enhancing productivity. With OpenAI, tools such as ChatGPT and the OpenAI API are already delivering measurable productivity gains, driving innovation across our teams.

Our values were refined in FY23 and have continued to be embedded in each business segment during FY24.

Our Technology Solutions values are:

1. **Aligned autonomy**
   Free to move with speed, aligned to act with purpose.
2. **Learn fast**
   Be curious, experiment and evolve.
3. **Build trust**
   We're on the same team.
4. **Craft smart**
   Innovate and create sustainable success for us and our partners.
5. **Collective potential**
   Collaborate to achieve more.

Our Ocado Logistics values are:

1. **We're in it together**
   We fight for the common purpose, show trust and respect, and care for each other.
2. **We can be even better**
   We do the right thing, go the extra mile for customers and celebrate our successes.
3. **We're proud of what we do**
   We never stop improving, thrive on change and learn from our mistakes.

Our Ocado Retail values are:

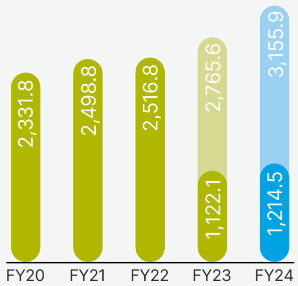
1. **Always be curious**
   We ask why.
   We keep on learning.
2. **Bring our best selves**
   We take ownership.
   We deliver, together.
3. **Challenge what's possible**
   We raise the bar.
   We never give up.

Group Key Performance Indicators ("KPIs")

Group KPIs reflect aggregate performance across our reported segments. Below are some of our Financial and Non-Financial KPIs. You can read more about the business segment KPIs in each business section.

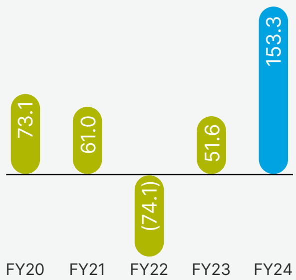
Financial KPIs

Revenue Total GroupⒶ/ continuing operations (£m)



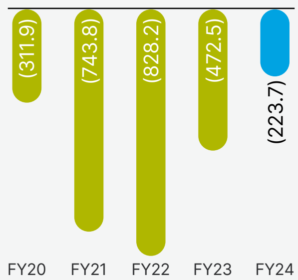
Why we use this measure
A fundamental measure of Ocado Group's financial performance, providing the total turnover across our operations. FY24 and FY23 reflect both Total GroupⒶ and reported revenue from continuing operations.

Adjusted EBITDAⒶ (£m)



Why we use this measure
A key profitability measure that reflects Ocado Group's underlying earnings performance by excluding the impact of material, non-recurring (adjusting) items. It allows the Group to assess its core profitability and financial health across periods.

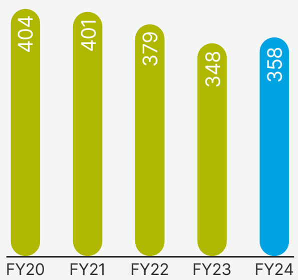
Underlying cash flowⒶ (£m)



Why we use this measure
Reflects the underlying movement in cash and cash equivalents to measure Ocado Group's ability to generate cash from operations, fund ongoing investments and sustain long-term growth. This ensures that we maintain financial resilience, whilst pursuing targeted innovation and growth in our core markets.

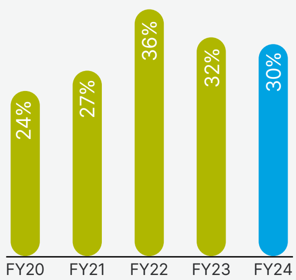
Non-financial KPIs

Tonnes of CO_2e/ 100,000 orders (Scope 1 and 2 – market-based)



Why we use this measure
Measures the Greenhouse Gas ("GHG") emissions intensity (direct and indirect) of our total business operations.

Female representation in senior leadership (%)



Why we use this measure
Ocado is committed to increasing female representation in senior leadership in line with the recommendation of FTSE Female Leaders and set a target in 2023 to reach 40%.

Read more about how these, and our key segmental drivers (pages 3 and 31), have driven performance in FY24 (CEO's Review: pages 7-9) and are considered in Directors' remuneration (pages 124-147)

Our strategy: pages 14-15

Our Sustainability Report: pages 48-67

Our Markets

Demand for ecommerce

Analysts forecast that the penetration of online in the overall grocery market will continue to grow, driven by customer demand for convenience, (see chart below – left).

In the wider retail market, the number of global consumers shopping online continues to expand as all age groups embrace a multi-channel retail experience: both in-store and online. Among consumers, the convenience, paired with a wider selection of goods and competitive prices, have contributed to the continued growth.

What this means for Ocado

Ocado partners with 13 grocery retailers around the world, supporting them to take full advantage of demand in the online channel with OSP. See page 4 for more information. As partners go live and scale, our Partner Success programme supports them to hone operational performance and customer growth strategies.

Our patented, market-leading technology is applicable beyond the grocery sector. Our end-to-end technology and robotic solutions facilitate leading-edge automation for storage and picking, and other warehouse fulfilment functions such as inbound and outbound loading, packaging and palletisation.

Supply chain efficiency and cost

Labour productivity growth in grocery has been slow for decades as the industry has historically lagged in its investment in the productivity challenge when compared to other sectors of the global economy.

With the steady increase in labour costs across major markets, combined with improved efficiencies in automation and the growth of online retail, the Automated Storage and Retrieval Services ("ASRS") market is growing rapidly. The ASRS market is estimated to be over £1tn for non-grocery warehouses greater than 50,000 sq ft over the next 15 years.

What this means for Ocado

By harnessing AI, robotics and automation, we work with retailers to enable operational efficiencies across ecommerce, fulfilment, supply chain and last mile. OSP can provide 99% order accuracy, 95% on-time delivery and 50,000+ SKUs, as well as driving down order fulfilment costs relative to increased labour costs, (see chart below – right).

Ocado is focused on leading-edge ASRS innovation for clients outside the grocery sector, through OIA. OIA operates a capital-light "Material Handling Equipment ("MHE") sell" model, leveraging Ocado's existing technology and with upfront fees closely matching Ocado's cash outflows.

Changing consumer expectations

More people than ever before are engaging with the ecommerce channel, and expectations for the quality of service that people can get have grown.

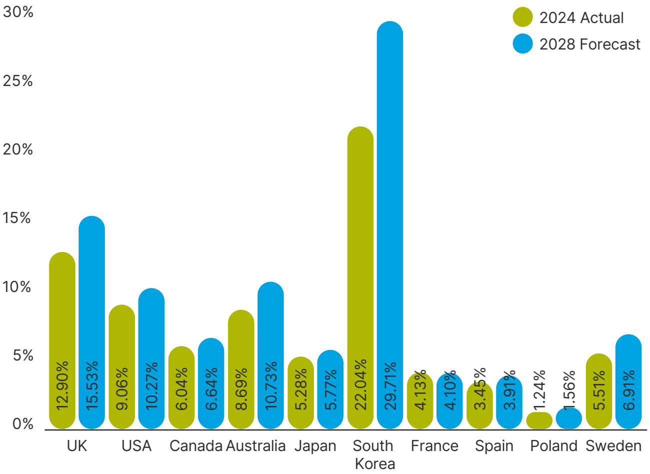
Research has found that personalisations such as product recommendations can lift revenues by 5% to 15% and fast-growing retailers derive 40% more revenue from this channel than their slower-growing competitors. 54% of consumers have already engaged with generative AI for tasks such as personalised recommendations.

What this means for Ocado

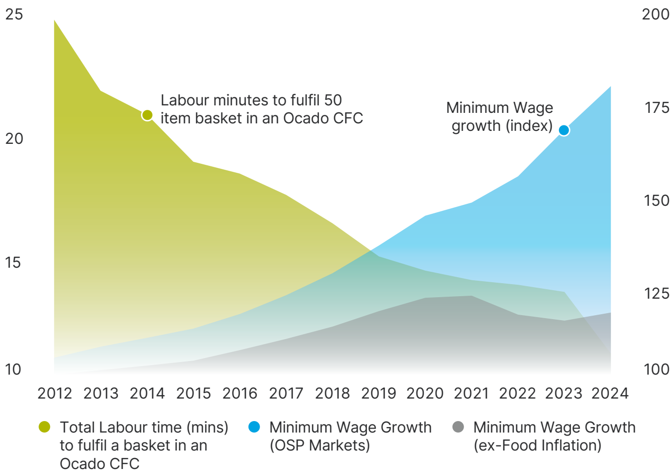
We have used AI to revolutionise the grocery ecommerce landscape. It is applied in over 90 different ways across our ecommerce, fulfilment and logistics platform to provide customers with highly personalised customer experiences at scale and enable our retail partners to achieve impressive economics.

OSP enables increased product engagement through personalisation, building propositions to drive customer retention and loyalty. Our technology enables our partners to offer their online customers a high-quality, wide and differentiated range that is not feasible with a traditional retailer.

Online grocery penetration by OSP partner markets 2024 vs 2028 forecast



Ocado's labour productivity improvement relative to labour cost increases



Business in focus

Technology Solutions

Our Business Model on pages 10-13 summarises how Technology Solutions encompasses our two commercial units and is underpinned by the delivery of our world-class technologies. Our respective business unit CEOs, John Martin, Mark Richardson and James Matthews each explain their insights from FY24 and their priorities for FY25 and beyond.

Ocado Solutions

"We expect these technologies to deliver significant improvements to the economics of our partners' online operations"

John Martin
CEO, Ocado Solutions

International expansion

In FY24, we continued to expand our international footprint, signing our 13th OSP partnership with Panda in the Kingdom of Saudi Arabia. We were pleased to go live with new CFCs in Sydney, Melbourne and Madrid, and we also went live for the first time in Poland, with the launch of our ISF solution for Auchan Poland.

Our CFCs in Australia delivered an exceptional start, with Coles completing its planned transfer of in-store orders into the Melbourne and Sydney CFCs ahead of schedule. This was accompanied by an uplift in "perfect order" rates and a significant improvement in customer experience, measured by NPS.

In Madrid, Alcampo has also started well. Alcampo's CFC go-live marked the first instance of a third-party logistics provider managing CFC and delivery operations for an international partner. This is a similar approach to that taken in the UK, with Ocado Logistics managing the CFC and delivery operations for our partners.

We saw a significant increase in orders of our latest automation, with the majority of our international partners committing to retrofit Re:Imagined automation into existing CFCs, or planning for them in future sites. We expect these technologies to deliver significant improvements to the economics of our partners' online operations and enhancements to their customer proposition.

Partner success

With the majority of our grocery partners now live with our technology, our Partner Success teams have remained focused on supporting our partners to grow and optimise their use of OSP. In FY24, we significantly increased the number of our experts embedded locally with our partners. Multiple partners now benefit from the support of experienced CFC operators, as well as marketing and ecommerce experts, as they grow their online businesses with us.

Our highly experienced teams work directly with our partners to develop their operations and deliver their online growth strategies, increase utilisation and optimise the operational performance of their CFCs. They ensure our partners are dynamic in developing their fulfilment and delivery networks, and grow in the right ways in the right markets at the right time.

Driving our partners' growth

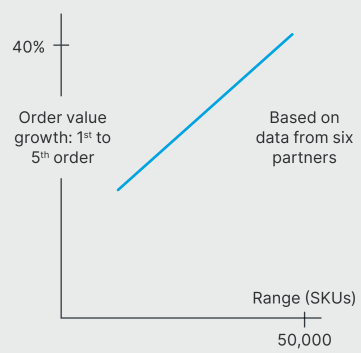
We are working closely with our partners to share best practices and recommendations based on over 20 years' experience trading in the UK with ORL.

OSP allows retailers to carry an unparalleled range of items in a cost-efficient way. Leveraging range and webshop functionality, we are able to drive online basket size and help our partners acquire and retain digital customers.

Based on data from six partners, the graph below shows that enabling a larger range drives a higher basket size and margin.

Partner Success is also helping our partners improve on acquisition, retention and frequency of customers shopping by refining marketing, vouchering and delivery fee strategies, and enhancing webshop functionality such as "Have You Run Out" prompts and offers at checkout.

Enabling a larger range drives basket size



Ocado Intelligent Automation

"This market has significant opportunities for Ocado"

Mark Richardson
CEO, Ocado Intelligent Automation

The reduced availability and rising cost of labour is a common problem for all retailers, so is driving the market potential for our warehouse automation technology.

Automated Storage and Retrieval Systems

Taking our know-how and real-life experience gained in the grocery sector, we are planning to use our proprietary Automated Storage and Retrieval Systems ("ASRS") technology beyond grocery for clients across a range of markets, including general retail, healthcare, Consumer Packaged Goods ("CPG") and the components markets – any supply chain requiring dense storage, high-throughput operations.

We offer a comprehensive end-to-end solution; engineered for space efficiency, minimising potential bottlenecks and single points of failure to ensure the highest levels of warehouse productivity. Our technology drives strong outcomes across both direct to consumer fulfilment operations and internal supply chains.

In FY23, we signed our first non-grocery partner in McKesson Canada, the largest pharmaceutical distributor in Canada, to provide our latest Re:Imagined ASRS fulfilment technology within their new warehouse in Montreal. This year we have been onsite delivering the solution, which we plan to hand over in summer FY25.

Autonomous Mobile Robot

6 River Systems ("6RS"), our collaborative AMR fulfilment solution, plays a key role in our growth strategy and is an ideal automation solution for customers with lower throughput requirements or those wanting to start their automation journey. In FY24, we released the Mobile Fulfilment Application in addition to our core AMR product Chuck. This means that our powerful picking software is now available on handheld devices, increasing the flexibility of the solution by enabling more warehouse operations to be completed across the platform.

Trade shows

As part of growing our brand beyond grocery, we attended 16 industry leading trade shows to showcase our Re:Imagined technology, with our next-generation 600 Series bots, On-Grid Robotic Pick ("OGRP") as well as our AMR product set.

Technology Solutions strategy

To design, build and support Ocado's automation technology – enabling our partners to grow profitable businesses at scale. We're expanding at home and internationally, developing our online grocery platform and non-grocery solutions, while our Partner Success teams help our clients to grow.

Technology Solutions priorities for FY25 and beyond

- Continue to grow with our current OSP partners, helping them to scale efficiently with Ocado's technology and expand their operations.
- Expand our OSP footprint to new markets, bringing new retailers to our platform.
- Continue to build our client base in new sectors and develop our go-to-market approach in non-grocery and logistics.
- Progress the larger scale deployments of our Re:Imagined technologies, following successful deployments in FY24.

Ocado Technology

"Our technology continues to help our partners reduce costs, become more efficient and deliver an amazing customer experience"

James Matthews
CEO, Ocado Technology

The next generation of technology

Ocado's technology enables some of the world's leading retailers to run successful online grocery operations – reducing costs, driving efficiencies and delivering better customer experiences. Our end-to-end online grocery product, OSP, brings together ecommerce, fulfilment and logistics in one integrated platform to optimise every aspect of the online grocery operation.

After battle-testing these solutions successfully in the grocery sector, we are now equipped with the IP, technologies and competencies to apply these learnings to new verticals. The next stage in our technology development story will be harnessing this knowledge to drive supply chain efficiencies across a range of high-volume, high-throughput environments, outside of grocery.

Through OSP, our partners are deploying a range of fulfilment solutions, from AI-powered technologies to enhance in-store picking to automated warehouses where robots pick and pack groceries seamlessly. We work with our partners to create the right fulfilment network for their business, based on demand, customer preference and market dynamics.

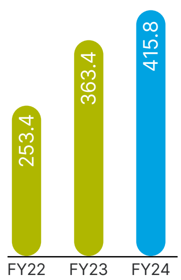
In 2022, we introduced Ocado Re:Imagined, a suite of cutting-edge technology solutions designed to improve operating and capital efficiency (see our next-generation CFCs on page 21), as well as online customer experiences. In FY24, we reached a significant milestone as we began to roll-out our Re:Imagined innovations to our global partners. Our OGRP technology has picked over 33 million items to date. Meanwhile, we are successfully piloting the first of our 600 Series bots into Ocado Retail's Bicester CFC, and the construction of the first 600 Series Grid began in Canada for McKesson.

Our technology continues to help our partners reduce costs, become more efficient and deliver an amazing customer experience. For example, in our most advanced live CFC, our Re:Imagined technologies are already entering a new stage of maturity. Luton CFC now has 45 OGRP cells running, picking over 45% of range penetration. This has taken its average UPH for Luton to 269 by the end of FY24, and driven an improvement in UPH performance of 9.1% for OSP CFCs.

In FY25, our Re:Imagined technologies are set to deploy at scale, with planned implementations by our partners into new and existing CFCs. We expect these to drive significant productivity benefits within existing CFCs and help to reduce the capital intensity of future sites for our partners.

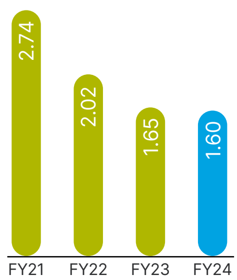
Technology Solutions KPIs

Recurring capacity fees (£m)



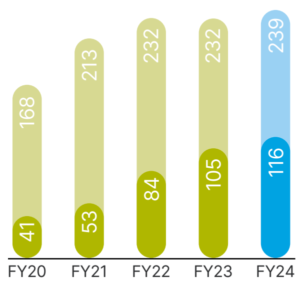
Why we use this measure
Measures OSP recurring revenue growth of Technology Solutions.

Direct operating costs (% of live sales capacity)



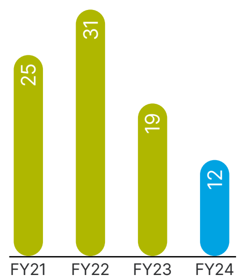
Why we use this measure
Measures the exit rate position at the period end for the Group's site level operational costs, including engineering, cloud, insurance and property tax costs.

Cumulative number of modules ordered/live



Why we use this measure
Modules ordered measures the maximum capacity for which a contract has been signed, providing visibility of ongoing capacity build, whilst live modules measures the average capacity installed and ready for use by OSP clients, driving recurring revenue.

Employee Net Promoter Score ("eNPS")



Why we use this measure
This is a scoring system widely used in industry and designed to help us measure the engagement of our people.

Our next-generation CFCs

600 Series bot – Enabled by 3D printing technologies as a lighter-weight, more efficient and lower cost bot.

Mk3 Grid – Enabled by the lighter 600 Series bot, this grid uses fewer materials in its construction and is quicker to build.

Auto Frame Load ("AFL") – Automating the highly manual task of loading completed orders onto delivery frames ready for delivery to customers.

Swift Router – Enables last-minute, short lead-time orders to be picked, packed and delivered alongside larger, longer lead-time orders on the same grid and via the same van.

On-Grid Robotic Pick – Using machine vision, deep reinforcement learning and advanced sensing capabilities to pick tens of thousands of products of varying shapes, sizes and weights directly from the grid.

Orbit – A supply system software which consolidates and distributes stock to the CFC network from one "parent" CFC. Enables smaller sites to provide a full range of products across a number of locations.

Autonomous Mobile Robot – The automation of pallet movements in the inbound area of a CFC.

Business in focus continued

Ocado Logistics

"As more volume was processed through OSP CFCs and Re:Imagined technology deployed, UPH has increased by 9.1% year-on-year"

Brian McClory
Managing Director, Ocado Logistics

Transitioning to OSP

In FY24, we have continued to improve on our already high levels of efficiency and customer service across the UK network. We successfully completed the first phase of moving from the existing legacy platform onto OSP by migrating Morrisons, with the aim to migrate Ocado Retail fully in FY25. Post-transition, we look forward to combining our deep knowledge and expertise with the capabilities provided by OSP to fully leverage the potential of the platform.

Capacity utilisation

Strong Ocado Retail growth has materially increased the capacity utilisation of its CFCs throughout FY24, reaching 89% at year-end. OSP CFCs are operating at higher levels of throughput than they have previously done, particularly during the key Christmas trading days. Our focus is now to stretch the capacity of the UK CFCs beyond their design, to fully maximise the potential capacity from the existing network.

As previously announced, Morrisons is also changing how it is utilising capacity as it will gradually cease deliveries from Erith CFC in order to process higher volumes from Dordon CFC and its stores, where online orders are fulfilled using our AI-powered ISF solution.

Operating efficiency

The closure of our oldest and least efficient CFC, Hatfield, and the opening of Luton CFC towards the end of FY23 has driven material gains in network CFC UPH, coupled with the deployment of Re:Imagined technology.

Luton CFC has ramped to almost 100% of its design capacity within its first year of operating and has emerged as the highest-performing CFC. As we continue to roll-out our Re:Imagined technology across our UK CFCs, we expect a further step-change in UPH performance during FY25.

During FY24, we commenced a programme of work to optimise the network and drive delivery efficiency improvements.

Ocado Logistics strategy

For FY25, our strategic priorities remain largely unchanged, with our organisational goals focusing on the highest value drivers

Mission	**To deliver an outstanding customer experience for our partners through our people, technology and expertise**		
Strategic pillar	**Deliver on unrivalled customer experience**	**Enable profitable growth for our partners**	**Make Ocado Logistics a great place to work**
Strategic enabler	**Develop capabilities to be fit for the future**		

Priorities for FY25 and beyond

- Continued improvement in delivery efficiency and last mile costs.
- Increase capacity from the existing network.
- Migrate Ocado Retail to OSP, and further leverage OSP capabilities.
- Raise the bar in driving further improvements to customer experience.
- Create an environment where people feel valued, motivated and proud to work for Ocado Logistics.
- Further improvement in CFC UPH, supported by deployment of OGRP and AFL across the UK.
- Complete Morrisons' network capacity configuration changes, and optimise capacity between CFC and ISF.
- Deliver employee management systems upgrade.

Leveraging OSP

We reached a significant milestone in FY24, with the successful migration of all Morrisons' CFC and spoke sites onto OSP, enabling Morrisons to deliver a seamless, unified customer experience optimised across its entire CFC and ISF network.

Our focus is now on migrating Ocado Retail during FY25, with preparations at an advanced stage. This customer migration will allow Ocado Retail to unlock the full potential of OSP such as short lead-time orders and more flexible customer delivery slots.

Following the migration of CFCs and spokes, we will also transition our supply chain systems to OSP supply chain for both our UK retail partners, enabling greater operational efficiencies, smarter demand forecasting and replenishment.

Raising the bar in customer experience

We have continued to make good progress in enhancing the customer experience, through a relentless focus on operational execution to drive positive results across our core service metrics; offering improved delivery slot availability, higher product availability and consistently high levels of fulfilment, with 99% of items delivered as ordered and a 6.3 ppts year-on-year improvement in Ocado Retail "perfect orders" delivering increased customer satisfaction.

Making Ocado Logistics a great place to work

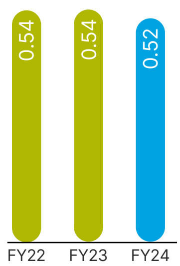
Our 15,000 people are absolutely essential to our ongoing success. We saw continued progress in engagement, as reflected in a seven-point improvement in our eNPS score compared to the previous year.

Colleague retention in our hourly paid groups is a key focus area and we launched a programme to better understand the key drivers of attrition and implement measures to improve retention, focused initially on new starters by improving their experience through selection, induction and onboarding. As a result of these actions, we are now seeing improvements come through with new starter retention improving six ppts during the year.

We are also investing in upgrading our employee management systems and, once complete, will provide an enhanced employee experience through improved functionality and greater flexibility.

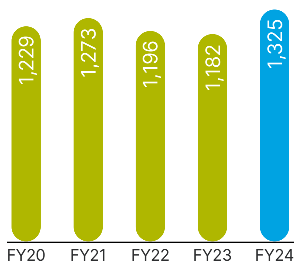
Ocado Logistics KPIs

Cost per each (£)



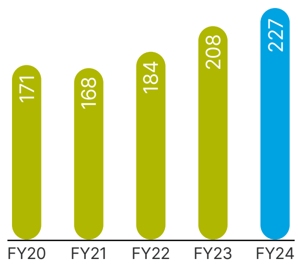
Why we use this measure
Measures total Ocado Logistics costs divided by total units (eaches) of volume fulfilled for UK clients.

Total eaches shipped (million)



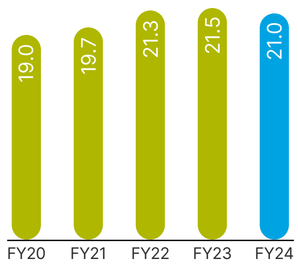
Why we use this measure
Measures total units of volume fulfilled for UK clients, the key driver of cost recharges revenue.

Labour productivity (average OSP CFC UPH)



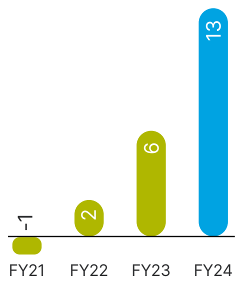
Why we use this measure
Measures CFC operations efficiency in average units picked per labour hour in our UK OSP CFCs (note: excludes Dordon).

Drops per van route in eight-hour shift ("DP8")



Why we use this measure
Measures the efficiency of our service delivery operations (note: metric based on ORL data only).

Employee Net Promoter Score ("eNPS")



Why we use this measure
This is a scoring system widely used in industry and designed to help us measure the engagement of our people.

Ocado Retail

"FY24 was a year of strong growth. We've achieved this by being laser-focused on customer service and delivering unbeatable choice, unrivalled service and reassuringly good value to the households and families that we serve"

Hannah Gibson
CEO, Ocado Retail

Delivering strong growth

Ocado Retail ("ORL") has delivered another year of strong progress in FY24, with revenue growth of 13.9%, driven by order growth on Ocado.com of 12.5% as we passed the milestone of 500,000 orders per week in the final quarter of FY24. We have achieved this by being laser-focused on customer service and delivering unbeatable choice, unrivalled service and reassuringly good value to the households and families that we serve ("our customer proposition", described below). Our strategy has resonated strongly with customers as our share of the online grocery market increased by 1.8 ppts to 12.9% and our industry-leading NPS increased by a further 4.9 ppts.

Revenue growth was primarily driven by growth in our active customer base, as well as increased frequency, with more customers shopping with us, more of the time. We grew our active customers by 12.1% to over 1.1 million customers shopping on Ocado.com. We also saw improvements in customer retention and the value of new customers in their first quarter, as we continued to improve our targeted marketing efforts and enhance the customer experience.

Network utilisation and operations transformation

This year has been a period of transformation for our operations as we focused on optimising our network and improving efficiency. We have made significant progress in improving the utilisation of our network, which reached 89% utilisation by the year end, compared to 75% in FY23 and 60% in FY22.

Network reorganisation, including the closure of our least efficient CFC in Hatfield and the opening of Luton CFC, has driven volume into our more efficient OSP sites and is driving productivity gains across the network. Productivity at these OSP sites will continue to improve as more volume goes through the system, in part supported by automation such as OGRP.

The overall labour productivity at our OSP CFCs has risen to an average of 227 UPH, up 9.1% from 208 last year. The average UPH for Ocado.com improved by 15.2% from 191 to 220.

Conversely, the network reorganisation following the closure of Hatfield alongside a number of other headwinds has, however, impacted our overall last mile (service delivery) efficiency. Across the year, we have commenced several programmes to continue to optimise our delivery network.

Profitability improved throughout the year, with ORL achieving a positive adjusted EBITDAⒶ of £44.6m (£77.8m excluding Hatfield fees), compared to £10.4m in FY23. This represents an EBITDAⒶ margin of 1.7% (2.9% excluding Hatfield fees), versus 0.4% in FY23.

Unbeatable choice

We continued to offer unbeatable choice to customers, with around 45,000 products across M&S favourites, household brands and the Ocado Own Range, as well as many offerings from small suppliers, as we take advantage of our unique operating model.

ORL also championed in-season produce and challenger brands, introducing customer-facing initiatives such as Makers Market and the Buying British aisle.

Ocado Retail strategy

Unbeatable choice

Ocado.com offers a huge range of around 45,000 products, providing unbeatable choice for our more than 1.1 million active customers. From M&S favourites and big brands, to our Ocado Own Range and an ever-growing list of small, independent brands – everyone gets more choice at Ocado.

Unrivalled service

We offer unrivalled service with a high "perfect order" rate, ensuring products are delivered on time and in full by our friendly drivers. We make grocery shopping more convenient through offering thoughtful service features such as kitchen table deliveries, use-by dates in order on receipts and easy one-click additions to an existing basket.

Reassuringly good value

We offer reassuringly good value for our customers through the Ocado Price Promise – where we match the price of over 10,000 products of customers' like-for-like shop to Tesco.com – and our great value Ocado Own Range.

Unrivalled service

Enabled by Ocado's technology, our already high "perfect orders" (on time and in full, with no substitutions) increased 6.3 ppts year-on-year, with 99% of items delivered as promised. ORL also improved product availability and increased the delivery slots available to customers, whilst also extending the shelf life of our produce by adding on average another half day of freshness for customers.

Reassuringly good value

We have made significant investments to lower the prices across hundreds of products with six "Big Price Drops" since June 2023. This, together with our Ocado Price Promise, has reinforced our price credentials to shoppers, with our value satisfaction score increasing by 4.3 ppts in the year.

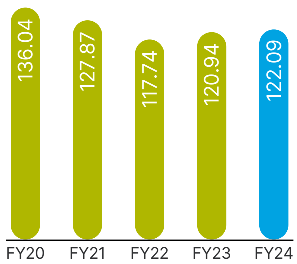
Sustainability

As part of our "Planet Together" sustainability strategy, we have made good progress towards becoming a net zero business. There is more to do; however, key highlights for FY24 include:

- our net zero emissions targets being validated by the Science Based Targets initiative ("SBTi");
- being the first major supermarket to launch a packaging scheme that we implemented across our Ocado Own Range pasta, rice, detergent and softener products; and
- launching our new partnership with the Soil Association to help farmers progress towards nature and climate-friendly farming.

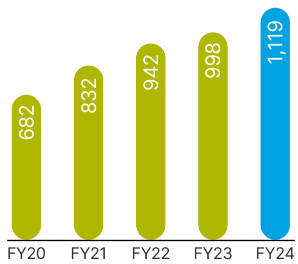
Ocado Retail KPIs

Average basket value (£)



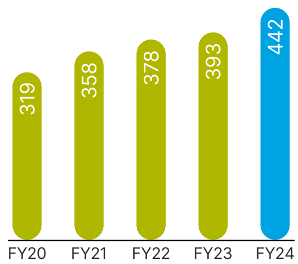
Why we use this measure
Measures aggregate impact on average shopping basket for Ocado.com.

Year end active customers (000s)



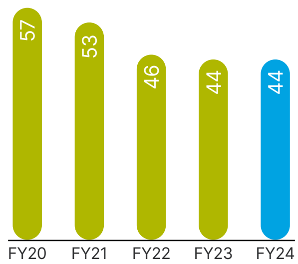
Why we use this measure
Measures growth in ORL core customers who shopped at Ocado.com within the previous 12 weeks.

Average orders per week (000s)



Why we use this measure
Measures order growth in the ORL business for Ocado.com.

Average eaches per basket



Why we use this measure
Measures total units of volume for Ocado.com divided by the total number of Ocado.com orders, the key driver of average basket value for the ORL business.

Priorities for FY25 and beyond

We are now moving to the next phase of our strategy and, looking ahead to FY25, we have evolved our strategy to focus on three areas:

- Leading customer proposition – We will continue to deliver our leading customer proposition through unbeatable choice, unrivalled service, and reassuringly good value;
- Smart growth – As we continue to scale, we will drive smart growth through increasing our customer lifetime value, improving our cost to serve and maximising our network capacity; and
- Platform for the future – This will all be underpinned by building out our platforms for the future, including migrating to new technology platforms in FY25, delivering our leading retail media offering and continuing to develop our high-performance teams.

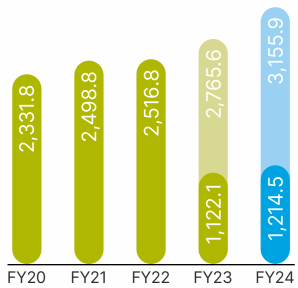
Financial Review

Stephen Daintith
Chief Financial Officer

"A strong financial performance"

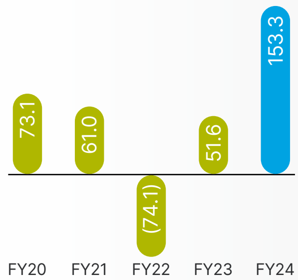
FY24 delivered a strong financial performance underpinned by growth in our Technology Solutions and Retail segments. The Group maintains good liquidity and is well-positioned for sustainable growth and targeted innovation.

Total Group® revenue (£m)

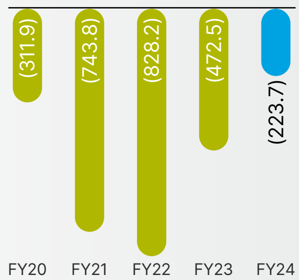


FY24 and FY23 above reflect both continuing operations and Total Group®

Group adjusted EBITDA® (£m)



Underlying cash flow® (£m)



FY24 results are presented for the 52 weeks ended 1 December 2024. FY23 was a 53-week period to 3 December 2023. To aid comparability, the FY23 results are presented on an unaudited 52-week basis, other than year-end Balance Sheet and cash flow data, unless otherwise stated.

In August 2019, the Group sold 50% of the shares it held in Ocado Retail Limited ("Ocado Retail" or "Retail") to Marks & Spencer Group plc ("M&S"). Under the terms of the shareholder agreement, the Group remained the controlling shareholder via certain tie-breaking rights until at least August 2024. As previously stated, the Group intends to relinquish these rights to M&S in early April 2025. At this point, the Group will cease to fully consolidate Ocado Retail's results and will instead account for its investment in Ocado Retail as an "investment in associate" using the equity method. There will be no change in the economic interest of both shareholders in Ocado Retail or any consideration paid by M&S.

In light of the expected deconsolidation and in accordance with the relevant accounting standards, Ocado Retail and relevant inter-segment eliminations are reported as a discontinued operation at the year end. Ocado Retail's income and expenses are presented as discontinued operations in the current and prior period's Income Statement and its assets and liabilities are reported as held for sale on the Balance Sheet. To aid year-on-year comparability of financial performance the current and prior period's income and expenses below are shown on a continuing operations and Total Group® basis, where Total Group® includes Ocado Retail and relevant inter-segment eliminations. Cash flows attributable to continuing operations and to the consolidated Group are detailed separately in the cash flow section. The cash flows attributable to discontinued operations are shown separately in Note 2.9 to the Consolidated Financial Statements. Continuing operations comprise the Technology Solutions and Logistics businesses, which continue to be presented gross of inter-segment eliminations with Ocado Retail.

Headlines

- **The Group** delivered revenue of £1,214.5m, an increase of 11.6% year-on-year (FY23: £1,088.0m). Including discontinued operations (i.e. Ocado Retail net of inter-segment eliminations), Total GroupⒶ revenue increased by 14.1% to £3,155.9m (FY23: £2,765.6m). Adjusted EBITDAⒶ excluding Ocado Retail and inter-segment eliminations increased by £66.5m to £112.0m (FY23: £45.5m). Total GroupⒶ adjusted EBITDAⒶ increased by £101.7m to £153.3m (FY23: £51.6m).

  The Group maintains good liquidity to support our growth plans. Group underlying cash flowⒶ improved by £248.8m to £223.7m outflow (FY23: £472.5m outflow on a 53-week basis) largely reflecting a year-on-year reduction in capital expenditure and improved cash generated from operations. The Group excluding Ocado Retail held cash and cash equivalents at the end of the period of £732.5m (FY23: £808.8m) and liquidity of £1.03bn (FY23: £1.11bn). The Group including Ocado Retail held cash and cash equivalents at the end of the period of £771.5m (FY23: £884.8m) and liquidity of £1.07bn (FY23: £1.18bn).

  During the period, the Group issued £700.0m of senior unsecured debt comprising £450.0m of senior unsecured notes and £250.0m of senior unsecured convertible bonds. The Group simultaneously used £654.3m to partially redeem £703.5m of senior unsecured debt, at a £49.2m (7%) discount to par value.
- **Technology Solutions** delivered strong revenue growth, up 18.1% to £496.5m (FY23: £420.5m) with 116 average live modules during the period (FY23: 105), up by 10.5%. During the period, we opened three CFCs: two CFCs for Coles in Sydney and Melbourne, and one for Alcampo in Madrid. At the end of the period, we had 29 live sites (FY23: 26 sites) and 123 live modules (FY23: 111 live modules). Adjusted EBITDAⒶ for the period was £80.9m (FY23: £15.4m), an improvement of £65.5m. The improvement was driven by the strong profit flow-through from the £76.0m growth in revenue and continued optimisation of our cost base.
- **Logistics** revenue grew by 7.6% to £718.0m (FY23: £667.5m) and primarily represents cost recharges to Ocado Retail and Morrisons of £681.6m (FY23: £633.9m). Orders per week increased by 10.6% to 564,000 (FY23: 510,000); eaches (individual items in the shopping basket) increased by 12.0%. Adjusted EBITDAⒶ for the period was £31.1m, an increase of £1.0m (FY23: £30.1m) reflecting higher management fees associated with increased volumes, partially offset by the expiry of asset rental agreements during the period and higher technology and support costs.
- **Retail** revenue increased by 13.9% in the period to £2,685.8m (FY23: £2,357.5m) driven by strong growth in orders per week, up 12.5% to 442,000 (FY23: 393,000). Growth in orders per week reflects an increase in active customers, up 12.1% to 1,119,000 at the end of the period (FY23: 998,000) and an increase in frequency of orders. Average basket value increased by 1.0% to £122.09 (FY23: £120.94) as average item prices increased by 0.4% to £2.75 (FY23: £2.74) as Ocado Retail continued to invest in price. The 0.4% increase in average selling price ("ASP") was well below UK grocery inflation of 3.0% (Nielsen). Basket sizes remained stable at an average of 44.3 individual items (FY23: 44.2 items) driven by continued investment in value and service improvements. Adjusted EBITDAⒶ for the period was £44.6m (FY23: £10.4m). The £34.2m improvement in adjusted EBITDAⒶ reflects the strong trading performance, partly offset by higher fees paid to Technology Solutions from indexation, the annualisation of the opening of the Luton CFC in FY23 and higher service delivery costs.

Group summary

£m	FY24 (52 weeks) Continuing operations[1]	FY24 (52 weeks) Total GroupⒶ	FY23 (52 weeks) Continuing operations[1]	FY23 (52 weeks) Total GroupⒶ	Change Continuing operations[1]	Change Total GroupⒶ
Revenue	**1,214.5**	**3,155.9**	**1,088.0**	**2,765.6**	**11.6%**	**14.1%**
Operating costs	(1,102.8)	(3,002.9)	(1,041.6)	(2,713.1)	(5.9)%	(10.7)%
Share of results from joint ventures and associates	0.3	0.3	(0.9)	(0.9)	133.3%	133.3%
Adjusted EBITDAⒶ		**153.3**		**51.6**		**£101.7m**
Depreciation, amortisation and impairment[2]	(413.9)	(460.3)	(338.5)	(395.9)	(22.3)%	(16.3)%
Finance income[3]	30.4	34.1	39.2	40.0	(22.4)%	(14.8)%
Finance costs	(98.6)	(116.4)	(82.0)	(95.1)	(20.2)%	(22.4)%
Other finance gains and losses	10.0	10.0	(18.1)	(18.1)	155.2%	155.2%
Adjusted loss before tax	**(360.1)**	**(379.3)**	**(353.9)**	**(417.5)**	**£(6.2)m**	**£38.2m**
Adjusting itemsⒶ	20.3	4.8	83.9	23.9	£(63.6)m	£(19.1)m
Loss before tax	**(339.8)**	**(374.5)**	**(270.0)**	**(393.6)**	**£(69.8)m**	**£19.1m**
Tax credit	0.2	0.2	16.9	16.2	(98.8)%	(98.8)%
Loss for the period	**(339.6)**	**(374.3)**	**(253.1)**	**(377.4)**	**£(86.5)m**	**£3.1m**

Ⓐ These measures are alternative performance measures. Please refer to pages 239 to 241.
1. Continuing operations reflects the results of the Group excluding Ocado Retail and relevant inter-segment eliminations.
2. Depreciation, amortisation and impairment of £413.9m (FY23: £338.5m) excludes £1.6m (FY23: £5.9m) recognised in adjusting itemsⒶ. Total GroupⒶ depreciation, amortisation and impairment of £460.3m (FY23: £395.9m) excludes £5.2m (FY23: £47.5m) recognised in adjusting itemsⒶ.
3. Finance income of £30.4m (FY23: £39.2m) excludes £11.4m (FY23: £6.1m) recognised in adjusting itemsⒶ. Total GroupⒶ finance income of £34.1m (FY23: £40.0m) excludes £11.4m (FY23: £6.1m) recognised in adjusting itemsⒶ.

This commentary is on a pre-adjusting itemⒶ basis to aid understanding of the performance of the business on a comparable basis. Adjusting itemsⒶ are detailed in Note 2.5 to the Consolidated Financial Statements. Adjusted loss before tax similarly excludes the impact of adjusting itemsⒶ.

Financial Review continued

Revenue for the period increased by 11.6%, an increase of £126.5m to £1,214.5m (FY23: £1,088.0m). Total GroupⒶ revenue increased by 14.1%, an increase of £390.3m to £3,155.9m (FY23: £2,765.6m).

Technology Solutions revenue increased by 18.1% from £420.5m to £496.5m mainly driven by 1. the annualisation of the three sites opened during FY23, 2. the go-live of three sites in the second half of FY24 (two CFCs for Coles in Australia and one for Alcampo in Spain), and 3. the annualisation of revenue from 6 River Systems LLC (“6RS”), acquired in the second half of FY23. The average number of live modules is the key revenue driver for Technology Solutions and average live modules increased by 10.5% to 116 (FY23: 105).

Logistics revenue increased by 7.6% to £718.0m (FY23: £667.5m) and comprises cost recharges and management fees to its two UK partners, Ocado Retail and Morrisons. Whilst the volume of eaches increased by 12.0% to 1,324.8m (FY23: 1,182.4m), revenue growth was proportionately lower, at 7.6%, reflecting productivity improvements from the continued roll-out of our Re:Imagined technology, closure of the Hatfield CFC in FY23 and a year-on-year reduction in wholesale utilities rates, namely lower electricity unit costs (FY24: 21.0p per kilowatt hour; FY23: 27.1p per kilowatt hour).

Retail revenue increased by 13.9%, up £328.3m from £2,357.5m to £2,685.8m, reflecting strong growth in orders per week of 12.5% to 442,000 (FY23: 393,000). Growth in orders per week was driven by an increase in active customers, up by 12.1% to 1,119,000 at the end of the period (FY23: 998,000) as we optimised our marketing activities. Order frequency increased, reflecting our strengthened customer proposition and focus on value. Our basket size increased by 0.2% to 44.3 items (FY23: 44.2), supported by investment in price which led to continued lower-than-market price inflation. The strong revenue performance reflects the significant progress the business is making with its “Perfect Execution” strategy.

Net cumulative invoiced fees to our partners on our Balance Sheet and not yet recognised as revenue increased by £59.9m to £506.6m (FY23: £446.7m). Net cumulative invoiced fees are recognised as contract liabilities on the Balance Sheet and are an indicator of future revenues as the balances will be released to the Income Statement as the performance obligations are satisfied. The net movement of £59.9m during the period is mainly driven by 1. amounts invoiced of £103.9m, 2. revenue recognised in the Income Statement of £34.7m, and 3. £9.6m received by 6RS previously recognised as contract liabilities that was reclassified as deferred income. The amounts invoiced of £103.9m were driven by 1. incremental staged payments following the go-live of three CFCs during the period, and 2. new orders from existing OSP Partners. The release to the Income Statement of £34.7m was driven by revenue recognised on operational sites in line with IFRS 15.

Operating costs increased by 5.9% to £1,102.8m (FY23: £1,041.6m). Total GroupⒶ operating costs increased by 10.7% to £3,002.9m (FY23: £2,713.1m) Technology Solutions operating costs increased by 2.6% to £415.6m (FY23: £405.1m). This comprises 1. direct operating costs of £149.1m (FY23: £124.5m), up 19.8% reflecting the increase in average live modules, annualisation of 6RS and Jones Food operating costs, and higher Solutions pass-through costs from equipment sales, 2. Technology costs of £92.9m (FY23: £89.5m), up 3.8% and 3. support costs of £173.6m (FY23: £191.1m), down 9.2% reflecting cost-saving initiatives that were partially re-invested into our OIA and Solutions Sales and Partner Success programmes. The current period includes £5.1m litigation income received, net of costs, following the settlement reached with MasterCard and Visa in relation to bank interchange fees. The prior period included the one-off profit of £5.0m from the sale of the Dartford spoke. Logistics operating costs increased by 7.8% to £686.9m (FY23: £637.4m) due to a 10.6% growth in orders that was offset by improved productivity across our OSP sites. Retail operating costs increased by 12.5% to £2,641.2m (FY23: £2,347.1m) largely driven by the growth in orders, continued inflation and incremental OSP fees year-on-year. Operating costs for Retail increased at a lower rate than revenue due to 1. improved gross profit margin, 2. efficiencies in order fulfilment across all sites and 3. a year-on-year decrease in wholesale electricity prices.

Share of results from joint ventures and associates was £0.3m profit (FY23: £0.9m loss).

The Group has two joint ventures (Ocado Retail and MHE JVCo) and one associate (Karakuri, a robotics business involved in the development of automation for quick-service restaurants). Per IFRS 5, Ocado Retail is reported as a discontinued operation in the Consolidated Financial Statements.

- MHE JVCo is a 50:50 joint venture with Morrisons and holds the Dordon CFC MHE assets which Ocado Retail and Morrisons use to service their online businesses. The Group’s share of the MHE JVCo profit after tax in the period amounted to £0.3m (FY23: £0.1m loss); and
- Karakuri Limited is an associate and the Group’s 26.3% interest in Karakuri contributed £nil in the period (FY23: £0.8m loss). Karakuri appointed administrators in June 2023 and the remaining investment in Karakuri was written down to £nil in the prior period.

Adjusted EBITDAⒶ excluding Ocado Retail and inter-segment eliminations was £112.0m (FY23: £45.5m). Total GroupⒶ adjusted EBITDAⒶ was £153.3m (FY23: £51.6m) with all segments delivering a positive adjusted EBITDAⒶ. The £101.7m year-on-year increase was driven by a £65.5m improvement in Technology Solutions to £80.9m (FY23: £15.4m), a £34.2m improvement in Retail to £44.6m (FY23: £10.4m) and a £1.0m improvement in Logistics to £31.1m (FY23: £30.1m). The improvement in Technology Solutions adjusted EBITDAⒶ was mainly driven by the strong flow-through of incremental revenue to adjusted EBITDAⒶ. Logistics delivered positive adjusted EBITDAⒶ from its resilient cost-plus model, with adjusted EBITDAⒶ increasing year-on-year driven by higher management fees and lower non-recharged technology and support costs. The improvement in Retail adjusted EBITDAⒶ was driven by strong growth in active customers, resulting in a 12.5% increase in orders per week, improved gross profit margin and an improvement in operational efficiency across the network. This was partly offset by higher OSP fees reflecting the opening of the Luton CFC in the second half of FY23.

Depreciation, amortisation and impairment increased by 22.3% to a charge of £413.9m (FY23: £338.5m). Total GroupⒶ depreciation, amortisation and impairments increased by 16.3% to a charge of £460.3m (FY23: £395.9m). This comprises 1. depreciation of PP&E of £215.8m (FY23: £182.8m), 2. depreciation of right-of-use assets of £53.5m (FY23: £69.1m), 3. amortisation expense of £147.3m (FY23: £122.1m) and 4. impairment charge of £43.7m (FY23: £21.9m).

The increase was mainly driven by £58.2m additional depreciation and amortisation, due to the go-live of three sites within the previous 12 months, the annualisation of the 3 sites that went live during FY23 and technology projects going live in the last 12 months. This was partly offset by a £15.6m reduction in the depreciation of right-of-use assets, as leases on plant and machinery in respect of our Dordon shared site expired in the prior period. Impairments of £43.7m (FY23: £21.9m) were recognised during the period. These comprise largely assets related to our contract with Groupe Casino, certain intellectual property assets, bots that have been upgraded, and technology projects the Group has decided not to pursue further.

Net finance costs decreased by £2.7m to £58.2m (FY23: £60.9m). This comprises 1. finance costs relating to interest expense on borrowings and lease liabilities of £98.6m (FY23: £82.0m), 2. finance income on deposits of £30.4m (FY23: £39.2m) and 3. other finance gains of £10.0m (FY23: loss of £18.1m).

Total GroupⒶ net finance costs decreased by £0.9m from £73.2m to £72.3m. This comprises 1. finance costs of £116.4m (FY23: £95.1m), 2. finance income of £34.1m (FY23: £40.0m) and 3. other finance gains of £10.0m (FY23: loss of £18.1m).

Total GroupⒶ finance costs of £116.4m (FY23: £95.1m) mainly comprise the interest expense of £89.9m (FY23: £68.4m) on borrowings. The increase of £21.5m was primarily due to a higher interest expense on the unsecured loan notes issued during the period.

Total GroupⒶ finance income of £34.1m (FY23: £40.0m) is primarily interest income on cash balances principally derived from investments in money market funds and term deposits.

Other finance gains of £10.0m (FY23: loss of £18.1m) comprise:

- Gain on revaluation of financial assets of £10.1m (FY23: £6.5m loss) mainly reflecting an increase in the fair value of warrants in Wayve Technologies Limited ("Wayve") of £9.7m to £10.0m (FY23: £0.3m). The warrants in Wayve were exercised during the period increasing the Group's equity interest in Wayve to 2.9% (FY23: 2.5%). Further details of this can be found in Note 3.6 to the Consolidated Financial Statements; and
- Net foreign exchange losses of £0.1m (FY23: £11.6m loss), largely in respect of US dollar balances held.

Total borrowings at the end of the period were £1,386.7m (FY23: £1,462.1m). The decrease of £75.4m was mainly driven by the shareholder loan held by Ocado Retail, which has been presented as a liability held for sale in accordance with IFRS 5.

The increase in borrowings attributable to continuing operations was £15.8m and comprises 1. £647.8m recognised on issue of the senior unsecured convertible bonds and senior unsecured notes due in 2029, 2. £681.4m derecognised on partial redemption of the senior unsecured convertible bonds and senior unsecured notes due in December 2025 and October 2026 respectively, 3. £76.2m accrued interest on loans and borrowings held at amortised cost and 4. £26.8m interest repayments.

Lease liabilities at the end of the period were £311.7m (FY23: £497.8m). Total GroupⒶ borrowings at the end of the period were £1,484.8m and Total GroupⒶ lease liabilities were £486.9m.

Adjusted loss before tax was £360.1m (FY23: £353.9m). Total GroupⒶ adjusted loss before tax of £379.3m (FY23: £417.5m) reflects an adjusted EBITDAⒶ profit of £153.3m (FY23: £51.6m), depreciation, amortisation and impairment of £460.3m (FY23: 395.9m) and net finance costs of £72.3m (FY23: £73.2m).

Adjusting itemsⒶ were £20.3m income (FY23: £83.9m income). Total GroupⒶ adjusting itemsⒶ of £4.8m income (FY23: £23.9m income) comprise largely 1. gain on early partial redemption of borrowings of £43.6m, 2. profit on the disposal of Dagenham and Coventry spoke sites of £12.4m, 3. the unwinding of the discount recognised from the agreement reached with AutoStore to settle IP patent legal cases of £11.4m, 4. decrease in the fair value of contingent consideration receivable of £29.1m and 5. finance, IT and HR systems transformation costs of £23.0m.

During the period, the Group raised gross proceeds of £700.0m through the issue of £450.0m senior unsecured notes and £250.0m senior unsecured convertible bonds, which mature in 2029. Part of the proceeds were used to fund the early partial redemption of some of its debt at a 7% discount to par. The early partial redemption of the notes at a 7% discount resulted in a gain of £43.6m. See Note 4.1 to the Consolidated Financial Statements for details. Further details of all adjusting itemsⒶ can be found in Note 2.5 to the Consolidated Financial Statements.

Loss before tax was £339.8m (FY23: £270.0m). Total GroupⒶ loss before tax was £374.5m (FY23: £393.6m).

The **total tax credit** in the Income Statement was £0.2m (FY23: £16.9m). The Total GroupⒶ tax credit for the period was £0.2m (FY23: £16.2m), which comprises a corporation tax charge of £6.1m (FY23: £5.4m) and deferred tax credit of £6.3m (FY23: £21.6m) recognised in the period.

Deferred tax assets increased due mainly to the availability of future R&D tax relief and future utilisation of losses. Deferred tax liabilities increased due to the difference in the tax base and accounting base of the tangible fixed assets in 6RS.

At the end of the period, the Group's continuing operations had £1,441.0m (FY23: £1,382.5m) of unutilised carried-forward tax losses.

During the period, the Group did not declare a **dividend** (FY23: £nil).

The Group continues to maintain strong liquidity to support its growth plans, with cash and cash equivalents of £732.5m at the end of the period (FY23: £808.8m) and gross liquidity of £1.03bn (FY23: £1.11bn) (after excluding discontinued operations and including the Group undrawn revolving credit facility ("RCF") of £300.0m). Total GroupⒶ gross liquidity at the end of the period was £1.07bn (FY23: £1.18bn).

Total GroupⒶ net debtⒶ was £(1,200.2)m (FY23: £(1,075.1)m) at the end of the period. Net debtⒶ excluding discontinued operations was £(965.9)m.

Financial Review continued

Loss per share

Pence	**FY24 52 weeks**	FY23 52 weeks	FY23 53 weeks
Basic and diluted loss per share from continuing operations	**40.69**	30.56	31.76
Total Group Ⓐ basic and diluted loss per share	**41.00**	37.27	38.44
Total Group Ⓐ adjusted loss per share	**42.54**	43.89	45.07

Segmental summary

£m	**FY24 52 weeks**	FY23 52 weeks	Change
Revenue			
Technology Solutions	496.5	420.5	18.1%
Logistics	718.0	667.5	7.6%
Continuing operations	**1,214.5**	**1,088.0**	**11.6%**
Retail	2,685.8	2,357.5	13.9%
Inter-segment eliminations	(744.4)	(679.9)	(9.5)%
Total Group Ⓐ	**3,155.9**	**2,765.6**	**14.1%**
Adjusted EBITDA Ⓐ			
Technology Solutions	80.9	15.4	65.5
Logistics	31.1	30.1	1.0
Retail	44.6	10.4	34.2
Inter-segment eliminations	(3.3)	(4.3)	1.0
Total Group Ⓐ	**153.3**	**51.6**	**101.7**

Technology Solutions is the global technology platform business providing OSP as a managed service to 13 grocery retail partners. This business segment also includes the following:

- The revenue and costs associated with the Group's non-grocery business, Ocado Intelligent Automation ("OIA"), including Kindred and 6RS; and
- The revenue and costs of our fully consolidated vertical farming business, Jones Food.

Technology Solutions comprises 1. the revenue and direct operating costs of the OSP, OIA (which includes 6RS) and Jones Food businesses, 2. the commercial and technology costs to sustain and grow these businesses and 3. the support costs for these businesses, including Technology Operations, Solutions Sales and Partner Success, OIA Sales, Finance, Legal, HR, Information Technology and the Board.

Ocado Logistics is our third-party logistics business providing services to partners in the UK (Ocado Retail and Morrisons). The Logistics business operates automated warehouses and provides the associated supply chain and delivery services to our UK partners, and recharges these costs in full, together with an additional management fee of circa 4%. The business also generates revenue from capital recharges relating to certain historical Material Handling Equipment ("MHE") assets used to provide logistics services. The segment includes 1. revenue from cost recharges (primarily CFC and delivery costs incurred), capital recharges and the management fee for operating all UK sites, 2. the related CFC fulfilment and delivery costs, 3. technology costs directly related to sites and any non-OSP customer platform technology costs and 4. costs relating to central functions to support the provision of the Logistics business.

Ocado Retail is the UK online grocery retail business serving a broad range of shopper missions, from large weekly shops to "dinner-for-tonight" top-up shops. Ocado Retail is a 50% owned joint venture with Marks & Spencer Group plc ("M&S"). The results of Ocado Retail (and relevant inter-segment eliminations) have been reported as discontinued operations and a disposal group (as "assets and liabilities held for sale") per the relevant accounting standards. Other than the transfer of control between the two shareholders, there is no other change to the economic interest held in Ocado Retail or the shareholder agreement.

Inter-segment eliminations represent the elimination of inter-segmental revenue and costs. These relate to transactions between Ocado Retail and the Technology Solutions and Logistics businesses. Technology Solutions and Logistics each generate revenue from services provided to Ocado Retail, which are included as costs within the Ocado Retail segment. For FY24, inter-segment revenue eliminations were £744.4m (FY23: £679.9m). The increase of £64.5m is driven by 1. incremental OSP fees charged to Ocado Retail by the Technology Solutions segment, due to an increase in the number of average live modules, and 2. incremental costs recharged to Ocado Retail from the Logistics business, driven by volume growth. Inter-segmental adjusted EBITDA Ⓐ eliminations relate to amortised upfront fees and CFC pre-go-live services paid for by Ocado Retail to Technology Solutions, which are included within revenue in Technology Solutions. Ocado Retail capitalises these charges within fixed assets relating to the CFC assets; the associated depreciation is reported outside adjusted EBITDA Ⓐ. For FY24, inter-segment adjusted EBITDA Ⓐ eliminations were £3.3m (FY23: £4.3m). The £1.0m movement is mainly driven by the annualisation of upfront fees and CFC pre-go-live services following the opening of the Luton CFC in the second half of FY23.

Technology Solutions

£m	FY24 52 weeks	FY23 52 weeks	Change
Recurring capacity fees	415.8	363.4	14.4%
Upfront fees amortised	38.4	34.8	10.3%
OIA	35.6	21.2	67.9%
Other	6.7	1.1	509.1%
Revenue	**496.5**	**420.5**	**18.1%**
Direct operating costs	(149.1)	(124.5)	(19.8)%
Contribution	**347.4**	**296.0**	**17.4%**
Contribution %	*70%*	*70%*	–
Technology costs	(92.9)	(89.5)	(3.8)%
Support costs	(173.6)	(191.1)	9.2%
Adjusted EBITDAⓐ	**80.9**	**15.4**	**£65.5m**
Adjusted EBITDA %ⓐ	*16%*	*4%*	*12ppts*

Key performance indicators

The following table sets out a summary of selected operating information in the period:

	FY24 52 weeks	FY23 52 weeks	Change
No. of live modules[1,3]	**123**	111	10.8%
Average live modules	**116**	105	10.5%
Cumulative no. of modules ordered[2,3]	**239**	232	3.0%
Direct operating cost (% of live sales capacity)[4]	**1.60%**	1.65%	0.05ppts

1. A module is considered live when it has been fully installed and is available for use by our partner or where fees are being received for the module. This includes 14 modules for the Hatfield CFC and Leeds Zoom, which were not actively trading during the period, but for which fees are being received in full.
2. Ordered modules represent the maximum capacity of sites for which a contractual agreement has been signed with a partner and an invoice has been issued for the associated site fees.
3. A module of capacity is assumed as 5,000 eaches picked per hour and c.£75m (FY23: £73m) per annum of partner live sales capacity.
4. Direct operating costs as a percentage of live sales capacity reflects the P12 exit rate position for all OSP CFCs live at the period end. Direct operating costs include engineering, cloud and other technology direct costs.

Revenue

£496.5m

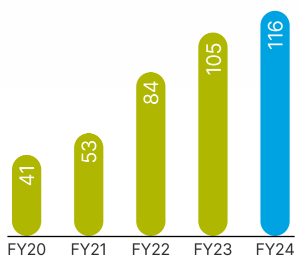
(FY23: £420.5m)

Adjusted EBITDAⓐ

£80.9m

(FY23: £15.4m)

Average live modules



Technology Solutions is the global technology platform business providing OSP as a managed service to 13 grocery retail partners.

During the period, the scale of our international operations grew by three sites with the go-live of our first two CFCs for Coles in Sydney and Melbourne and our first CFC for Alcampo in Madrid. In July 2024, we announced the further expansion of our exclusive partnership with Aeon, which placed an order for a third CFC in the Saitama prefecture of Japan.

We continued our focus on supporting our partners to increase volume growth to improve capacity utilisation in their CFCs, investing in our Partner Success programme and scaling the OIA business. Our Partner Success teams have been working closely with our partners to support sales growth, drive operational efficiency and improve profitability.

At the end of the period, we had 29 live sites, comprising 25 CFCs and four Zooms, with a total of 123 live modules (FY23: 26 live sites, comprising 22 CFCs and four Zooms, with a total of 111 live modules).

The 123 modules include 14 modules of capacity on sites where Ocado Retail has decided to cease operations. The Technology Solutions business continues to charge Ocado Retail capacity fees in full for these modules. This follows Ocado Retail carrying out a network capacity review for its CFCs and a strategy and capacity review for its Zoom sites. At the end of the period, Technology Solutions had 27 sites, with 109 modules, in which partners were actively trading (24 CFCs and three Zooms).

Our OIA business continues to perform well and contributed a positive adjusted EBITDAⓐ during the period. We remain focused on building a strong pipeline of Ocado Storage and Retrieval Systems ("OSRS") and 6RS customers.

Fees and revenue

Fees invoicedⓐ increased by 27.5% to £557.9m (FY23: £437.7m). These fees primarily comprise 1. the design and access fees invoiced across clients relating to existing and future CFC and ISF commitments of £76.7m (FY23: £50.2m), 2. the recurring capacity fees associated with the live operations, primarily Ocado Retail, Kroger, Sobeys, Morrisons and Aeon, of £418.3m (FY23: £360.3m) and 3. fees invoiced by the OIA business of £59.6m (FY23: £27.2m).

The £120.2m and 27.5% year-on-year growth in fees invoiced was higher than the 18.1% year-on-year growth in revenue mainly due to higher design and access fees invoiced following the go-live of three sites in the period. The 16.1% increase in ongoing capacity fees invoiced of £418.3m (FY23: £360.3m) was higher than the 14.4% increase in ongoing capacity fee revenue of £415.8m (FY23: £363.4m) due to the timing of invoices raised. Fees invoiced by OIA increased year-on-year mainly driven by the partnership announced in the prior period with McKesson Canada and the annualisation of the acquisition of 6RS in the second half of FY23.

Under revenue recognition rules, design and access fees are not recognised as revenue until a working solution is delivered to the partner, i.e. the site goes 'live'. At the end of the period, cumulative fees not yet recognised as revenue, but instead recorded on the Balance Sheet within contract liabilities, were £506.6m (FY23: £446.7m).

Revenue in the period of £496.5m (FY23: £420.5m) comprises ongoing capacity fees of £415.8m (FY23: £363.4m) and £38.4m (FY23: £34.8m) relating to the release to the Income Statement of the design and upfront fees received from our operational partners, which were included within the contract liability amount on the Balance Sheet; these primarily relate to Kroger, Morrisons, Sobeys, ICA, Aeon and Ocado Retail (which is eliminated on the Consolidated Balance Sheet). Ongoing capacity fee revenue in Technology Solutions is driven by the average number of live modules in the period. During the period, these grew by 10.5% to 116 average live modules (FY23: 105). Ongoing capacity fee revenue grew at a faster rate than the average live modules (+14.4% compared with +10.5%) due to the increased number and proportion of live OSP modules, which generate a higher fee per module of sales capacity than non-OSP sites.

There are 30 legacy non-OSP modules within the 123 modules at the end of the period. These primarily relate to the Hatfield and Dordon CFCs which generate a lower fee per module than an OSP module. While the Hatfield CFC ceased trading during the prior period, the Technology Solutions business is entitled to continued capacity fees at Hatfield, which in FY24 were £33.2m, and continues to charge them in full to Ocado Retail.

Revenue also includes 1. £35.6m (FY23: £21.2m) relating to OIA, 2. equipment sales to retail partners of £5.3m (FY23: £0.9m) recognised as revenue under IFRS 15 (the cost of this equipment is recognised within direct operating costs) and 3. £1.4m (FY23: £0.2m) of revenue in Jones Food.

Direct costs

Direct operating costs largely relate to the day-to-day costs of operating our CFC and Zoom sites, primarily engineering support, maintenance and spares, and the costs of hosting the technology services for partners. Costs increased by £24.6m (19.8%) to £149.1m (FY23: £124.5m) mainly driven by the 10.5% growth in average live modules, annualisation of OIA direct costs following the acquisition of 6RS in the prior period and Jones Food operational costs, following the opening of its second vertical farm in FY23.

The exit rate of direct operating costs as a percentage of live sales capacity, a key measure of operational efficiency across OSP sites, decreased from 1.65% in FY23 to 1.60%. The decrease was mainly driven by a reduction in cloud costs as we continued to rationalise our cloud environments and simplify data collection to reduce cloud storage utilisation.

Technology and support costs

Technology costs mainly comprise the non-capitalised management time spent on early-stage research projects and maintaining OSP through ongoing client support. Other technology costs within this spend category include direct legal and professional fees and non-capitalised software costs. Technology costs in FY24 were £92.9m (FY23: £89.5m), an increase of £3.4m primarily due to increased cloud costs in development and non-capitalised software and services costs.

Support costs are costs incurred in supporting the global operations of the business. They include Solutions Sales and Partner Success, OIA Sales, Technology Operations, Finance, HR, IT and Legal. Costs decreased by £17.5m to £173.6m during the period (FY23: £191.1m). Cost reductions, including headcount reductions and reduced IT costs were offset by an increase in investment in OIA, Solutions Sales and Partner Success, and annualisation of 6RS support costs following its acquisition in the second half of FY23. Support costs also include the one-off benefit of a settlement reached with MasterCard and Visa in relation to interchange fees, which generated a net income of £5.1m. FY23 included the one-off benefit of the sale of the Dartford spoke site, which generated a profit on disposal of £5.0m.

Board costs of £19.3m (FY23: £22.1m) are included within Technology Solutions support costs. The year-on-year decrease of £2.8m was mainly driven by a decrease in share-based payment charges of £3.0m to £7.7m (FY23: £10.7m) following the cessation of the Value Creation Plan during the period.

We continued to invest in developing the OIA, Solutions Sales and Partner Success teams, supported by an experienced leadership team, which is dedicated to driving growth for new and existing partners. OIA central costs increased during the period as we continued to scale the business following the first OIA deal to provide automated fulfilment solutions to McKesson Canada and the acquisition of 6RS in the second half of FY23.

Adjusted EBITDAⒶ

Adjusted EBITDAⒶ for the period was £80.9m (FY23: £15.4m), an improvement of £65.5m. The strong profit flow-through from the £76.0m growth in revenue was driven by 1. the benefits of scale from more modules going live in our new and existing CFC sites, 2. the ongoing optimisation of direct CFC operating costs (including maintenance and data costs) which have reduced as a percentage of live sales capacity and 3. the benefit of cost reductions in support costs.

Ocado Logistics

£m	FY24 52 weeks	FY23 52 weeks	Change
Cost recharges	681.6	633.9	7.5%
Fee revenue	36.4	33.6	8.3%
Revenue	**718.0**	**667.5**	**7.6%**
Other income	4.0	6.8	(41.2)%
Fulfilment and delivery costs	(625.4)	(579.3)	(8.0)%
Technology and support costs	(65.5)	(64.9)	(0.9)%
Adjusted EBITDAⒶ	**31.1**	**30.1**	**£1.0m**

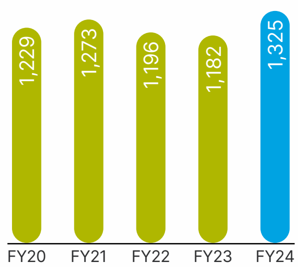
Key performance indicators

The following table sets out a summary of selected operating information in the period:

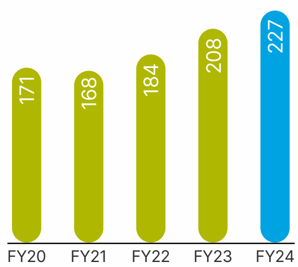
	FY24 52 weeks	FY23 52 weeks	Change
Total eaches (million)	**1,324.8**	1,182.4	12.0%
Orders per week (000s)	**564**	510	10.6%
OSP CFC UPH[1,2]	**227**	208	9.1%
DP8[3]	**21.0**	21.5	(2.3)%

1. Measured as units picked from the CFC per variable hour worked by operational personnel.
2. OSP CFCs are all CFCs excluding Hatfield and Dordon.
3. DP8 represents the drops per standardised eight-hour shift for Ocado Retail only.

Total eaches shipped (million)



OSP CFC UPH



Adjusted EBITDAⒶ

£31.1m

(FY23: £30.1m)

Ocado Logistics operates under a cost-plus business model. Client volumes in the sites we operate are a key driver of our revenue and costs. During the period, average orders per week across our two partners increased by 10.6% to 564,000 (FY23: 510,000) while the volume of eaches processed increased by 12.0% to 1,324.8m (FY23: 1,182.4m).

Revenue

This comprises 1. cost recharges, which are the recharge of variable and fixed costs incurred to provide fulfilment and delivery services, which are recharged to Ocado Retail and Morrisons, 2. a circa 4% management fee charged on rechargeable costs and 3. capital recharges to Ocado Retail for the use of certain fixtures and fittings, and plant and machinery that were not transferred to Ocado Retail on its formation as a separate business.

Cost recharges increased by £47.7m to £681.6m (FY23: £633.9m). These costs represent the operational costs that are recharged to Ocado Retail and Morrisons for the provision of third-party logistics services. The key cost recharge driver is the volume processed through the CFC sites. While total eaches increased by 12.0%, cost recharges increased at a slower rate increasing by 7.5% with fulfilment efficiencies driven by 1. the continued roll-out of our Re:Imagined technology, 2. increased volumes, 3. year-on-year reductions to fuel price and utilities unit costs and 4. cost savings associated with the closure of the Hatfield CFC in the prior period. Improved efficiency from the higher average number of Units Picked per labour Hour ("UPH") in our OSP CFCs is demonstrated as UPH increased by 9.1% to 227 (FY23: 208). Cost recharges are greater than rechargeable costs of £667.0m (FY23: £618.8m) as cost recharges include lease income for lease costs in shared sites, where we are providing a service, for which the cost is included below adjusted EBITDAⒶ.

Fee revenue of £36.4m (FY23: £33.6m) increased by 8.3% mainly due to an increase in management fees of 9.2% to £24.9m (FY23: £22.8m). Management fees are circa 4% of rechargeable costs.

Fee revenue also includes £11.5m of capital recharges (FY23: £10.8m). Capital recharges relate to charges to Ocado Retail for the use of certain assets that are owned by the Group and utilised by Ocado Retail. For partner-shared sites (primarily Dordon and Erith), capital recharges are accounted for as revenue as we are considered to be providing a service (per IFRS 16). For sites that are used exclusively by Ocado Retail (primarily Purfleet, Bristol and Andover), this income is accounted for (per IFRS 16) as finance income (below adjusted EBITDAⒶ) as we are considered to be providing a finance lease. The £0.7m year-on-year increase was mainly driven by the renewal of LGV leases during the period.

Recharges and fees to Ocado Retail of £567.3m (FY23: £524.1m) included within the £718.0m revenue (FY23: £667.5m) are eliminated on consolidation and presented as discontinued operations.

Other income

Other income of £4.0m (FY23: £6.8m) relates to MHE JVCo asset rental income. The year-on-year decrease of £2.8m was mainly driven by the expiry of asset rental agreements in the period. Other income is presented within operating costs in the Consolidated Income Statement.

Fulfilment and delivery costs

These costs comprise the costs of fulfilment and delivery operations which are recharged to Ocado Retail and Morrisons.

Total fulfilment and delivery costs increased by 8.0% to £625.4m (FY23: £579.3m) with eaches increasing by 12.0% to 1,324.8m (FY23: 1,182.4m). Costs increased by less than the growth in eaches due to improvements to productivity and benefit from 1. the year-on-year reduction in electricity unit costs and fuel costs, and 2. fixed cost savings associated with the closure of the Hatfield CFC, which more than offset the higher costs of delivery in the period.

Productivity improvements are demonstrated by the improvement in UPH in OSP CFCs (Erith, Andover, Purfleet, Bristol, Bicester and Luton), which improved year-on-year to an average UPH of 227 in the period (FY23: 208). With the introduction of the Re:Imagined technologies including On-Grid Robotic Pick ("OGRP") and Auto Frame Load ("AFL"), our new target is an average of over 250 UPH, which has been demonstrated with our Luton CFC having exceeded an average of 250 UPH during 4Q24.

A higher UPH results in lower labour intensity and therefore lower costs for the same volume. The improvement in UPH and resulting productivity improvements reduced the labour cost required per each and partially offset the additional hours required by increased volumes.

The effectiveness of our delivery operations is measured by DP8. This reduced by 2.3% to an average of 21.0 drops per standardised 8-hour shift for Ocado Retail (FY23: 21.5 drops). The decrease was mainly driven by 1. investment in our customer service through the re-introduction of delivery into homes and increased slot availability and same-day offering, and 2. the expected increase in distance to our customers following the closure of Ocado Retail's Hatfield CFC and opening of the Luton CFC. This was partly offset by the year-on-year increase in volumes and improved density of our drops.

Technology and support costs

Technology and support costs increased by £0.6m to £65.5m (FY23: £64.9m) and comprise 1. head office and related costs to operate the Logistics business, 2. technology costs related to the operating of our pre-OSP grocery fulfilment platform and 3. the non-capitalised element of the programme costs to transition our UK partners from the pre-OSP technology platform to OSP. This programme is expected to be completed in FY25.

Technology and support costs increased primarily due to higher recruitment and training costs. Head office costs and a portion of technology costs are recharged to our partners as part of our contractual agreements. The cost of operating the pre-OSP platform, the transition to OSP, and ongoing Logistics systems costs, totalling £17.1m (FY23: £19.1m) are not recharged to partners.

Adjusted EBITDAⒶ

Adjusted EBITDAⒶ for the period was £31.1m, an increase of £1.0m (FY23: £30.1m); increased cost recoveries and management fees were partly offset by lower MHE JVCo asset rental income and higher technology and support costs, each of which is described above.

Ocado Retail

£m	FY24 52 weeks	FY23 52 weeks	Change
Revenue	**2,685.8**	**2,357.5**	**13.9%**
Gross profit	**914.3**	**797.2**	**14.7%**
Gross profit %	*34.0%*	*33.8%*	*0.2ppts*
Fulfilment and delivery costs	(513.6)	(467.1)	(10.0)%
Marketing costs	(43.7)	(43.0)	(1.6)%
Support costs	(116.0)	(101.6)	(14.2)%
Fees	(196.4)	(175.1)	(12.2)%
Adjusted EBITDAⒶ	**44.6**	**10.4**	**£34.2m**

The results of Ocado Retail and relevant intra-group eliminations have been reported as discontinued operations in the Income Statement to present the Income Statement on a basis consistent with the future state of the Group.

Other than the transfer of control between the two shareholders, there is no other change to the economic interest held in Ocado Retail or the shareholder agreement.

Key performance indicators

The following table sets out a summary of selected Ocado.com operating information in the period:

Ocado.com[1]	FY24 52 weeks	FY23 52 weeks	Change
Active customers (000s)[2]	**1,119**	998	12.1%
Average orders per week (000s)	**442**	393	12.5%
Average basket value (£)[3]	**122.09**	120.94	1.0%
Average selling price (£)[4]	**2.75**	2.74	0.4%
Average basket size (eaches)	**44.3**	44.2	0.2%

1. Ocado.com excludes Zoom by Ocado as Ocado.com represents the core business of Ocado Retail.
2. Active customers are classified as active if they have shopped at Ocado.com within the previous 12 weeks. FY23 relates to the previous 12 weeks from the period end date of 3 December 2023.
3. Average basket value (£) is defined as product sales divided by total orders.
4. Average selling price ("ASP") (£) is defined as product sales divided by total eaches.

Revenue

£2,685.8m

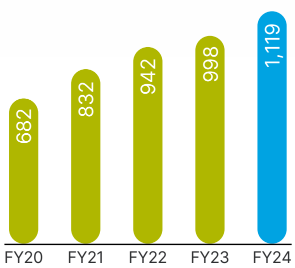
(FY23: £2,357.5m)

Adjusted EBITDAⒶ

£44.6m

(FY23: £10.4m)

Year end active customers (000s)



Revenue

Revenue increased by 13.9% to £2,685.8m (FY23: £2,357.5m) driven by growth in Ocado.com, with a 12.5% order growth to 442,000 orders per week (FY23: 393,000 orders per week) and a 1.0% growth in basket value to £122.09 (FY23: £120.94).

Our continued focus on our "Perfect Execution" strategy, prioritising unbeatable choice, unrivalled service and reassuringly good value, enabled us to attract new customers, improve retention and frequency, and grow market share. Our active customer base increased by 12.1% to 1,119,000 (FY23: 998,000) as we achieved good customer acquisition results through improvements in marketing activity, driven by channel efficiency activities. Ocado.com grew its share of the online grocery market to 12.9% (FY23: 11.1%, Nielsen revised methodology**; FY24 as at 30 November 2024; FY23 as at 2 December 2023).

We continue to focus on consistent and strong operational performance and customer service in key areas such as delivering on time and in full, alongside improving product availability, all of which improved in the period.

The increase in average orders per week of 12.5% was higher than the growth in active customers of 12.1% due to the higher frequency of orders.

The average basket value grew by 1.0% to £122.09 (FY23: £120.94) driven by a modest increase in average basket size and average selling price to 44.3 items (FY23: 44.2 items) and £2.75 (FY23: £2.74), respectively.

We remain committed to offering reassuringly good value to customers and did not pass through the full impact of food price inflation to our customers; the average selling price on Ocado.com has increased by 0.4%, well below UK grocery inflation of 3.0% (Nielsen). Our "Big Price Drop" campaign, which delivered multiple rounds of price reductions in the period, together with our "Ocado Price Promise" ensured that we continue to combine unbeatable range and unrivalled service with reassuringly good value for our customers.

** Under the previous methodology market share for FY23 was 12.7%.

Financial Review continued

Gross profit

Gross profit increased by 14.7% to £914.3m (FY23: £797.2m). Growth was higher than the 13.9% revenue growth due to improvements in the gross profit margin from 33.8% in FY23 to 34.0% in FY24. This was mainly driven by improvements in promotional effectiveness and investment alongside optimising our product mix and improvements in waste.

Gross profit includes the net benefit of supplier-funded media income of £89.7m (FY23: £81.6m) and the cost of vouchers of £27.5m (FY23: £24.7m).

Fulfilment and delivery costs

£m	**FY24 52 weeks**	FY23 52 weeks	Change
CFC	(183.6)	(182.1)	(0.8)%
Service delivery	(314.2)	(260.9)	(20.4)%
Utilities	(15.8)	(24.1)	34.4%
Fulfilment and delivery costs	**(513.6)**	**(467.1)**	**(10.0)%**

CFC costs primarily comprise labour costs in CFCs and these increased by 0.8% to £183.6m (FY23: £182.1m). Costs increased at a slower rate than the 12.5% growth in average orders per week due to improved productivity in our CFC sites and the closure of the low-productivity Hatfield CFC in the prior period.

The OSP CFCs (Erith, Andover, Purfleet, Bristol, Bicester and Luton) showed robust improvements in productivity reaching an average of 227 UPH (FY23: 208 UPH), an improvement of 9.1% partially driven by the introduction of OGRP during the period. The average UPH for Ocado.com improved by 15.2% from 191 to 220.

Service delivery costs comprise labour, fleet, fuel and related costs to enable the delivery of orders to customers. Costs increased by 20.4% to £314.2m (FY23: £260.9m), driven by the growth in the number of orders (+12.5%), inflation and the impact of the network reorganisation following the closure of Hatfield. Service delivery costs are driven by the productivity of the delivery last mile operations. This productivity is measured in 'eaches per van', which reduced by 1.4% to 974 eaches (FY23: 988 eaches). The reduction was mainly due to longer stem times as a result of the Hatfield CFC closure and an investment in both time on the doorstep and the training of newly hired customer service team members.

Utilities costs across CFCs and service delivery decreased by 34.4% to £15.8m (FY23: £24.1m) due to significantly lower electricity unit costs (FY24: 21.0p per kilowatt hour; FY23: 27.1p per kilowatt hour) and the closure of the Hatfield CFC in FY23.

Marketing and support costs

Marketing costs comprise the cost of marketing activities to customers and exclude vouchering costs, which are included within revenue. Activities focused on driving increased awareness of the Ocado value proposition through our "Ocado Price Promise" and "Big Price Drop" campaigns. Marketing spend as a percentage of revenue decreased to 1.6% (FY23: 1.8%) as we continued to optimise the marketing channel mix.

Support costs of £116.0m (FY23: £101.6m) comprise head office, customer support and other overhead costs for Ocado Retail. The £14.4m, 14.2%, increase year-on-year, whilst lower than revenue growth, was higher driven by 1. cost inflation, 2. performance-linked incentive schemes, and 3. increased headcount including the annualisation of senior, strategic vacancies in the prior period.

Fees

Fees comprise 1. OSP fees paid to Technology Solutions for the operation of OSP, 2. logistics management fees and 3. capital recharges paid to Ocado Logistics. Fees of £196.4m (FY23: £175.1m) increased by £21.3m, mainly driven by the index-linked OSP fees due to Technology Solutions and the annualisation of the Luton CFC opening in FY23. Fees include the ongoing fees for the closed Hatfield CFC.

Adjusted EBITDAⒶ

Adjusted EBITDAⒶ for the Retail business was £44.6m (FY23: £10.4m). The primary drivers for the £34.2m year-on-year increase were growth in active customers and orders driving trading performance, partly offset by higher fees paid to Technology Solutions from the annualisation of the opening of the Luton CFC in FY23, indexation and higher service delivery costs.

Excluding the £33.2m (FY23: £31.7m) capacity fees payable for the Hatfield CFC, the adjusted EBITDAⒶ for the Retail business would have been £77.8m (FY23: £42.1m) at a marginⒶ of 2.9% (FY23: 1.8%).

Capital expenditure

Capital expenditure largely comprises new site construction costs and technology development costs to enhance OSP. Total Group(A) capital expenditure for the period was £392.1m (FY23: £520.3m), a reduction of £128.2m, primarily driven by a reduced level of activity of CFC sites under construction (see below for further details).

An analysis of capital expenditure by key categories is presented below:

£m	**FY24 52 weeks**	FY23 53 weeks	Change
CFC sites	162.6	253.1	35.8%
Technology	196.6	202.8	3.1%
Group support and other	13.0	34.3	62.1%
Technology Solutions	**372.2**	**490.2**	**24.1%**
Logistics	14.2	14.4	1.4%
Continuing operations	**386.4**	**504.6**	**23.4%**
Retail	7.1	25.2	71.8%
Eliminations[1]	(1.4)	(9.5)	(85.3)%
Total Group(A)	**392.1**	**520.3**	**24.6%**

1. The elimination of capital expenditure comprises the design and set up fees charged to Ocado Retail by Technology Solutions (those fees charged to Ocado Retail are eliminated on consolidation of the Group).

Technology Solutions

CFC sites capital expenditure relates to the construction of new sites and costs associated with upgrading our live sites, and totalled £162.6m in the period, a decrease of £90.5m (FY23: £253.1m). The investment during the period of £162.6m primarily relates to the construction of the Phoenix and Charlotte sites for Kroger, the three sites that went live in FY24 (in Sydney and Melbourne for Coles, and in Madrid for Alcampo) and the capital expenditure related to Ocado Retail's Luton CFC, which went live in the second half of FY23. The year-on-year reduction is primarily due to the lower level of activity in FY24 compared with that in FY23, which incurred capital expenditure for the six sites (Calgary, Chiba, Luton, Sydney, Melbourne and Madrid) that went live across FY23 and FY24. The lower CFC sites capital expenditure in FY24 also benefited from a drawdown of £36.9m on existing inventory held on hand for new sites and upgrades at live sites.

Technology development spend decreased to £196.6m (FY23: £202.8m). During the period, we continued to invest in OSP and our key Re:Imagined product innovations. We successfully launched OGRP and AFL for market readiness, began to successfully pilot the 600 Series bot, and construct the 600 Series compatible Grid during the period. We continue to invest in the other key Re:Imagined innovation projects including Auto-Freezer, Ocado Orbit, Ocado Swift Router and Ocado Flex. In addition, we commenced our investment in two new products: a case-picking Autonomous Mobile Robot ("AMR") and a de-palletiser that will benefit our OIA business segment.

£m	**FY24 52 weeks**	FY23 53 weeks	Change
CFC technologies	104.9	119.1	11.9%
Ecommerce	30.2	28.6	(5.6)%
Logistics and supply chain	21.7	22.1	1.8%
Other	39.8	33.0	(20.6)%
Technology	**196.6**	**202.8**	**3.1%**

We continue to enhance our customer proposition through OSP, delivering world-class end-to-end grocery and non-grocery ecommerce and fulfilment solutions. OSP includes ecommerce, order management, forecasting, routing and delivery, Automated Storage and Retrieval Systems ("ASRS"), dexterous robotics and other material handling elements.

- CFC technologies are at the core of our OSP proposition. This capital expenditure encompasses the ongoing development of our grid and bots (our ASRS and the robots on the grid), its peripheral MHE and the enhancement of these propositions. This element of our capital expenditure is focused on reducing both the capital cost and the ongoing running costs of the CFC for the partner and Ocado Group.

  We invested £104.9m in CFC technologies during the period (FY23: £119.1m). In line with our commitment to innovation and continued investment in our Re:Imagined products, we have leveraged the strategic acquisitions of 6RS and Kindred, alongside advancements in OGRP. These initiatives have enabled the development of two promising new products at a small incremental cost; a case-picking and pallet-moving AMR and a de-palletiser capable of moving cases directly from inbound pallets to storage bins, which can go into the ASRS automation.

During the period, we began successfully piloting the first of our 600 Series bots in Ocado Retail's Bicester CFC and construction of the first 600 Series compatible Grid began in Canada for McKesson. Significant progress was also made toward the launch of the first Auto-Freezer grid.

AFL reduces partner labour hours and allows higher productivity per employee by removing the challenging process of manually loading ready-for-customer orders onto delivery frames. AFL was deployed into the Luton CFC in 1H24 and is currently operational in four sites.

OGRP reduces partner labour costs and enables a more optimised site design with reduced mezzanine floor space, as less space is needed for the manual packing of groceries.

- Ecommerce: We invested £30.2m (FY23: £28.6m) in developing our ecommerce platform to enhance every aspect of the shopper journey. This included improvements to the search and browse experience, and specific developments to bolster the range of products our partners can sell. During the period, we continued to invest in driving customer conversion, customisable homepages, marketing reporting and frictionless payments. We also successfully launched the webshop for Auchan Poland and fully migrated Morrisons from our legacy platform to OSP in the year.
- One of the core benefits of OSP is our expertise in Logistics and supply chain as part of our end-to-end solution. We invested £21.7m in these propositions in FY24 (FY23: £22.1m), with the focus of our investment on the optimisation of the grocery supply chain and efficiency of the last mile delivery. During the period, we successfully launched dynamic pricing to better reflect changes in customer demand for delivery slots. Our last mile solution aims to deliver excellent slot availability to end customers, including short lead-time orders ("SLTO") with delivery slots offered within six hours. During the period, we conducted successful trials of SLTO and its logistics component, Ocado Swift Router. Within supply chain, we continued to focus on driving strong product availability whilst maintaining low waste and stockholding days in our partners' CFCs.
- The balance of the spend predominantly relates to our teams creating tooling and development systems necessary to deliver for the wider Technology function, where we invested £39.8m (FY23: £33.0m).

Group support and other capital expenditure comprise projects relating to support costs systems and infrastructure. Other capital expenditure of £13.0m is £21.3m lower year-on-year (FY23: £34.3m) following completion of Jones Food's second vertical farm in Lydney, Gloucestershire, which opened in FY23.

Logistics

Capital expenditure of £14.2m (FY23: £14.4m) largely relates to technology system development of £12.8m (FY23: £13.3m) to transition our UK partners from our legacy platforms onto OSP.

Cash flow

	FY24 52 weeks		FY23 53 weeks	
£m	**Continuing operations**	**Total Group**Ⓐ	Continuing operations	Total GroupⒶ
Adjusted EBITDAⒶ	**112.0**	**153.3**	**46.4**	**54.2**
Movement in contract liabilities	97.8	97.8	47.9	47.9
Other working capital movements	17.6	6.3	5.6	19.4
Finance costs paid	(34.0)	(55.9)	(29.9)	(56.3)
Taxation (paid)/received	(7.7)	(7.7)	(1.7)	9.9
Adjusting itemsⒶ	83.1	70.8	8.7	(1.7)
Other non-cash items	(4.1)	4.3	–	8.8
Operating cash flow	**264.7**	**268.9**	**77.0**	**82.2**
Capital expenditure	(393.4)	(399.4)	(514.6)	(536.4)
Acquisition of subsidiaries, net of cash acquired	–	–	(11.4)	(11.4)
Dividend from joint venture	2.8	2.8	5.1	5.1
Net proceeds from interest-bearing loans and borrowings	26.8	26.8	(55.9)	54.1
Repayment of lease liabilities	(17.2)	(55.7)	(24.4)	(66.8)
Net proceeds from share issues	4.6	4.6	2.6	2.6
Other investing and financing activities	39.6	42.9	41.8	42.6
Movement in cash and cash equivalents (excl. FX changes)	**(72.1)**	**(109.1)**	**(479.8)**	**(428.0)**
Effect of changes in FX rates	(4.2)	(4.2)	(15.2)	(15.2)
Movement in cash and cash equivalents (incl. FX changes)	**(76.3)**	**(113.3)**	**(495.0)**	**(443.2)**
Cash and cash equivalents at beginning of period	**808.8**	**884.8**	**1,303.8**	**1,328.0**
Movement in cash and cash equivalents (incl. FX changes)	(76.3)	(113.3)	(495.0)	(443.2)
Cash and cash equivalents at end of period	**732.5**	**771.5**	**808.8**	**884.8**

Cash and cash equivalents (including FX changes) reduced by £113.3m (FY23: reduction of £443.2m) to £771.5m (FY23: £884.8m). There was a decrease in cash outflow of £329.9m year-on-year.

Operating cash flow improved by £186.7m to an inflow of £268.9m (FY23: inflow of £82.2m). Operating cash flow from continuing operations improved by £187.7m to £264.7m. Key movements in the Total GroupⒶ cash flow during the period can be analysed as follows:

- **Adjusted EBITDAⒶ** improved by £99.1m to £153.3m (FY23: £54.2m on a 53-week basis).
- **Contract liabilities: cash inflow of £97.8m** (FY23: £47.9m inflow). The year-on-year increase is driven by upfront design and access fees paid by our grocery retail partners typically in instalments during the CFC construction process of £71.2m (FY23: £47.9m) and advances received by our OIA business of £26.6m (FY23: £nil).
- **Taxation: cash outflow of £7.7m** (FY23: inflow of £9.9m) reflects taxation payments by foreign subsidiaries within continuing operations. No UK tax was paid in the period.
- **Adjusting itemsⒶ: cash inflow of £70.8m** (FY23: outflow of £1.7m) relates to cash-settled adjusting itemsⒶ and primarily comprises the following:
  - £100.0m (FY23: £41.7m) proceeds from the settlement of AutoStore patent litigation and cross-licence pre-2020 patents;
  - £(22.9)m (FY23: £(12.2)m) Finance, HR and Retail IT system transformation costs;
  - £(5.0)m (FY23: £(15.5)m) organisational restructuring costs; and
  - £(1.3)m (FY23: £(0.7)m) costs relating to contingent consideration negotiations with M&S.

The movements above result in a Total GroupⒶ operating cash inflow of £268.9m (FY23: cash inflow of £82.2m). The following movements explain the overall movement in cash and cash equivalents outflow of £113.3m (FY23: outflow of £443.2m):

- Capital expenditure of £399.4m (FY23: £536.4m) primarily relates to the continued investment in OSP and new CFCs in the UK and internationally. Capital expenditure also includes investment in Group support activities. Cash capital expenditure of £399.4m is higher than accounting capital expenditure of £392.1m mainly due to the timing of cash spend on capital items. This difference is reflected in accruals and prepayments on the Balance Sheet.
- Net proceeds from interest-bearing loans and borrowings of £26.8m (FY23: £54.1m) comprise the following:
  - Gross proceeds from the issue of senior unsecured convertible bonds and senior unsecured notes of £700.0m. £654.3m of the proceeds was used to fund the early partial redemption of existing senior unsecured convertible bonds due in 2025 and senior unsecured notes due in 2026, at a 7% discount to par. This reflected a net cash inflow of £45.7m; and
  - Transaction costs of £18.9m.
- Other investing and financing activities of £42.9m (FY23: £42.6m) comprise:
  - £30.5m (FY23: £41.7m) of interest received on treasury deposits;
  - £18.5m (FY23: £9.4m) proceeds from the disposal of assets held for sale;
  - £10.0m (FY23: £10.0m) exercise of warrants in respect of Wayve during the period;
  - £2.3m (FY23: £nil) repayment of loans held by Infinite Acres Holding B.V.; and
  - £1.6m (FY23: £1.5m) cash contingent consideration received in respect of the sale of Marie Claire Beauty Limited ("Fabled") to Next plc.

£m	**FY24 52 weeks**	FY23 53 weeks
Movement in cash and cash equivalents	**(113.3)**	**(443.2)**
Adjusting itemsⒶ	(70.8)	1.7
Proceeds from disposal of assets held for sale	(18.5)	(9.4)
Purchase of unlisted equity investments and loans to investee companies	7.7	10.0
Cash received in respect of contingent consideration	(1.6)	(1.5)
Financing[1]	(31.4)	(56.7)
Acquisition of subsidiaries, net of cash acquired	–	11.4
Effect of changes in FX rates	4.2	15.2
Underlying cash outflowⒶ	**(223.7)**	**(472.5)**

1. Financing of £31.4m (FY23: £56.7m) includes net proceeds from interest-bearing loans and borrowings of £26.8m (FY23: £54.1m) and net proceeds from share issues of £4.6m (FY23: £2.6m).

Financial Review continued

Underlying cash outflowⒶ for the Group is £223.7m (FY23: £472.5m) and improved by £248.8m year-on-year. The improvement was primarily driven by 1. £99.1m improvement in adjusted EBITDAⒶ, 2. £137.0m reduction in capital expenditure, primarily in relation to the construction of new sites and upgrading our live sites, and 3. £49.9m increase in cash received from partners for the build and design of MHE, mainly following the initial order and go-live of sites; with additional modules and three new sites live in the second half of the period.

These are partially offset by 1. a £17.6m increase in taxation paid, following a rebate in FY23 and 2. £13.1m lower other working capital movements.

Underlying cash flowⒶ is the movement in cash and cash equivalents excluding the impact of adjusting itemsⒶ, proceeds from the disposal of assets held for sale, investment in unlisted equity investments and loans to investee companies, cash received in respect of contingent consideration, costs of new financing activity, acquisition of subsidiaries and FX movements. We focus on underlying cash flowⒶ because it measures the cash inflows and outflows that relate to the recurring operations of the Group and excludes key one-offs listed above.

Liquidity management

£m	Maturity	**1 December 2024**	3 December 2023	Movement
Total GroupⒶ cash and cash equivalents		**771.5**	**884.8**	**(113.3)**
£600m senior unsecured convertible bonds	December 2025	(167.2)	(560.2)	393.0
£350m senior unsecured convertible bonds	January 2027	(320.8)	(307.8)	(13.0)
£500m senior unsecured notes	October 2026	(223.6)	(498.2)	274.6
£250m senior unsecured convertible bonds	August 2029	(215.1)	–	(215.1)
£450m senior unsecured notes	August 2029	(455.2)	–	(455.2)
Other borrowings		(102.9)	(95.9)	(7.0)
Borrowings		**(1,484.8)**	**(1,462.1)**	**(22.7)**
Lease liabilities		(486.9)	(497.8)	11.0
Gross debtⒶ		**(1,971.7)**	**(1,959.9)**	**(11.7)**
Net debtⒶ		**(1,200.2)**	**(1,075.1)**	**(125.0)**

During the period, the Group raised gross proceeds of £700.0m through the issuance of £450.0m senior unsecured notes and £250.0m senior unsecured convertible bonds, both maturing in 2029. Part of the proceeds was used to fund the early partial redemption of existing debt at a 7% discount to par.

The £450.0m senior unsecured notes (“2029 SUNs”) raised £439.8m net of transaction costs. The £250.0m convertible bonds (“2029 CB”) raised £245.7m, net of transaction costs, with a conversion price of £6.105 per share.

The Group redeemed portions of its £600.0m convertible bonds due in 2025 and £500.0m notes due in 2026 for tender consideration of £397.3m and £257.0m, respectively. It also extended the maturity of its £300.0m undrawn RCF from July 2025 to August 2027, subject to certain conditions.

Net debtⒶ at the period end of £(1,200.2)m includes cash and cash equivalents of £39.0m, borrowings of £98.1m and lease liabilities of £175.2m relating to discontinued operations. Net debtⒶ excluding discontinued operations was £(965.9)m.

The Group excluding discontinued operations held cash and cash equivalents at the end of the period of £732.5m (FY23: £808.8m) and gross liquidity of £1.03bn (FY23: £1.11bn), including the RCF. The Total GroupⒶ held cash and cash equivalents of £771.5m (FY23: £884.8m) and gross liquidity of £1.07bn (FY23: £1.18bn), including the RCF.

Balance Sheet

£m	**1 December 2024**	3 December 2023	Movement attributable to disposal group[1]	**Continuing operations as at 3 December 2023**	Movement attributable to continuing operations
Assets					
Goodwill	158.2	158.6	–	158.6	(0.4)
Other intangible assets	496.5	461.3	(10.7)	450.6	45.9
Property, plant and equipment	1,555.4	1,794.9	(167.2)	1,627.7	(72.3)
Right-of-use assets	264.8	428.1	(143.5)	284.6	(19.8)
Investment in joint venture and associates	7.0	9.5	–	9.5	(2.5)
Trade and other receivables	193.9	427.8	(149.1)	278.7	(84.8)
Cash and cash equivalents	732.5	884.8	(76.0)	808.8	(76.3)
Other financial assets	113.7	127.7	–	127.7	(14.0)
Inventories	39.8	127.1	(84.1)	43.0	(3.2)
Other assets	8.2	4.3	–	4.3	3.9
Assets held for sale	586.5	4.9	586.5	4.9	(4.9)
Total assets	**4,156.5**	**4,429.0**	**(44.1)**	**3,798.4**	**(228.4)**
Liabilities					
Contract liabilities	(506.6)	(446.7)	–	(446.7)	(59.9)
Trade and other payables	(249.1)	(470.4)	225.0	(245.4)	(3.7)
Borrowings	(1,386.7)	(1,462.1)	91.2	(1,370.9)	(15.8)
Lease liabilities	(311.7)	(497.8)	171.9	(325.9)	14.2
Other liabilities	(24.8)	(41.0)	15.7	(25.3)	0.5
Liabilities held for sale	(506.4)	–	(506.4)	–	–
Total liabilities	**(2,985.3)**	**(2,918.0)**	**(2.6)**	**(2,414.2)**	**(64.7)**
Net assets	**1,171.2**	**1,511.0**	**(46.7)**	**1,384.2**	**(293.1)**
Total equity	**(1,171.2)**	**(1,511.0)**	**46.7**	**(1,384.2)**	**293.1**

1. The balances attributable to the disposal group excludes Ocado Retail's opening Balance Sheet and inter-segment eliminations as at 3 December 2023, and assets and liabilities held for sale in relation to the disposal group Balance Sheet as at 1 December 2024.

The key drivers for the underlying movement attributable to continuing operations are detailed below.

Assets

Other intangible assets net book value of £496.5m increased by £35.2m (FY23: £461.3m). The movement attributable to continuing operations of £45.9m was driven by:

- £177.8m (FY23: £167.8m) internal development costs capitalised during the period that related to the development of our technology capabilities for our partners, across our CFC, Zoom and ISF solutions;
- £23.4m (FY23: £38.2m) of intangible assets acquired primarily relating to software and patents;
- amortisation charge for the period of £145.9m (FY23: £125.0m on a 53-week basis); and
- other smaller movements of £(9.4)m.

Other intangible assets are typically depreciated over five years.

Property, plant and equipment net book value decreased by £239.5m to £1,555.4m (FY23: £1,794.9m). The movement attributable to continuing operations of £72.3m was mainly driven by:

- capital additions in the period of £161.5m (FY23: £281.6m) primarily relating to client sites under construction;
- internal development costs capitalised during the period of £23.6m (FY23: £32.7m) relating to OSP technology development and deployment;
- depreciation in the period of £204.5m (FY23: £187.9m on a 53-week basis);
- impairment charge of £38.4m (FY23: £41.2m on a 53-week basis) primarily on assets relating to 1. the Group's contract with Groupe Casino, 2. legacy Technology Solutions bots that have been replaced with

upgraded models and 3. Technology projects the Group has decided not to pursue further; and
- other smaller movements of £(14.5)m.

Tangible assets are typically depreciated over 8 to 10 years.

Right-of-use assets net book value decreased by £163.3m to £264.8m (FY23: £428.1m). This comprises land and buildings of £234.6m (FY23: £359.9m), motor vehicles of £15.5m (FY23: £50.5m) and fixtures, fittings, plant and machinery of £14.7m (FY23: £17.7m). The decrease attributable to continuing operations of £19.8m was mainly driven by:

- new leases for assets of £9.2m comprising largely motor vehicles;
- depreciation charge of £35.4m (FY23: £70.4m on a 53-week basis);
- remeasurements of £10.3m; and
- other smaller movements of £(3.9)m.

Trade and other receivables decreased by £233.9m to £193.9m (FY23: £427.8m). The decrease attributable to continuing operations was £84.8m. Trade and other receivables comprises the following:

- Trade receivables of £58.9m (FY23: £126.8m, net of expected credit loss allowance) primarily comprise receivable balances due from Technology Solutions retail partners.
- Other receivables of £73.1m (FY23: 190.4m). Other receivables largely comprise amounts receivable from AutoStore following the settlement of patent litigation and tax refunds due. The decrease of £117.3m is mainly driven by cash receipts from AutoStore.
- Prepayments of £53.3m (FY23: £55.8m) include software maintenance payments, CFC components, and site support and maintenance costs (including business rates and utilities payments).
- Accrued income of £8.6m (FY23: £54.8m) largely relates to Technology Solutions partner fees and accrued interest on MMF and term deposits.

Other financial assets of £113.7m (FY23: £127.7m) comprise:

- £100.1m (FY23: £82.7m) unlisted equity investments held by the Group primarily in Wayve, Oxa Autonomy and 80 Acres. The movement of £17.4m is mainly driven by:
  - an increase in the Group investment in Wayve of £31.6m to £41.7m (FY23: £10.1m). During the period, the Group exercised £10.0m of warrants held in Wayve to acquire 168,038 B-1 shares for cash consideration of £10.0m. Further, the Group recorded an increase in the fair value of its investment in Wayve of £11.6m. At the period end, the Group holds a 2.9% interest in Wayve (FY23: 2.5%); and
  - a net decrease in the fair value of the Group's other unlisted equity investments of £14.2m due to changes in the commercial outlook of the companies in which the Group is invested, and primarily to Oxa Autonomy, Paneltex Limited ("Paneltex") and Inkbit Corporation ("Inkbit"). This is detailed in Note 3.6 to the Consolidated Financial Statements.
- £12.9m (FY23: £14.4m) loans receivable held at amortised cost; and
- £0.7m (FY23: £30.6m) other items.

Inventories of £39.8m (FY23: £127.1m) largely comprise Technology Solutions grid and bot spares, OIA construction costs in progress for third-party sale and 6RS Chuck robots. Inventories attributable to continuing operations decreased by £3.2m during the period.

Assets held for sale of £586.5m (FY23: £4.9m) relate to Ocado Retail, which is presented as a disposal group and discontinued operation at the period end. Assets held for sale comprise largely property, plant and equipment and right-of-use assets relating to its operating CFCs and Zoom sites, media and commercial income receivable and goods for resale.

The Group remains the controlling shareholder of Ocado Retail, via certain tie-breaking rights, until early April 2025 when it intends to relinquish these rights to M&S. There will be no change in the economic interest of both shareholders in Ocado Retail, or any consideration paid by M&S. At this point, the Group will cease to fully consolidate Ocado Retail's results and will instead account for its investment in Ocado Retail as an investment in associate using the equity method. See Notes 2.9 and 3.7 to the Consolidated Financial Statements for further detail.

Liabilities

Contract liabilities of £506.6m (FY23: £446.7m) primarily relate to the consideration received in advance from Solutions and OIA customers. Revenue is recognised when the performance obligation is satisfied, typically when a site goes live or OIA products and services are provided. The £59.9m increase in the period is driven by:

- £103.9m (FY23: £47.6m) invoiced to partners for their contracted contribution towards the initial MHE investment made in a site, or build and design of MHE;
- £34.7m (FY23: £33.0m) in respect of prior receipts recognised as revenue in the period;
- £9.6m received by 6RS previously recognised as contract liabilities that was reclassified as deferred income during the period; and
- £(0.3)m FX revaluation.

The current liabilities portion of the contract liabilities balance of £38.1m (FY23: £38.6m) represents amounts due to be recognised as revenue within 12 months of the period end. Long-term liabilities of £468.5m (FY23: £408.1m) make up the balance.

Trade and other payables of £249.1m (FY23: £470.4m) reduced by £221.3m. The increase attributable to continuing operations was £3.7m. Trade and other payables comprise:

- Trade payables of £58.4m (FY23: £181.0m).
- Tax and social security payables of £54.1m (FY23: £61.1m). Tax and social security payables at the end of the period predominantly relate to amounts due to HM Revenue and Customs in respect of VAT and Pay As You Earn, and overseas taxes arising on lease arrangements and property.
- Accrued expenses £119.1m (FY23: £213.3m). Accrued expenses at the end of the period largely relate to 1. accrued payroll expenses, 2. CFC site support and maintenance costs, and 3. accrued capital expenditure.
- Deferred income of £17.5m (FY23: £15.0m). Deferred income primarily relates to advance receipts of R&D tax credits in Technology Solutions, 6RS Chuck fees, and ongoing capacity fees.

Borrowings of £1,386.7m (FY23: £1,462.1m) primarily comprise the liability element of the three unsecured convertible bonds and the two senior unsecured bonds. The increase attributable to continuing operations of £15.8m is due to:

- £647.8m recognised on issue of the senior unsecured convertible bonds and senior unsecured notes due in 2029;
- £681.4m derecognised on partial redemption of the senior unsecured convertible bonds and senior unsecured notes due in December 2025 and October 2026 respectively;
- £76.2m accrued interest on loans and borrowings held at amortised cost; and
- £26.8m interest repayments.

Lease liabilities of £311.7m (FY23: £497.8m) comprise land and buildings of £281.1m (FY23: £426.9m), motor vehicles of £15.7m (FY23: £51.6m) and fixtures, fittings, plant and machinery of £14.9m (FY23: £19.3m). The decrease attributable to continuing operations of £14.2m was driven by:

- payments made of £49.7m (FY23: £92.5m);
- new leases for assets of £9.0m;
- accrued interest of £16.7m (FY23: £25.7m);
- remeasurements of £(10.2)m; and
- other smaller movements of £0.4m.

Lease liabilities of £311.7m (FY23: £497.8m) include £12.4m (FY23: £16.5m) payable to MHE JVCo, a company in which the Group holds a 50% interest.

Other liabilities of £24.8m (FY23: £41.0m) comprise:

- £23.5m (FY23: £40.8m) of provisions largely in respect of 1. dilapidation of properties and vehicles 2. employers NIC on taxable equity-settled schemes and cash-settled employee long-term incentive schemes, and 3. onerous contracts in relation to unavoidable costs expected to be incurred in exiting manufacturing contracts as a result of changes to design and production;
- £0.7m (FY23: £0.2m) derivative financial liabilities primarily related to diesel hedges; and
- £0.6m (FY23: £nil) of deferred tax liabilities. The £0.6m increase is due to the deferred tax liability arising in 6RS from the difference in the tax base and accounting base of tangible fixed assets.

Liabilities held for sale of £506.4m (FY23: £nil) relate to Ocado Retail, which is presented as a disposal group and discontinued operation at the period end. Liabilities held for sale largely comprise amounts payable to suppliers, external lease liabilities and borrowings payable to the joint ventures' shareholders.

Listening and responding to our stakeholders

Although there are other stakeholders, such as regulators and professional advisors, those identified as key are those stakeholders that are fundamental to achieving our strategic priorities. As in previous years, we have reviewed the interests of Ocado's key stakeholders and the engagement activities undertaken in the last year. Various engagement mechanisms, as detailed in the table opposite, are utilised for each stakeholder group and include opportunities for dialogue and feedback from stakeholders. Engagement by senior management and other employees rather than direct Board engagement is, in some cases, the most appropriate mechanism for engaging with stakeholders. The Board monitors the effectiveness of engagement through both Board reports and feedback through our governance structure.

Our people

- **Our people** are our most valuable resource. We rely on a talented, engaged and innovative workforce to achieve our strategic priorities: in particular, delivering transformational technology and driving the success of our partners and clients.
- They want opportunities for growth and development; fair reward and recognition; a diverse and inclusive working environment; and flexibility and choice.

Investors

- **Our current and potential investors** ensure our continued access to the capital that enables us to pursue our strategic objectives. Through continued investment, we are able to continue to develop and grow our business.
- Our investors want sustainable financial and operational performance of the business; strong governance; and management of strategic priorities, opportunities and risks for the business.

Environment, society and community

- **Making a meaningful contribution to the wider society** enables us to generate positive environmental and social impacts and further our objective to operate as a responsible business.
- Socially responsible business practices are most important to this stakeholder group, including climate change, greenhouse gas emissions, human rights, responsible sourcing, waste management; and regulatory compliance of our business.

Partners and clients

- **Strong trusted relationships with our partners and clients** are critical to our success. Understanding the needs of our partners and working together enable us to help them get the most out of our technology, develop our solutions, meet our strategic objectives and deliver on our commitments.
- Our partners and clients want a reliable and financially sustainable product that is innovative and flexible. It is essential that we understand their business and their challenges.

Suppliers

- **Our suppliers** are imperative to the success of our business. A strong supply chain is critical in enabling us to deliver on our commitments to our OSP partners and continue to develop and grow our business globally.
- Our suppliers want fair contractual and payment terms; long-term strategic relationships; equitable and compliant supply chain practices and good social, environmental and ethical impacts.

	Board engagement and oversight	Group engagement	Outcomes from engagement
Our people	• Meetings took place between Non-Executive Directors (“NEDs”) and our senior leaders and key groups of employees. • There was regular engagement by Andrew Harrison, the Designated Non-Executive Director for workforce engagement (“DNED”), with our employees, including reporting to the Board and People Committee on key issues and actions being taken, see page 100. • Key metrics that are monitored by the Board include eNPS scores, health and safety incidents, gender pay gap, and compliance and whistleblowing reports.	• We have a wide range of employee community groups designed to connect people, enable networking and create a sense of belonging, as part of an inclusive workplace across business segments, including the Ocado Council – a network of elected employee representatives. • We use Peakon, our employee listening tool, to gather employee sentiment and feedback and, in turn, guide responsive action. • We have several communication channels, with regular updates on the business and people-related news via Slack, digital newsletters and livestreams, which include a two-way Q&A. In Ocado Logistics, a new digital communications and engagement platform was launched.	• There was continued engagement around internal goals to provide clearer direction to our people. • We implemented our new People Manager Principles for leaders and managers across Technology Solutions. • There is alignment of the emerging talent pipeline and new hire diversity with ethnicity and gender targets. • In July, we held an event with the DNED and our Community Chairs, providing a platform for exchanging ideas, feedback and suggestions and identifying challenges and opportunities for growth.
Investors	• The Board receives regular updates on market sentiment and investor feedback. • Key metrics are monitored by the Board, which include share price and share register movements, and the number of investor meetings and events held and attended. • The Board review and approval material communications to investors. • Investor engagement meetings were held in advance of the new Directors’ Remuneration Policy and new Ocado Performance Share Plan 2024. • There was also investor engagement around new the Chair succession plans. • The Chair’s governance breakfast in April was well-received and two in-person governance roadshows were held, where the outgoing Chair and other NEDs met with investors and analysts. • The outgoing Chair met with investors several times throughout the year.	• The Company website has been refreshed to ensure the content is meaningful and clear for investors. • Investor roadshows and attendance and participation at investor conferences. • There were regular discussions and briefings for investors and analysts. • The FY23 and HY24 results presentations were held in person and online, which included a Q&A session. • Site visits to UK and international CFCs for investors took place, including a visit to see On-Grid Robotic Pick at the Luton CFC.	• Focus was given to educating the capital markets on our equity story. • We continued to advance communication of our strategy and business objectives to current and potential investors to help increase their understanding of our business model and prospects. • We continued to develop our reporting and provide comprehensive information regarding sustainability issues. • We received support from the public debt market for our high yield and convertible bond issuances.
Partners	• There was regular Executive Director engagement with senior executives of partners, including quarterly executive leadership meetings with all global OSP partners. • Regular business reports were provided at each Board meeting on OSP partner relationships, including performance and progress on operations, key issues and potential new partners. • The Board received a deep dive into key partners at the June Board strategy meeting. • A key metric monitored by the Board is OSP partner site utilisation.	• The Regional Presidents and Account teams, the Partner Success teams and operational teams across the business engage directly and continually with our OSP partners. • KPIs are set and feedback is provided during ongoing projects with our partners. • Representatives from all OSP partners come together periodically to work collaboratively and discuss experiences of shared importance.	• Tailored action plans for each partner under the Partner Success programme continued to be implemented and monitored. • Regional presidents for Ocado Solutions in Asia-Pacific, the Americas and Europe continued to develop and implement regional support models for partners. • We developed internal and external training material to be able to provide partners with the best opportunity to make use of the functionality within OSP.
Suppliers	• The Board received regular business reports raising any concerns regarding suppliers and any supply chain issues. • The Audit Committee oversees prompt payment practices. • The Board approved the Modern Slavery Act Statement. • Key metrics monitored by the Board include prompt payment practices, engagement with suppliers around the Carbon Border Adjustment Mechanism (“CBAM”) and sanctions and export controls.	• We have an onboarding process for new suppliers. • We hold weekly operational supplier meetings to review KPIs, as well as raise and resolve any issues. • There are monthly operational reviews and Quarterly Business Reviews (“QBRs”) attended cross-functionally from both sides, covering quality, engineering, procurement, supply planning and sustainability.	• We implemented and embedded supplier relationship management, with a structured programme of QBRs underway. • There is improved visibility of demand and supply through the sales and operations planning process delivers enhanced supplier planning. • We continued to undertake social audits for high risk suppliers. • Our suppliers were engaged on our new Supplier Code of Conduct introduced in November 2023.
Environment, society and community	• The Sustainability Director attended the Board in the year to discuss progress refreshing the sustainability framework to support the business strategy. • The Board discussed progress with delivering our net zero roadmap twice during the year. • The Board signed off the double materiality assessment, reviewed changes to TCFD and key metrics. • The Board approved the Modern Slavery Act Statement.	• The Sustainability Committee, which comprises of management across business segments, meets quarterly to ensure there is engagement on key issues. • We have a refreshed sustainability section on our corporate website, includeing information on our sustainability framework. • There are dedicated internal communication channels used to inform employees and provide ways that employees can get involved.	• We launched our refreshed sustainability framework and set more granular 2030 sustainability targets. • We progressed the delivery of the net zero roadmap which was approved in 2023. • We improved our external reporting, matured the control environment for sustainability data and adopted a plan to meet new regulatory requirements over the coming years.

Section 172(1) Statement

Directors' duty to promote the success of the Company

The Board considers that, during 2024, it has acted to promote the success of the Company for the benefit of its members while having due regard to the factors set out in section 172 of the Companies Act 2006.

How the directors fulfil their section 172 duty under the Companies Act 2006:

Strategic direction and culture

- The Board held a three-day strategy meeting in June to consider the long-term strategic direction of the Group and the short- and medium-term steps to achieve this.
- The Board discussed in detail and approved a refreshed five-year plan.
- The Board is responsible for setting and monitoring the culture, values and reputation of the Group, and ensuring the culture encourages our people to adhere to our values and demonstrate responsible business conduct. The Board monitors the culture through various qualitative and quantitative measures that provide insight into the culture of the Group. The DNED provides valuable feedback from employees to the Board and the Board reviews Peakon engagement scores regularly. The Board set a number of actions related to culture as a result of the Board effectiveness review, see pages 107-108.
- The Board has reviewed and approved a number of corporate policies in the year, including the updated Human Rights Policy and revised Whistleblowing Policy.

See pages 15 and 100 for more on culture

Board information and discussion

- The Board receives regular reports from across the business on performance, financing and the implementation of strategy, as well as updates on external factors. These feed into discussions on strategy and setting priorities to ensure that the potential impact of decisions, particularly in the long term, are understood and considered.

See pages 96 and 97 for the key Board focus areas

Diverse set of skills, knowledge and experience

- Annually, we request key information from all Directors in relation to their skills and experience. This is also considered by the People Committee when discussing the Board composition and future Board appointments.

See pages 92-95 for our Board composition, including the skills and experience of the Directors

Stakeholder engagement

- The Board ensures that it understands the views and interests of our stakeholders to enable effective consideration of these, in decision-making and in setting our strategic priorities.

Highlights can be found on pages 44-45

You can read more about how the Board had regard to each factor set out in section 172 during the year in the following sections of the Annual Report:

Section 172	Read more
A The likely consequences of any decision in the long term	• Our Business Model • Our Strategy • Group Key Performance Indicators • Business in Focus • Highlights of the Year
B The interests of the Company's employees	• Stakeholder Engagement • Sustainability Report • How Our Culture and Values Support Our Strategy • Monitoring the culture
C The need to foster business relationships with suppliers, customers and others	• Our Markets • Business in Focus: Ocado Technology Solutions • Stakeholder Engagement • Highlights of the Year • Non-Financial and Sustainability Information Statement
D The impact of the Company's operations on the community and the environment	• Our Business Model • Stakeholder Engagement • Highlights of the Year • Sustainability Report
E The desirability of the Company maintaining a reputation for high standards of business conduct	• Our Business Model • Sustainability Report • Non-Financial and Sustainability Information Statement • How We Manage Our Risks
F The need to act fairly as between members of the Company	• Stakeholder Engagement • Directors' Report

Link to section 172 icons:

- A — The likely consequences of any decision in the long term
- B — The interests of our employees
- C — The need to foster business relationships with key stakeholders
- D — The impact of operations on community and environment
- E — Maintaining a reputation for high standards of business conduct
- F — The need to act fairly as between members

Stakeholder icons:

- Our people
- Partners
- Investors
- Suppliers
- Environment, society and community

The following examples demonstrate how we engaged with stakeholders and how the Board considered section 172 matters as part of Board discussions and decision-making.

See pages 96-97 for the key Board focus areas during the year

Case study

Sustainability framework

This year, we refreshed our sustainability framework and goals to ensure it accurately reflects the priorities of our stakeholders and business. To ensure we included the most important sustainability topics, we carried out a formal double materiality assessment. Individual Board members were interviewed, as well as investors, partners and employees to understand their views on sustainability topics. In September 2024, the Board considered the feedback received from all stakeholders and approved the final materiality matrix and framework shown on page 49.

The Annual Incentive Plan targets for 2025, approved by the Remuneration Committee, include two ESG measures:

- improved employee experience ("eNPS"), a critical measure for the Executive Committee to ensure our people remain engaged; and
- a reduction in CO_2 emissions per van drop, a measure that reflects our commitment to delivering on our net zero goals.

Read more on pages 48-67

Link to section 172

C D E

Link to stakeholders

Our people, Investors, Partners, Suppliers, Environment, society and community

Case study

Refinancing

Throughout the year, the Board discussed the Company's financing options and approved the issuance of a £250m convertible bond and £450m high yield bond, and a buyback of £700m of existing debt from the 2025 convertible bond and 2026 high yield bond. The Board regularly considers the financial position of the Group and the requirement for capital.

When considering the need to refinance the Group, the Board keeps in mind that it needs to ensure that the Group has a sustainable level of debt and sufficient capital to support long-term growth.

The Board considered a number of factors when looking at refinancing options and deciding the structure of the final refinancing, including the long-term impact of the decision, funding costs, shareholder dilution, and the interests of our investors and partners in our capital requirements.

Read more on page 40

Link to section 172

A C E F

Link to stakeholders

Investors, Partners

Building a sustainable tomorrow

Introducing our new sustainability framework

Our mission is to change the way the world shops – for good. This year, we have refreshed our sustainability framework, reaffirming our commitment to address global challenges and deliver long-term value for our stakeholders.

Organised under four pillars, this framework integrates sustainability into every aspect of our operations and partnerships, and reflects material issues identified through engagement with our stakeholders via a double materiality assessment process.

We remain committed to achieving net zero in our own operations by 2035 and in our value chain by 2040.

Reporting standards

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards. We have mapped the material topics per our double materiality assessment to the GRI Standards and, while not mandatory, take guidance from GRI to enhance transparency and align with best practices.

2030 sustainability targets

Climate
Advancing net zero & innovating for energy efficiency

Reduce Scope 1 and 2 GHG emissions intensity by 40%.

Reduce Scope 3 GHG emissions intensity by 40%.

Circularity
By design, saving resources & reducing waste

For our operations:
- Zero waste to landfill
- 95% of end-of-life MHE recycled

Support ORL to halve their food waste[1].

Conduct
Acting safely, with integrity & respecting human rights

Achieve >95% completion of Ocado Code training annually.

Enhance our supplier Code of Conduct:
- 80% spend with bronze medal suppliers on EcoVadis
- 100% of high risk suppliers complete social audit and critical non conformances remediated

Community
Fostering a diverse & inclusive workplace, and building skills for the future

Increase employee engagement by +2 eNPS above benchmark[2].

Increase diversity in our senior leadership:
- 40% female
- 10% ethnic minority

1. The indicated food waste target has been set by, and relates to, ORL.
2. This target applies only to our Technology Solutions employees.

Sustainability governance

Conducting business responsibly is at the core of our business strategy (see page 14). Our Board has oversight of our sustainability framework and reviews it twice a year. It delegates responsibility for aspects of sustainability performance monitoring to the Audit Committee. The Remuneration Committee ensures the sustainability metrics are embedded in the Annual Incentive Plan ("AIP"). The Sustainability Committee is the most senior executive meeting to govern sustainability performance. It is chaired by the Group General Counsel and Company Secretary and meets quarterly.

Additional information on our governance can be found on pages 90-155.

Double materiality assessment

In FY24, we undertook a double materiality assessment to better understand our most material impacts on society and the environment (impact materiality), as well as the business risks and opportunities arising from sustainability topics (financial materiality). These bring together the double materiality assessment ("DMA"), and the identification of these material impacts has informed our refreshed sustainability framework. Our DMA approach took guidance from the European Sustainability Reporting Standards ("ESRS") and replaces our previous single materiality assessment of 2019.

Double materiality process

Our DMA followed a structured approach and was led by third-party consultants. It began with a review of sustainability issues using internal data, external data, landscape reviews and peer reviews. This process helped identify preliminary "longlist" impacts, risks and opportunities ("IROs") relevant to Ocado. Early stakeholder engagement ensured these IROs reflected the Company's value chain.

Our third-party consultants met Ocado stakeholders to review the methodology, map respective value chains, define boundaries and identify wider stakeholder groups.

They undertook peer group research, online surveys with employees and suppliers, and conducted interviews with investors, partners, Board members and employees. Two workshops were held with key subject matter experts for both impact and financial materiality. This was to identify positive and negative impacts for each material issue and identify whether these were actual or potential impacts. The thresholds used for financial materiality were approved by our Sustainability Committee.

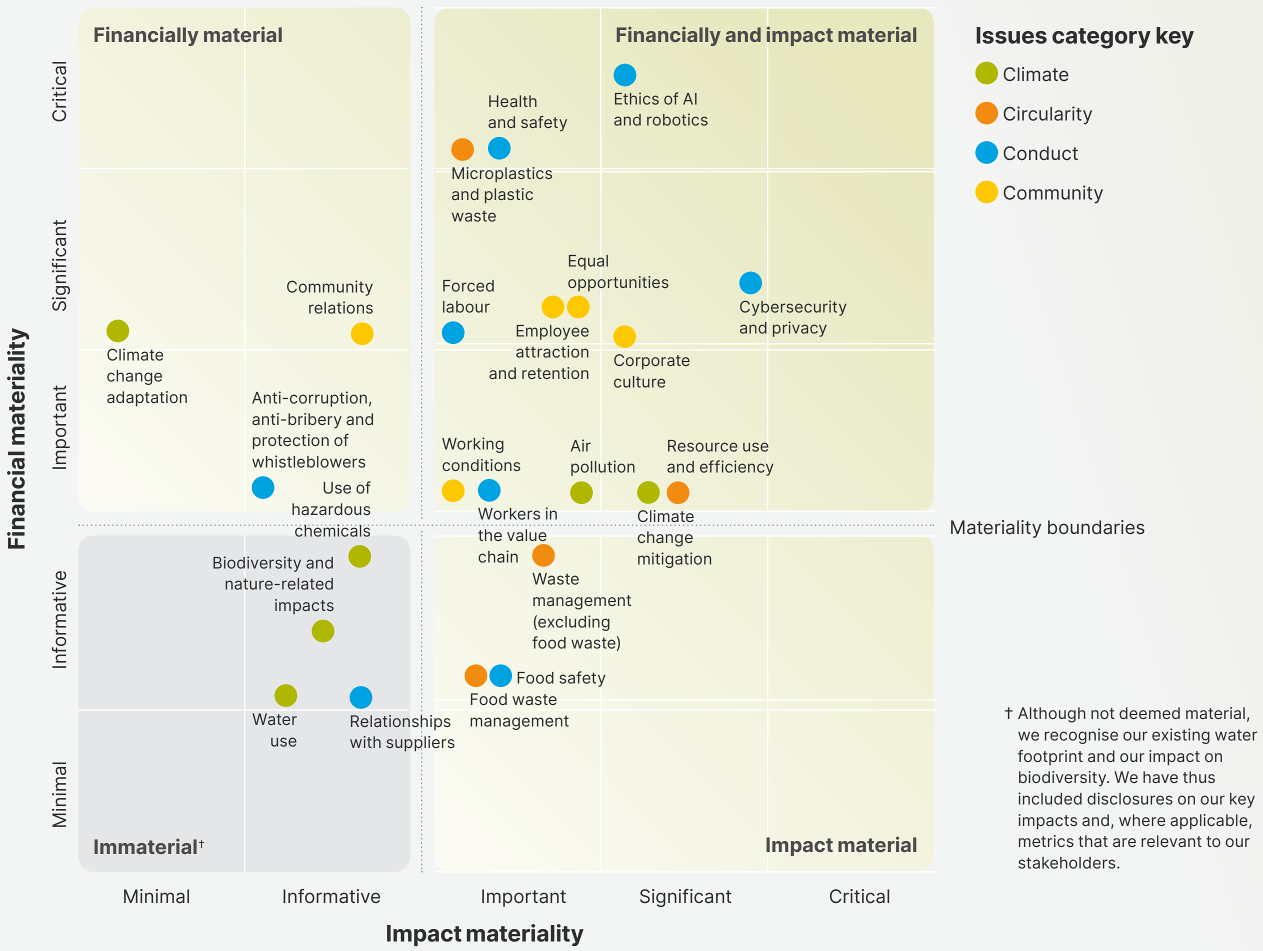
Once identified, we assessed the IROs for each topic using a score per issue. Nineteen issues were found to be material, with 12 of these being significant or critically important.

The finalised materiality matrix was approved by the Ocado Group Board in September 2024.

ERM Certification and Verification Services Limited ("ERM CVS") have provided limited assurance over our DMA process.

For both our full DMA methodology statement and ERM CVS' assurance report, see www.ocadogroup.com/sustainability/policies-and-disclosures

Materiality matrix



† Although not deemed material, we recognise our existing water footprint and our impact on biodiversity. We have thus included disclosures on our key impacts and, where applicable, metrics that are relevant to our stakeholders.

Sustainability Report continued

Climate

Climate change mitigation and adaptation

Our decarbonisation initiatives are focused on supporting our partners and consumers in transitioning to a net zero economy as well as ensuring we are improving our own climate resilience.

We remain committed to achieving net zero in our own operations (Scope 1 and 2) by 2035 and in our value chain (Scope 3) by 2040.

This year, we have also set shorter-term carbon intensity reduction targets to reduce our scope 1, 2 and 3 GHG emissions by 2030.

Climate metrics and targets[1]	2030 target	FY24	FY23	Year-on-year movement
Scope 1 GHG emissions (tCO_2e)	–	103,957△	93,293	+11%
Scope 2 (market based) GHG emissions (tCO_2e)	–	895△	887	+1%
Scope 3 GHG emissions (tCO_2e)[2]	–	162,057	209,885[3]	-23%
Total Scope 1 & 2 GHG emissions (market-based) (tCO_2e)	–	104,852	**94,180**	**+11%**
Scope 1 & 2 GHG intensity (market-based) (tCO_2e per 100,000 orders)	**209**	**358△**	**348**	**+3%**
Scope 3 GHG intensity (tCO_2e per £m in revenue[4])	**46**	**51**	**76**	**-32%**
Total energy use (MWh)	–	529,009	496,956	+6%
Renewable energy (%)	–	19	20	-1%
Energy intensity (MWh per 100,000 orders)	–	1,805	1,839	-2%

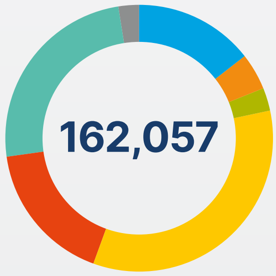
1. Metrics marked with a △ are subject to independent limited assurance by ERM CVS in accordance with ISAE 3000 (Revised) and ISAE 3410 for Greenhouse Gas emissions. See page 245 for the full assurance report.
2. For a breakdown of Scope 3 GHG emissions by category, see page 75.
3. Certain prior year Scope 3 categories have been restated. See page 243 for further information.
4. Based on 52 week Group revenue of £3,156m (FY23: £2,766m). Group revenue is inclusive of continued and discontinued operations.

Ocado Group GHG emissions (tCO_2e)

Key:

Scope 1	39%
Scope 2	0.3%
Scope 3	61%

Scope 3 emissions (tCO_2e)



Key:

Fleet (3.3)	15%
Buildings (3.3)	5%
Freight (3.4)	3%
Product manufacturing (3.2, 3.13)	33%
Procurement (3.1, 3.5)	17%
People (3.6, 3.7)	24%
Investments (3.15)	3%

Progress in FY24

Around 78% of our energy use powers our fleet with 22% used for buildings. While fleet energy intensity remained flat, the transfer of orders from Hatfield to more technologically advanced CFCs improved electricity efficiency per Each by 18% and resulted in a 2% increase in overall energy efficiency.

Our fleet accounts for 85% of our Scope 1 and 2 emissions, which rose this year due to increased non-renewable fuel consumption to support order growth. 97% of our electricity use is renewable (mostly procured through RECs) and did not contribute to the change in our emissions.

We power most of our last-mile vans with diesel and a portion of HGVs with CNG.

Our Scope 1 and 2 intensity increased by 3% this year due to a lower biomethane content in the CNG blend used. Absolute Scope 3 GHG emissions reduced primarily due to lower procurement spend across capital goods. Combined with an increase in Group revenue, this led to a 32% reduction in the Scope 3 GHG intensity.

Roadmap to net zero by 2040

Our net zero roadmap is built around an intensity-based reduction approach, focusing on systematically lowering the emissions intensity of our operations while supporting the expected growth of our business.

As part of this journey, we have set interim targets to reduce our GHG emissions intensity by 40% by 2030.

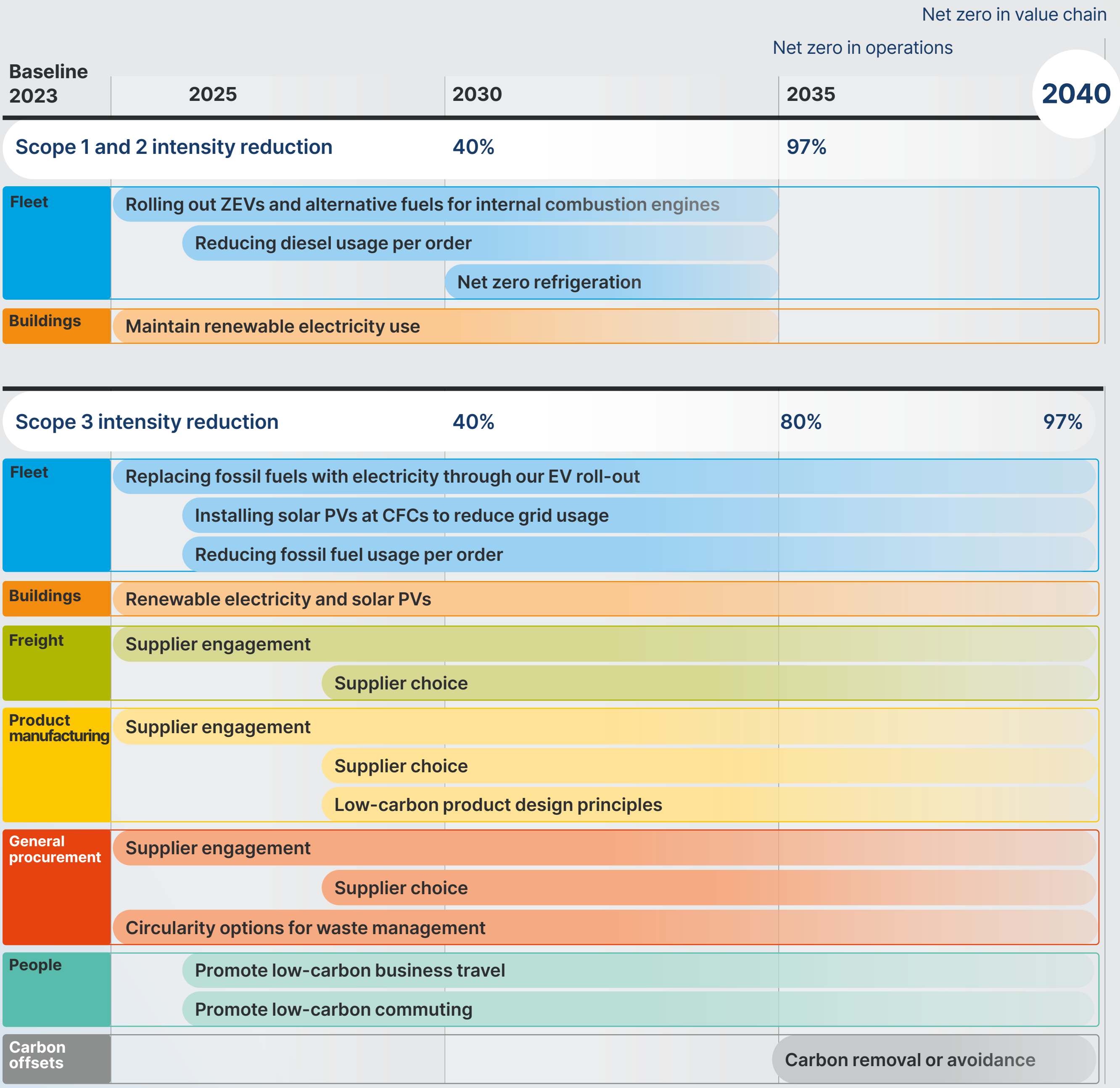
Our Scope 1 and 2 GHG emissions are largely driven by our UK-based logistics fleet and warehouse operations, and thus our KPI is measured in tCO_2e per 100,000 orders.

Our Scope 3 emissions are linked to spending across Technology Solutions and Ocado Logistics, with our KPI measured in tCO_2e per £m of revenue.

We published our first net zero roadmap in FY23 which identified six key areas of activity that could help us achieve our net zero commitments. We have continued to lay the foundations of our net zero plan this year. An infrastructure project to switch our delivery van fleet to Electric Vehicles ("EVs") has been implemented at two of our London spokes and we have also continued to implement solar photovoltaics ("PVs") at our sites (see case study on page 52).

Our EVs have been operational since October 2024 and we expect to see their positive contribution to reducing our GHG inventory in 2025.

The chart on page 50 shows the relative contribution each of our six key areas have to our total footprint, and the plan to decarbonise these areas disclosed in our net zero roadmap below.



Sustainability Report continued

Fleet: Fleet emissions account for nearly half of our total GHG footprint, making the transition to Zero-Emission Vehicles ("ZEVs") a priority. We tied fleet electrification to AIP targets in FY24 (see pages 124-147).

In October 2024, we launched our first fleet of EVs across two London spoke sites, increasing the total EVs in our fleet from 1.2% to 5%. Building on this milestone, we plan to further electrify our fleet over the next five years.

Progress depends on addressing two key challenges – electricity grid connectivity and advancements in EV technology to extend the range of refrigerated vehicles. We continue to collaborate with utility companies, manufacturers and landlords to overcome these hurdles.

In FY25, we will also aim to:

- reduce diesel usage per order through improved routing via our OSP;
- continue adapting our OSP to enable seamless integration and management of EVs into our and our partners' delivery fleets;
- explore lower-carbon fuels as alternatives to diesel for our current internal combustion engine ("ICE") delivery fleet; and
- trial hydrogen delivery vans as part of a collaborative UK Research and Innovation government-funded programme.

Buildings: Through the procurement of renewable energy certificates ("RECs"), 97% of our electricity use is renewable. We are in the process of installing solar PVs on the roofs of some of our UK Customer Fulfilment Centres CFCs. While retrofitting and optimising our existing sites is resource-intensive, these requirements will be integrated into the planning for future sites.

Freight: We are planning to engage with suppliers to adopt low-carbon transportation and incorporate freight emissions into procurement decisions.

Product manufacturing: This year, we have focused on establishing the carbon footprint of key products, such as bots and totes. This has enabled us to identify carbon "hot spots" in our product design. We plan to use this to prioritise supplier engagement activities on carbon and guide us on where to consider manufacturing improvements that could help reduce the GHG footprint of our products.

Our new 600 Series bots are both lighter and more energy efficient than earlier models, reducing overall material requirements and allowing for the use of lighter grids. Early performance analysis has shown they use about half as much energy to pick the same basket size, making them more sustainable operationally for both us and our partners.

Procurement: In 2024, we started to engage with strategic raw material suppliers on their GHG reduction strategies. We engaged MHE suppliers representing approximately 50% of our 2023 Scope 3.2 GHG emissions to gain deeper insight into their sustainability efforts.

Through a detailed questionnaire, we assessed their approaches to carbon reporting, data collection and climate targets. The process revealed a range of readiness levels across suppliers. We plan to use these insights in FY25 to help us prioritise our engagement efforts. We are introducing scorecards to the quarterly business reviews with suppliers that are most material to our Scope 3 footprint and using this to accelerate our efforts to obtain primary carbon footprint data in these cases.

People: We are addressing emissions from our employees' business travel by updating travel policies to minimise air travel. We already offer our employees free shuttles to our offices from local stations to encourage use of public transport and will continue to promote low-carbon commuting and travel options, supported by incentives and training.

Additional information on our climate-related disclosures can be found in our TCFD report on pages 68-75

Case study

Reducing climate impact at our Barcelona Development Office

This year, our Barcelona Development Office achieved significant strides in reducing climate impact and increasing energy efficiency. We installed onsite solar PVs and district water heating powered by waste incineration. Solar tracking revealed that approximately 40% of electricity use is now directly supplied by the solar PVs, with the remainder provided from the grid on a renewable electricity tariff.

Though Spain's energy market does not allow the sale of excess solar energy back to the grid, we made the decision to freely share any surplus electricity. This increases the proportion of renewable electricity available in the grid, providing benefits beyond Ocado.

Energy-saving measures, such as motion-activated lighting in meeting rooms and automatic shut-offs overnight, have not only contributed to reduced electricity usage but also lower bills. Additional efforts to reduce the building's impact include sourcing fruit directly from farms, using recycled milk bottles and cutting plastic waste in office snacks.

We hope to take some of the lessons learnt from this project and transfer these initiatives to other locations across the world in 2025.

Air pollution

Our materiality assessment highlighted air pollution from our UK van fleet as a concern, given the potential health impacts of diesel emissions on our employees, neighbours and the general public.

We are proud that all our ICE fleet vehicles are modern vehicles that comply with the highest vehicle tailpipe emission standards – Euro 6 – minimising harmful nitrous oxide (“NO_x”) and particulate matter (“PM”) emissions to the lowest levels. Overall, we estimate that, in FY24 our fleet emitted up to 16.5 tonnes of NOx and 1 tonne of PM based on the regulated emission limits for Euro 6 engines.

We expect that our drive to electrify our van fleet will significantly reduce these numbers over the coming decade. The first tranche of EVs we introduced at two of our London sites in 2024 will enable us to annually reduce our NO_x emissions by 0.33 tonnes and PM emissions by 0.02 tonnes.

To protect our colleagues at sites which use diesel vehicles, especially those with indoor parking, we install additional air extraction vents and do regular air quality assessments to ensure air quality remains high.

Water

We are committed to managing water responsibly and tackling water-related challenges in our operations, such as water stress, flood risks and wastewater management.

Our operations primarily use water for cleaning purposes, such as for cleaning vans and totes, and used 282 million litres of water from municipal supplies in 2024. Whilst our water usage is relatively low and has no material impact on water availability in our locations, we have also installed rainwater harvesting systems, water-efficient facilities, water reclamation systems and sustainable infrastructure such as permeable pavements and car parking at many locations.

We have used the Aqueduct Water Risk Atlas to assess the water stress across all of our locations and those of our partners where we have installed our technology. We identified two of our development centres (in Athens and Barcelona) as being located in areas with an extremely high inherent risk for climate-related water stress, accounting for 0.5% of our total municipal-supply water use, and one partner site in the USA. Two partner sites were also identified as having an extremely high riverine flood risk. Mitigation measures at these sites are being evaluated to determine their resilience to future climate trends.

Further information on climate-related risks can be found on page 70 of our TCFD report.

Biodiversity

Our properties are in business centres and industrial sites, typically close to large cities. We have performed an assessment to identify which properties are in or near legally protected areas included on the International Union for Conservation of Nature (“IUCN”) Green List of Protected and Conserved Areas, as well as near key biodiverse areas (sites contributing significantly to the global persistence of biodiversity as defined by the IUCN).

Through our assessment, we have identified seven UK sites that are within 1km of IUCN-listed biodiverse areas (Lea Valley, Thames Estuary and Marshes, and Nene Washes). None of our sites were found to be located within legally protected areas.

We will continue to assess our biodiversity impacts during 2025 and how we can incorporate Task Force on Nature-related Financial Disclosures (“TNFD”) recommendations into our operations and reporting going forward.

Circularity

We're committed to protecting the environment by minimising waste and applying circular economy principles to our innovations and operations: enhancing value for our business, our partners and customers.

While our focus is on innovative solutions that prevent waste from being generated in the first place, we believe that adopting circular economy principles in our waste disposal strategy sets us up for lasting success. We have adopted ISO 14001 environmental management principles and achieved certification to this standard in 2024 for five of our Technology Development Centres.

Recognising societal concerns about food and packaging waste in grocery supply chains, we collaborate with our UK retail partners to support their targets for reduction and impact minimisation.

Circularity metrics and targets	2030 target	FY24
Total waste (tonnes)	–	25,204
% of total waste sent to landfill	0%	0.04%
% of end-of-life MHE recycled	95%	99%
% of shoppers' plastic bags recycled	–	61%
Tonnes of ORL food waste per tonne of food sold[1]	0.3%	0.49%

1. The indicated food waste target has been set by, and relates to, ORL.

Case study

Circularity – battery recycling with Recyclus

In July 2024, we announced a new agreement with LiBatt, a Recyclus Group company, to recycle end-of-life lithium-ion ("Li-ion") batteries from our first-generation warehouse robots.

We now send our end-of-life Li-ion battery packs to LiBatt's industrial-scale Li-ion battery recycling facility, the first of its kind in the UK, for processing and recycling.

For transportation to the facility, we use LiBatt's proprietary Li-ion battery storage boxes, LiBox, which are UN-certified and ADR (the European Agreement concerning the International Carriage of Dangerous Goods by Road) compliant – the highest global standard for transporting hazardous goods.

By providing industrial-scale Li-ion battery recycling and ensuring safe storage and transportation, we are helping to mitigate the environmental hazards associated with Li-ion battery disposal.

They have processed 3,500 of our Li-ion battery packs since July 2024.

Total waste by type

Key:

Cardboard & paper	59%
Food	14%
Plastics	13%
MHE - metal, batteries & electronic	2%
Wood	1%
Other/general waste	10%

Total waste by destination

Key:

Recycled	76%
Anaerobic digestor	13%
Incineration & other treatments	11%
Landfill	0.04%
Unknown	0.19%

Resource use and efficiency

The efficient use of raw materials in the manufacturing of our MHE (grids, bots and peripherals) and using recycled materials wherever possible is key to minimising our use of natural resources. Designing for longevity and repair is often cheaper than sourcing more virgin materials, and when end of life is eventually reached, recycling can be more cost-effective than bearing the costs of waste disposal.

With the design of our Re:Imagined product range, our focus has been on reducing the amount of materials used to build our grids and produce our MHE. We have developed our 600 Series bots to be lighter and more efficient than previous models. They were developed in house using design methods such as topology optimisation and manufacturing tools including 3D printers. Unique in the robotics industry, 3D printing empowers engineers to create intricate parts that have high stiffness, low weight and a high degree of recyclability for the polymer used to print the parts. With c.50% 3D printing, the total weight of the 600 Series bot is three times lighter than the previous 500 Series bot, saving raw material resources in both its manufacturing and operation.

The lightweight design of the 600 Series bot allows us to build lighter grids. This has helped us to develop the Mk3 grid, which has an optimised site design utilising less raw materials and is more energy efficient to operate. The Mk3 grid will be deployed for the first time for new sites going live in FY25 and beyond.

As we begin to retire older MHE such as our 400 Series bots, we are focused on preserving raw materials through reuse and recycling of components in new products (see case study on page 54).

Waste management

In 2024, we worked with our waste disposal partners to create a centralised, global overview of our waste footprint for the first time.

Our data shows that 98% of the waste we currently manage comes from our UK logistics operations and is 59% cardboard packaging by weight. Food and plastic packaging are the other two significant waste categories that we handle.

Our strategic waste service providers in this part of our business adhere to our zero waste to landfill goal, and work with us to ensure all our cardboard and plastic waste is recycled. We have an anaerobic digester on our Dordon site, managed by a third-party, which enables us to dispose of our food waste responsibly and turn it into electricity, which we use to run our Dordon facility. In 2024, 89% of our waste was either recycled or used to generate electricity through anaerobic digestion.

Although our MHE accounts for a small portion of our total waste by weight, some of this equipment is now reaching the end of its life as our Technology business matures and will be replaced with more efficient models. In 2024, we launched an MHE waste policy, which promotes responsible reuse and recycling, and established a global goal to have 95% of end-of-life MHE recycled by 2030.

We have begun sourcing responsible waste partners that offer circular solutions for this, focusing in 2024 on scrap metal components and the batteries that power our robots. The case study on page 54 details how we are recycling our batteries. As some of our older sites are retrofitted with Re:Imagine products or decommissioned, this work will become a larger part of our waste management activities.

Microplastics and plastic waste

We recognise societal concerns over plastic waste and microplastic pollution in the environment; we are committed to managing plastics responsibly across our operations and to adopting circular economy principles in their disposal.

Plastics are important to Ocado's operations, being used in our robotics technology and fulfilment delivery chain. They also account for 13% of the waste generated at our CFCs. This plastic waste is largely secondary and tertiary packaging used to protect grocery items and facilitate the bulk handling and transport of goods. This packaging is removed at CFCs prior to goods being loaded into grids for picking and distributing to consumers.

Our sites include packaging handling facilities, where all secondary and tertiary plastic packaging that is removed is sent for sorting and separation from cardboard and other materials. 98% of all plastic packaging that we handle is recycled.

Plastics in technology and fulfilment

We use durable plastic totes to store goods in our CFCs and transport them to customers. These crates are designed to be long-lasting and reusable, forming a core part of our sustainable logistics strategy.

Beyond delivery, plastics are essential to our technology solutions. Components of our MHE are made with high-performance plastics, ensuring durability and efficiency in our operations.

Closed-loop recycling of our shoppers' carrier bags

In the UK, we use single-use carrier bags to help us efficiently deliver groceries to our customers, preventing damage caused by spillages, and to keep groceries safe and hygienic as we transport them from our hi-tech warehouses and deliver them to the homes of our customers.

To minimise the impact of these carrier bags on the environment, we've operated a voluntary take-back recycling scheme since 2015. In 2024, our delivery drivers collected 61% of the plastic bags back from our customers at the doorstep. We then returned them to the original manufacturer to make into new bags – closing the loop on this aspect of plastic use.

Our plastic bags supplied to customers are made of 60% recycled material and our freezer bags are made of 40% recycled content. Their grey colouring avoids water-intensive bleaching processes and uses vegan-friendly ink. We continue to work with our supplier on increasing the recycled content of the plastic bags and have recently reduced their thickness, resulting in a 10% decrease in plastic use per bag.

Responsible packaging of Own Range groceries sold by ORL

Minimising primary packaging of common grocery items is a key pillar of ORL's "Our Planet Together" strategy, reducing packaging waste on Own Range products and promoting reusable and refill systems.

As founders of the Refill Coalition, ORL, working with Ocado Logistics, is leading a new industry-wide online reuse solution to significantly reduce single-use packaging across the supply chain.

More information on this can be found in the case study on page 57

ORL also works with the British Retail Consortium ("BRC") Mondra and its suppliers to assess the environmental impact of packaging, identify hotspots and explore improvement opportunities across the packaging lifecycle. Other partners include the Waste & Resources Action Programme ("WRAP") and collaborations to deliver innovative responsible packaging.

ORL is actively redesigning its Ocado Own Range packaging and collaborating with suppliers to implement innovative solutions that prevent waste generation at source. Since 2021, we have eliminated 193 tonnes of packaging and 32 million unnecessary packaging components.

Our 2024 innovations include:

- launched bacon in an easy-to-open, recyclable mono-material vacuum pack with 60% less plastic, resulting in a six-tonne annual reduction in plastic;
- designed an in-mold labelling printed lid for our dip range, which eliminates cardboard sleeves, removing 7 tonnes of cardboard and 1.9 million unnecessary components;
- transitioned from plastic bags to recyclable paper bands for bananas to effectively secure the product without compromising its integrity, resulting in a reduction of 18 tonnes in plastic annually and 4.5 million components; and
- Ocado.com now offers over 60 products with QR codes linking to customisable landing pages, providing dynamic content designed to encourage recycling and promote sustainable behaviours.

Food waste management

The role of OSP in tackling food waste

Food waste presents a significant challenge in grocery retail, often arising from inefficiencies in inventory management, forecasting inaccuracies and the complexity of traditional supply chains. This creates two key risks for retailers:

- under-ordering stock: leading to unfulfilled customer demand and lower sales; and
- over-ordering stock: resulting in surplus inventory, reduced profitability and higher food waste levels.

OSP is designed to mitigate these risks through an integrated approach that improves forecasting accuracy, optimises stock management and automates replenishment decisions. It generates millions of demand forecasts daily, leveraging historical grocery data, real-time purchasing behaviour and ecommerce inputs to predict sales patterns with a high degree of accuracy.

Our OSP ensures that stock levels align closely to actual demand by integrating webshop data such as in-basket sales, past purchases and promotions. This enables:

- automated replenishment, where AI-driven purchase orders are based on predicted demand, reducing manual stock adjustments and minimising over-ordering; and
- targeted stock management, identifying products at risk of excess inventory and optimising distribution to prevent unnecessary waste.

Beyond forecasting, OSP actively reduces food waste through automated stock clearance strategies. The system identifies products approaching expiry and initiates dynamic pricing adjustments or targeted promotions via retailers' digital platforms. These actions improve product sell-through rates and reduce food waste levels.

How we are tackling food waste

In 2022, ORL set targets to reduce food waste tonnage by 20% by 2025 and 50% by 2030 from a 2022 baseline.

Our logistics business actively manages food waste on ORL's behalf with the help of OSP and is working towards achieving these targets. Wherever possible, unsold food is redistributed from our CFCs through our network of community food partners, the company shop and the Felix Project charity, which distributes to London charities, schools and the vulnerable in society.

Remaining inedible unsold food is classed as waste and sent to anaerobic digestion, which creates energy that powers our Dordon CFC.

In 2024, food waste was 0.49% of food handled (FY23: 0.43%). This is a 17% reduction against ORL's baseline.

We remain focused on reducing food waste through optimising and improving processes at ORL, including timely and accurate data collection, real-time scanning of returns, focusing employees on quick turnarounds and avoiding packaging contamination. Additionally, improving the granularity of waste and surplus data across the estate will help us identify more opportunities for redistributing and recovering unsold food.

1

A retailer not ordering enough stock

The customer doesn't receive what they ordered and satisfaction levels decrease.

2

A retailer ordering too much stock

Customers may be happier but profitability is lower and food waste is higher.

Case study

Leading the way in reusable packaging

This year ORL and Ocado Logistics have worked together to become the first major UK supermarket to pilot a reusable packaging scheme designed specifically for online grocery shopping. Launched in August 2024, with the support of UK government funding, the trial aims to reduce the use of single-use packaging in customers' weekly shops by introducing durable, reusable containers at no extra cost to the customer.

The new reusable range includes frequently purchased items, ensuring customers can make sustainable choices without compromising on quality or value. Designed to replace single-use plastic packaging in everyday products, the trial features items of Ocado Own Range rice, pasta, liquid detergent and fabric detergent under the new brand name "Ocado Reuse".

Ocado Logistics played a critical role in making this closed-loop system possible, ensuring the smooth operation of reusable packaging at scale in the following ways:

- Design & reuse potential – Ocado Logistics ensured the containers were durable for reuse, with each vessel designed to replace up to five single-use plastic items (based on 500g of rice) and last for over 60 cycles.
- Collection & sanitisation – Customers return empty containers with their next Ocado delivery, where Ocado Logistics manages the collection, hygienic washing and preparation for reuse.
- Logistics & refilling – Ocado Logistics oversees the movement of containers throughout the supply chain, ensuring they are refilled at the supplier and reintegrated into the delivery network.

Initial results from the trial have been highly encouraging. Volume sales of reusable products have exceeded expectations, performing ahead of target, while customer sentiment has been overwhelmingly positive, with strong reviews – 4.9 stars out of 5 for pasta and 4.8 stars for rice. Vessel return rates have also been encouraging, demonstrating strong customer engagement with the scheme.

The trial continues to be evaluated through consumer research (including quantitative studies, in-home ethnography and an independent lifecycle assessment) to assess its long-term impact and scalability. This initiative is a testament to ORL's and Ocado Logistics' shared commitment to reducing single-use packaging and driving innovation in sustainable retail.

Conduct

At Ocado, we are committed to acting safely, with integrity and respecting human rights.

Our aim is to maintain a culture of transparency and trust. We are committed to rigorous governance of data privacy, cybersecurity and the responsible use of AI and robotics.

We strive to ensure good business conduct is present both internally at Ocado and throughout our supply chains. We protect the safety of our workers through the implementation of our health and safety policies, whilst expecting equal standards of our suppliers through our Supplier Code of Conduct.

Our Code of Conduct

Our Code of Conduct outlines the ethical principles guiding our actions. It encapsulates our mission, values and policies for our employees, and emphasises the importance of complying with our minimum standards and expectations. It can be found on our website at www.ocadogroup.com/sustainability/policies-and-disclosures.

We launched a refreshed Ocado Code training in September 2024, which we expect all of our salaried employees to complete annually. It incorporates modules on data protection, information security, modern slavery, bribery, fraud and conflicts of interest into a single gamified format. New employees undergo this training during their induction, with existing employees receiving it as part of their periodic refresher training.

Our hourly paid workers in our logistics business are informed on relevant topics in our Code of Conduct through site-based communication campaigns.

Whistleblowing

Our whistleblowing programme, "Speak Up," facilitates reporting on topics in our Code of Conduct without fear of retaliation. This service allows employees and third parties to confidentially report concerns via phone or online channels 24/7 and is managed by an independent third party.

The Board receives reports twice a year on the use of the service, how issues were managed, and any mitigating actions taken.

All reports are managed in accordance with our Speak Up Policy and processes. Remedial action is taken as relevant when a report is substantiated and varies from informal verbal warnings, using findings to support other investigations, speaking with implicated individuals, conducting additional training or retraining sessions, or other appropriate measures. In FY24, we updated our whistleblowing framework to account for the changes required under the EU Whistleblowing Directive.

Protecting human rights

We are committed to respecting the internationally recognised human rights encapsulated in the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Throughout our operations, we seek to mitigate the infringement of human rights and commit to addressing any adverse impacts we identify as prescribed by the UN Guiding Principles on Business and Human Rights ("UNGP").

How we protect the human rights of our workforce and the workers in our value chains is embedded within our Human Rights Policy. We take human rights abuse seriously, including forced labour, child labour and human trafficking, and will not tolerate any such practices in our operations or our supply chains.

Our full Modern Slavery Act Statement and Human Rights Policy can be found online at www.ocadogroup.com/sustainability/policies-and-disclosures.

Anti-corruption and anti-bribery

Our Code of Conduct, along with our publicly accessible Anti-Bribery Statement, outlines our zero-tolerance stance on bribery and corruption.

Both of these may be found on our website at www.ocadogroup.com/sustainability/policies-and-disclosures.

Our Anti-Bribery Policy establishes clear guidelines for our employees on the reporting of gifts and hospitality, provides key principles for interactions with third parties and operates in conjunction with our Procurement Policy to maintain ethical standards throughout our value chain. Our anti-bribery standards and compliance obligations are embedded within our standard purchasing terms and conditions, and are reinforced by our supplier qualifying procedures and checks, which include requirements for completion of a supplier compliance statement and a sanctions compliance form. Our employees receive training on our Anti-Bribery Policy as part of their annual Ocado Code training (see page 58).

Responsible use of AI and robotics

As pioneers in grocery and automation technology, we embrace advances in AI that help us be as efficient as possible across our end-to-end operations, improving our costs and helping us run sustainable processes. As early adopters, we recognise it is important to harness the full benefits of AI and robotics technologies, and to get the best out of fast-evolving technologies including AI and machine learning.

We are building expertise to leverage AI in our product development, focused on consumer experience and efficient operations. It is crucial we develop and deploy these technologies in a safe, effective and responsible manner.

Our responsible AI and robotics commitments form the foundation of our innovation strategy and will be continuously reviewed to ensure alignment with evolving regulations, including the EU AI Act (the "Act").

Case study

Our responsible AI and robotics commitments

Fairness: We use high-quality, representative data sets to mitigate bias in our systems.

Transparency and explicability: Ensuring systems are well documented to demonstrate reliability and trackback issues, as well as provide an easily understandable explanation of our systems for users.

Governance: Ensuring appropriate accountability structures are in place before internal or third-party systems are deployed. Regularly monitoring systems to check performance.

Robustness and safety: Integrating privacy and security into design, assessing safety considerations and building in appropriate safeguards.

Impact: Ensuring interactions with people are conducted with respect and empathy. Considering the impact of automation on affected staff, communicating in an upfront way and providing opportunities for re-skilling where possible.

We conducted a preliminary internal review of our AI inventory in 2024 and it served as a valuable opportunity to obtain key information required for compliance with the Act. This process included conducting interviews to raise awareness across the business and performing an initial breakdown of our use cases as both a provider and deployer, effectively laying the groundwork for the next phases of compliance with the Act.

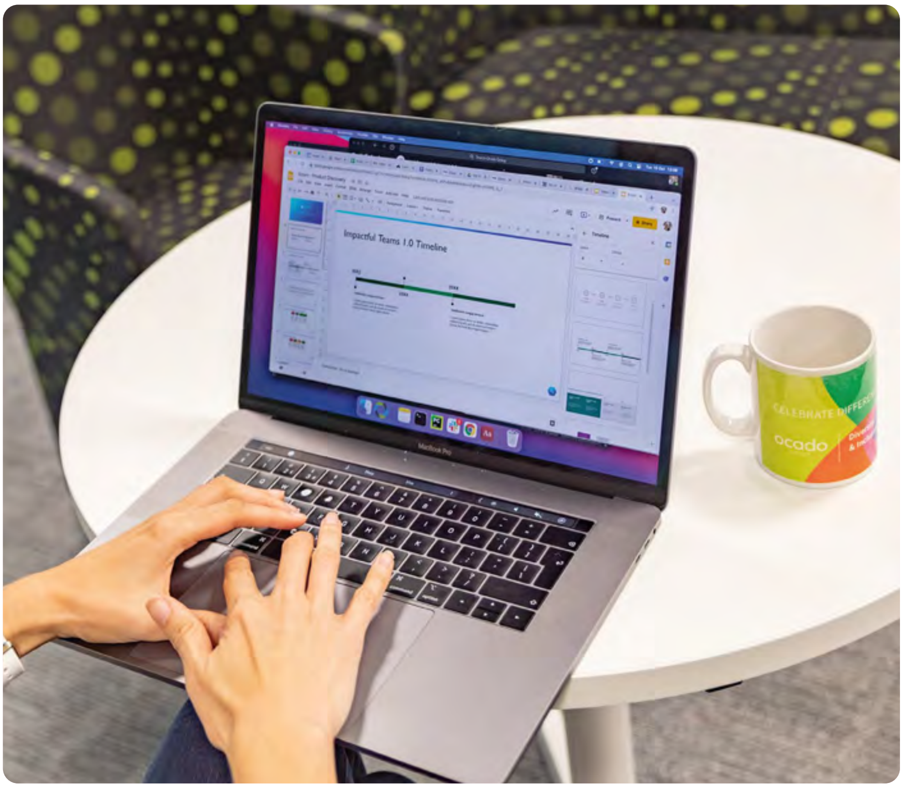
Based on our interpretation of the Act, we have not identified any prohibited use cases.

We acknowledge that further work will be required to ensure ongoing compliance and that additional regulatory guidance is likely to emerge in the coming months. As part of our commitment to meeting the Act's high standards, we will continue to review and refine our processes.

In 2025, we are committed to advancing our compliance framework to continue to align with the Act requirements whilst building sustainable and streamlined procedures to facilitate innovation and experimentation. This will include completion of the AI inventory use case internal review, AI literacy training, developing procedures and templates to meet the Act's requirements and implementing a continuous review cycle for AI use cases.

Our cross-functional AI Governance Group provides oversight, serves as an escalation point and proactively reviews specific use cases to ensure that the relevant teams have adequate awareness and support. Identified risks are assessed and reported to the Risk Committee to ensure alignment with organisational priorities and risk appetite.

For additional information on our technology and responsible use of AI, see https://www.ocadogroup.com/solutions/our-technology



Cybersecurity

Cybersecurity remains a Group principal risk for Ocado (see page 82), and we are committed to safeguarding our systems and data. Cyber threats continue to increase in sophistication as cyber criminals adopt advanced tactics, including the use of AI tools, to exploit vulnerabilities and breach systems. We are alert to these issues and continually enhance our cybersecurity programme to respond to the evolving threats. We also continuously monitor the evolving cybersecurity regulatory landscape and assess the applicability of the regulations to our business and, where appropriate, in order to ensure our preparedness to comply with applicable regulations. For example, we monitor developments with the NIS2 Directive, which is currently in the process of being transposed into law in EU member states.

The Board has oversight of our cybersecurity risk and strategy, and reviewed our priorities and objectives for the next three years in July 2024. Cyber resilience is a key component, ensuring that we are able to identify, respond and recover from a cyber incident. Our cybersecurity programme underpins our strategy and covers both our corporate systems and the services that we provide to our clients.

We have developed a layered defence model that is supported by a skilled and experienced team of cyber professionals and includes:

- a well-defined security governance framework overseen by the Information Security Committee;
- a proactive awareness programme which includes regular communications and a champions network to educate all employees about cybersecurity risks;
- a 24/7 security operations centre to detect and respond to security incidents;
- a vendor assurance programme to manage third-party cyber risks;
- a comprehensive programme of regular security testing of our applications and infrastructure, including monthly scans and simulations;
- a "secure by design" approach, embedding security into our software development process; and
- monitoring of regulatory developments to ensure compliance with applicable regulations.

The operating effectiveness of our security controls for OSP are subject to annual assurance from an independently provided Service Organisation Control ("SOC") report. This provides our clients with an independent assessment of our security controls for OSP.

Data privacy

Data privacy is a core principle for us, as we process shopper data on behalf of 13 retail partners to help them fulfil grocery orders through OSP.

We recognise that our use of AI to enhance these services presents additional data privacy risks, including potential risk of bias and deep fakes. Our privacy compliance framework adapts to such risks. For example, our "privacy by design" process ensures that such emerging risks are identified and appropriate measures are embedded so that AI is used in line with applicable privacy legislation.

Our Global Data Privacy Accountability Framework sets out our data privacy approach. We use the EU General Data Protection Regulation as our basis for compliance across all Ocado entities, making the necessary considerations for derogations, exemptions and specific requirements required by local laws.

We will continually develop our global privacy framework as we onboard partners in new jurisdictions and take account of changes in UK, EU and international privacy and complementary laws, such as the EU AI Act.

Our Personal Data Committee, our most senior Executive Committee governing data privacy, is chaired by the Chief Compliance Officer and is accountable to the Audit Committee. Its role is to ensure our Global Data Privacy Accountability Framework is effectively implemented and providing assurance of the effective data privacy governance and best practice mechanisms in place across Ocado. During FY24, the committee reviewed findings from our annual data privacy compliance audits, improvements to the privacy by design process, insights from publicly reported breaches and regulator enforcement actions against other organisations.

Each Ocado business unit has an appointed Data Privacy Champion who acts as an ambassador to promote data privacy locally.

Every employee, including our Executive Committee, is required to undergo annual data privacy training.

Occupational health and safety

Ensuring the health, safety and well-being of our employees and partners is a core priority at Ocado. We manage a range of safety issues across our business including food safety, driver safety, product safety, technology engineering and the wellbeing of our employees in many different job functions – from office-based to our personal shoppers in our CFCs. We also promote best practices on our partners' sites and work collaboratively with them to achieve integrated safety management.

Policy and governance

The Global Health, Safety & Environment Committee, chaired quarterly by the Group General Counsel and Company Secretary, provides strategic oversight and guidance on health, safety, fire, wellbeing and environmental matters across the Group. The Fire Safety Governance Committee also convenes quarterly, chaired by the Chief Compliance Officer, to ensure governance and oversight of fire safety standards.

In our annual review of our Health, Safety, and Environmental ("HSFE") Policy, we updated our Statement of Intent to integrate fire safety this year.

We have safety management systems designed to align with ISO standards, and we have achieved ISO 45001 and 14001 for five of our Technology Development Centres during 2024. We plan to add more sites to this certification in 2025.

For our publicly available HSFE Statement of Intent, see www.ocadogroup.com/sustainability/policies-and-disclosures

Implementing safety initiatives and employee training

Senior leadership emphasises the importance of effective safety management and drives a culture of continuous improvement.

Enhancing fire safety remained a focus in 2024, and we have embedded a range of risk mitigations, such as the introduction of fire-retardant metal totes into UK CFCs, which will help significantly reduce our fire risk in our distribution centres. Our goal is to empower our teams with the knowledge and confidence to act in emergencies.

We ran four open days at our facilities for UK fire and rescue personnel, in partnership with Hampshire and Isle of Wight Fire & Rescue Service, the London Fire Brigade and our Insurers. We shared lessons learnt and advancements in managing electrical fire risks within dense storage arrays.

Our fire safety experts have also been working closely with our technology team over the year to development new technologies, including safer, lighter 600 Series bots, automated battery handling systems and improved grid installation processes. We are proud of the introduction of risk-mitigating automation technologies to enhance employee safety and well-being for our own operations and those of our partners, for example, AFL, which automates a process traditionally associated with musculoskeletal injury.

We have been working on an integrated multi-lingual online Health, Safety and Environmental training package for all employees, which we aim to roll out in 2025.

Monitoring performance and continuous improvement

We implement proactive risk management strategies to identify, assess and mitigate a wide range of hazards.

We conduct proactive inspections across health, safety, fire, wellbeing and environmental matters to validate assumptions, challenge practices and ensure consistent application of best practices, supporting compliance and continuous improvement.

Fire risk assessments across our UK portfolio are conducted by an external, independent UKAS-accredited organisation. These assessments are supported by regular internal inspections, ensuring 100% of our UK sites are evaluated annually.

In 2024, we stress-tested the emergency plan at our Erith CFC with a third-party consultant and aim to roll out similar exercises in other CFCs.

We track key health and safety metrics to monitor trends and drive continuous improvement.

Food safety

Governance and management processes

We recognise our obligation to take steps to keep food under our control safe, ensure it meets legal requirements and satisfies consumer expectations at the point of delivery.

Our documented Quality Management System is aligned with the BRC standard 2022 and contains various key controls, including:

- Temperature control: ensuring products are stored and transported at appropriate temperatures to maintain safety and quality.
- Stock management: reducing risk by managing inventory effectively.
- Traceability: enabling swift identification and removal of unsafe food from the market.

We employ a risk based approach to managing food safety and quality assurance, rooted in the Hazard Analysis & Critical Control Point ("HACCP") framework. This approach is implemented through an end-to-end food safety risk assessment of the Ocado operation and by applying food safety policies and practices to manage those risks. The effectiveness of the management policies and practices is evaluated through a structured schedule of food safety risk-based audits.

Collective responsibility for food safety

We encourage our employees to challenge and report any failures or deviations from safety policies whilst adhering to Company procedures and actively participating in maintaining a positive food safety culture.

It is also our responsibility to ensure our logistics operations safeguard against substandard products reaching customers. To assist with this, our fleet of temperature-controlled vehicles is equipped with monitoring systems that record temperature data at predetermined intervals, ensuring compliance with standards. Weekly temperature checks are also completed across all Ocado Logistics sites to verify operational integrity.

Forced labour and workers in the value chain

By integrating responsible sourcing into our procurement process, we continue to strengthen our efforts to protect workers in our value chains, with a particular focus on reducing the risk of human rights abuses, modern slavery and child labour.

Governance

The Board has oversight of the processes, procedures and the governance framework in place for responsible sourcing. It is responsible for reviewing and approving our Modern Slavery Act Statement.

Our Regulatory and Compliance team conducts desktop audits to assess adherence to the supplier onboarding process, ensuring that due diligence requirements are met and that onboarded suppliers comply with the minimum qualifying criteria set out in our Procurement Policy.

Furthermore, we monitor our ability to meet stakeholder expectations on modern slavery and human rights using third-party benchmarks. In 2024, we improved our position on the CCLA Modern Slavery UK Benchmark score, which assesses the largest UK-listed companies, moving from Tier 3: Meeting Basic Expectations in 2023 to Tier 2: Evolving Good Practice.

Supplier Code of Conduct

The Supplier Code of Conduct establishes a framework that outlines the standards and principles suppliers are expected to uphold in their business operations and interactions when working with or on behalf of Ocado. The Code reflects our commitment to respecting human rights and aligns with internationally recognised standards, including the Universal Declaration of Human Rights and the fundamental principles of the International Labour Organisation's conventions.

Map of our technology product manufacturing supply chain in 2024

Key

- Direct suppliers
- High risk supplier manufacturing facilities

New supplier onboarding processes

In alignment with our Procurement Policy, all new suppliers are required to complete a standard pre-qualification questionnaire. This process ensures that financial, ethical and regulatory compliance standards are rigorously upheld during supplier selection. Suppliers are also required to submit a Supplier Compliance Statement, confirming the existence of robust policies and procedures, including measures to address compliance with modern slavery legislation within their organisation. From July 2024, the requirement to acknowledge and commit to adhering to the principles and standards outlined in our Supplier Code of Conduct was formalised.

Enhancing human rights standards in our supply chains

In line with the UNGP and Organisation for Economic Co-operation and Development ("OECD") guidelines for responsible business conduct, we take a risk-based approach and prioritise greater due diligence on new and existing business-critical suppliers operating in inherently high-risk regions and industries for human rights abuses.

We aim to ensure that suppliers identified as high risk carry out annual social audits and commit to regular meetings that facilitate the closure of any critical non-compliances or breaches of zero-tolerance issues. These suppliers are also asked to complete an EcoVadis desktop assessment.

For lower-risk key suppliers, we require them to complete an EcoVadis desktop assessment annually. We conduct quarterly meetings with them to discuss the results and areas of improvement in a collaborative manner. In 2024,we have prioritised engaging directly with those suppliers that received low scores in the areas of labour, human rights and sustainable procurement to encourage future improvements across these two areas.

Responsible sourcing metrics and targets	% spend[1]	2030 target
Signed Supplier Code of Conduct	55%	100%
With valid EcoVadis scorecard	49%	–
Achieve EcoVadis Bronze medal or higher	31%	80%
High risk – requiring social audit	22%	–
High-risk suppliers completed social audit	6%	–
High-risk suppliers completed social audit with no open critical non-conformances	5%	100%

1. See page 243 for our basis of reporting and calculation methodology.

Onsite social audits for high-risk suppliers

These audits must be carried out annually by an approved independent third-party organisation and be unannounced or semi-announced within a four-week window. We accept 4-Pillar SMETA, Amfori BSCI, SA8000 and Responsible Business Alliance audits. We have continued to strengthen our internal controls and practices in this area and have created materials designed to guide our supplier's internal teams through this process.

In FY24, we categorised ten manufacturing facilities in our supply chains, representing more than 12,000 workers based across China, India and Mexico, as high risk. Subsequently, these sites have undergone third-party social assessments, leading to the identification of critical non-compliances during five of the audits. These issues included extremely high working hours, lack of rest days, absence of worker representation, unpaid overtime premiums and wage deductions, and potential indicators of forced labour. We are no longer engaging with three of these suppliers and are working with the remaining suppliers to close out any open critical non-compliances before restarting business with them.

During this financial year, we had no confirmed reports of forced labour and human trafficking within our operations. We did, however, investigate one potential incident involving an employee who resigned before we could conclude our initial investigation. We subsequently reported our concerns to the relevant UK helpline. When indicators of forced labour were identified in our supply chain, we engaged with our suppliers to ensure that these were mitigated in a responsible manner.

Monitoring progress and continuous improvement

In 2024, our enhanced responsible sourcing due diligence programme has been focused on direct suppliers in our technology product manufacturing supply chain. This represents 119 suppliers and 20% of our total Group procurement spend for the year.

Training and Education

During the year, we conducted training for our Procurement specialists teams on key responsible sourcing processes and topics including:

- **Responsible Sourcing Screening process**: Teams were trained on their roles and responsibilities within the process to further embed into business as usual. This will be an annual training to align teams on any changes made to process, while ensuring new starters are aware.
- **Forced Labour Workshop**: Teams were given training on the International Labour Organisation forced labour indicators', practical ways to be vigilant when visiting suppliers and how our due diligence identifies forced labour in our supply chain.

Case study

Upholding human rights through social audits

An initial social audit of a new supplier undergoing onboarding in India identified critical breaches of the Ethical Trade Initiative ("ETI") Base Code and local law.

We found that security guards at the factory were working 12-hour shifts, six days a week – well beyond the limits set by the ETI Base Code and Indian labour law. They were also paid basic hourly wages without the required overtime premium.

Once identified, we worked with the supplier to agree on a clear and measurable Corrective Action Plan to resolve the issue. Our Responsible Sourcing Team supported it with guidance and documentation review. The supplier was responsive and remediation progressed immediately.

Subject to a follow-up audit and through discussions with site management, the supplier agreed to work collaboratively with us to close out these non-compliances.

Community

We aim to be an employer of choice and drive positive impact through our people and communities. Attracting and retaining the best people and create sustainable pipelines of engaged and diverse talent is a priority for us because we believe that diversity of thought breeds better innovation.

As an employer working at the forefront of the technological revolution, we are committed to growing skills for the future, as through skilled and engaged high-performing teams, we are more able to respond to future business challenges and enable partner success. We are also committed to having a positive impact in our local communities in building skills for the future through our programmes such as "Code for Life".

KPIs	Target	FY24	FY23	Year-on-year movement
Total number of employees[1]	–	20,261	18,869	+1,392
% females – senior management[2]	40%	30%△	32%	-2%
% ethnic diversity – senior management[2]	10%	5.6%△	4.5%	+1.1%
Employee engagement				
eNPS of Technology Solutions	–	12	19	-7
eNPS of Ocado Logistics	–	13	6	+7

1. Total employee numbers are as at 1 December 2024. Employees include all full-time, part-time, permanent, and temporary employees that have a contract with Ocado. Agency staff, external contractors and non-guaranteed hour contracts are excluded from this count. ORL employees (FY24: 920) are also excluded.
2. Senior managers are defined as our Executive Committee and the level below.
3. Metrics marked with a △ are subject to independent limited assurance by ERM CVS in accordance with ISAE 3000 (Revised) and ISAE 3410 for Greenhouse Gas emissions. See page 245 for the full assurance report.

Creating Ocado's culture

We foster an open, collegiate, engaged, innovative and entrepreneurial culture. We want to build a high-performing and inclusive community where employees feel valued and choose to stay and grow their career.

Our Board recognises the importance of cultivating this culture and governs it through the People Committee, which meets quarterly to address talent leadership, engagement, Diversity, Equity and Inclusion ("DE&I") and employee wellbeing, which includes mental health.

Over the past year, we prioritised initiatives to support diversity and ethnicity targets, drive the growth of women, and advance our global DE&I priorities.

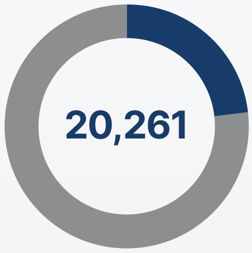
We continue to focus on embedding activity to improve people insight, grow diverse talent and shape inclusive culture.

We have implemented career pathways and our new deep-dive diversity and wellbeing listening survey has provided greater insight into all aspects of DE&I across Technology Solutions. This has supported progress in improving the experience of women managers and shaping expectations for people managers.

Our People Management Principles on page 65 are a set of behaviours that all managers within Technology Solutions are expected to exhibit and are closely linked to our values.

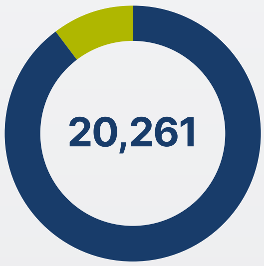
For additional information on culture, see pages 15 and 100

Total employees by business



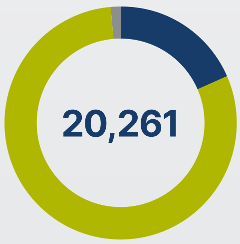
Key:
- Technology Solutions 23%
- Logistics 77%

Total employees by geography



Key:
- UK 90%
- International 10%

Total employees by gender



Key:
- Women 17%
- Men 80%
- Not disclosed 3%

People Management Principles

Deliver Results

Foster high-performing teams, set clear and ambitious goals, and uphold accountability, establishing clear expectations against roles and values.

Champion Talent

Attract and develop diverse talent, ensuring every employee can reach their full potential in an environment that enables their best work.

Actively Care

Role model and champion our values, promote inclusivity, and prioritise employee wellbeing and a safe space where people can thrive.

Employee attraction and retention

Recruiting and retaining top talent is critical to our success in a competitive market. We create an attractive work environment through career development, competitive rewards, proactive DE&I initiatives and comprehensive wellbeing programmes.

In 2024, our Technology Solutions turnover rate was 17% (FY23: 24%). Compulsory turnover contributed 7% (FY23: 12%) to these rates due to our recent business restructuring.

Our Ocado Logistics turnover rate was 84% (FY23: 101%) with compulsory turnover contributing 35% (FY23: 45%) to this rate.

While we continue to refine our employee experience to enhance retention and reduce turnover rates, Ocado Logistics experiences a higher turnover rate due to the nature of its large operational workforce, where higher turnover is common across the industry.

We want our people to share in Ocado's success, including as shareholders. Twice a year, we grant Free Shares equivalent to 0.5% of their salary to those who have completed six months of service or more. In the UK, we offer a Sharesave Scheme and Buy As You Earn plan for our employees, while international employees benefit from an Employee Stock Purchase Plan. These initiatives ensure nearly everyone can invest in Ocado and be part of our growth.

Employee engagement

Our engagement strategy is built on community, leadership, talent development and culture. We measure engagement to show how well we are doing at retaining the best talent and to build our culture.

In 2024, Peakon, our employee listening tool, helped us continually evaluate the employee experience and monitor wellbeing through regular surveys. It measures our Employee Net Promoter Score ("eNPS") across a range of issues and thus enables timely, data-driven actions at both corporate and local levels.

Within our Technology Solutions business, employee engagement maintained an above-benchmark score average of 23 across the first three-quarters of the year. It understandably decreased towards the end of the year to an eNPS of 13 as a result of our business restructuring announced in October 2024.

Ocado Logistics colleagues showed an improved engagement score of 13 at the end of the year.

In addition to Peakon, our Listening Champions are our valued local listening volunteers and provide an avenue for employees to give feedback and champion thoughts up the leadership chain.

Local action groups also exist for site management teams to address specific issues, complementing existing network-wide channels, "hot topic" forums and the Ocado Council (a network of elected employee representatives) which feeds back challenges and successes to senior management and cascades information to colleagues.

Training and development

Our performance and talent framework exists to deliberately differentiate, develop and deploy talent. We believe that every Ocado employee has talent and that talent needs to be nurtured in different ways.

This year, Technology Solutions expanded its Career Pathways programme to enhance career visibility, outlining required skills and offering insights into alternative paths across the business. Employees also receive a personal training budget via Learnably, a curated learning resource marketplace, to support skill development.

Ocado Logistics employees can access professional qualifications funded through the apprenticeship levy, ranging from level 3 to level 7, covering paths such as Leadership, HR, Project Management, Data Analytics, Engineering and Accountancy. In 2025, we will pilot a People Development Programme for hourly-paid employees, offering pathways to management roles.

Our Emerging Talent programme supports graduates, interns and apprentices, cultivating diverse talent in engineering, finance, business and technology. Degree apprenticeships in Digital and Technology Solutions, Data Science and Engineering are also available. In line with Employer Pays Principles, we ensure no fees or deposits are charged for training opportunities, reinforcing our commitment to equitable career growth.

Our Advancing Leaders Programme nurtures leadership talent, offering cross-business networking and executive exposure with a focus on strategy via an engaging development experience for our senior leaders of the future. In 2024, 62 employees participated, with engagement scores increasing by 30 points to 40 eNPS for participants.

Equal opportunities

Our Equal Opportunities Policy outlines our commitment to creating an environment for our employees that is free from discrimination, harassment and victimisation. It reflects our commitment to create a diverse workforce and pay strategy that supports all individuals irrespective of their gender, age, race, disability, sexual orientation or religion.

Our Ocado communities are groups of employees that are formed based on shared characteristics. They serve as a platform for our people to connect, voice their opinions, influence and create change, such as our Fertility and Menopause community groups. This year, we launched a new community for Disability and Accessibility, bringing our total number of communities to 14.

In 2024 we were proud to secure fifth place in the REDI[1] Monitor, highlighting our commitment to DE&I and the work of our communities. This ranking puts us at the forefront of a growing movement of large UK companies including faith and belief as a fully-fledged part of their DE&I and belonging commitments. We further cemented our approach by partnering with KPMG on a mentorship pilot scheme targeted at BAME employees.

Our Board recognises the importance of promoting DE&I to business success and set goals for 2024 as part of the AIP (see pages 124-147 for more details) to complete a number of initiatives aimed at advancing it in the future.

This included launching new DE&I and wellbeing learning programmes for all employees in our Technology Solutions business. The "Building Bridges" (Foundation DE&I Learning) addresses unconscious bias and inclusive behaviours, whilst "Leading the Way" (manager training) provides tools for inclusive leadership and psychological safety. In FY24, 42% of our employees completed Foundation DE&I Learning and 40% of our managers completed a follow-up module dedicated to them.

We partner with an external provider called Moving Ahead to run our two global equity mentoring programmes, which are open to all – anyone enrolled is matched with an external mentor with at least 10 years' professional experience. The Mission Gender Equity programme focuses on building and strengthening pipelines for women in leadership, while the Mission Include programme supports diverse leadership representation, including neurodiverse and socioeconomically underrepresented employees.

Internal mentoring schemes further support employees to provide personalised guidance and insights into their tailored career goals. Our Reverse Mentoring Scheme pairs senior leaders with women employees to foster mutual learning and awareness.

We are committed to growing the representation of women and ethnic minorities across our business and our 2030 targets help us to maintain focus on this commitment.

We also continue to report on our Group gender pay gap, which showcases a median gap of 0.8% in favour of women.

Our full report can be found at www.ocadogroup.com/sustainability/policies-and-disclosures

Employee wellbeing

A strong focus on wellbeing is central to our high-performance culture and supports our ambition to attract, retain and empower the best people. Creating an environment where the health and wellbeing of our people are prioritised is a critical part of building a high-performing culture.

Our wellbeing package includes access to digital support to help people self-manage their mental health, access to our Employee Assistance phone line and training for all managers on how to support mental health in the workplace.

This year, we expanded our Mental Health Champion Network to 100+ trained champions across Technology Solutions and Logistics to provide employees with peer-to-peer support avenues in a safe, confidential and non-biased manner.

We collaborate with our employees to create lifestyle policies that reflect our values and we support and promote flexible working options.

In 2024, we developed and launched three new policies, to support Menopause, Fertility, and Parents and Carers, providing tailored assistance to employees caring for others and new parents navigating neonatal care.

Our core benefits for our Technology Solutions employees include life and sickness protection, retirement advice and a mental health support service. Our Logistics colleagues receive Company Sickness Benefit and mental health support. Our Benefits+ platform is now available in 80% of our countries and allows employees to select additional benefits that matter most to them. Discounts+ offers retail savings and is live in 65% of our countries, enabling our employees to save money on everything from bills to household necessities and lifestyle products, including offering all UK employees a retail discount on Ocado.com.

For further health and safety policies and how we keep employees safe at work see page 61

Working conditions

Living wage

90% of our Ocado Logistics employees are hourly wage workers. We conduct an annual review of remuneration and incentive plans to align with market trends and internal and external fairness.

All Ocado employees receive at least National Minimum Wage regardless of age.

Across the UK, around 91% of our wage workforce are now paid at or above the Real Living Wage.

We continue to negotiate our hourly pay rates with the Union of Shop, Distributive and Allied Workers ("Usdaw") in the UK and regularly conduct meetings and dialogue with our employee councils to ensure that our pay rates are locally competitive and achieved in good faith with our employees.

1. The Religious Equity, Diversity & Inclusion ("REDI") Monitor tracks the inclusion of religion and belief in the diversity initiatives of companies on the FTSE 100 Index.

During 2024, we ran focus groups with our delivery driver council representatives to listen and understand what their reward and benefit priorities are. Regular dialogue with employee councils ensures fair and competitive pay.

Freedom of association

We ensure that all employees can freely associate or engage in collective bargaining without fear of retaliation as stated in our Code of Conduct. We believe this is critical for fostering an equitable and supportive workplace. Not doing so could result in operational disruptions, regulatory breaches and lower employee engagement.

In FY24, approximately 7,800 Ocado employees were trade union members.

We negotiate conditions and pay rates with Usdaw our recognised union for hourly colleagues in Ocado Logistics, and our employee council. Regular meetings are also held with the Usdaw national officer.

Community relations

We are committed to supporting our employees' generosity and passion, to support their local communities with their talents and skills, and to also inspire the next generation through impactful volunteering.

Promoting STEM education

As a technology innovator, provider and employer, we believe that we can play a valuable role in supporting Science, Technology Engineering and Maths ("STEM") development worldwide.

Matched funding

During the financial year, our employees went above and beyond to support charities close to their hearts, from running marathons to climbing Mount Everest. At Ocado, we are committed to enabling our people to make a difference in their communities, whether through volunteering, fundraising or direct donations.

To further support their efforts, we provided matching donations to charities such as Age UK, Veterans in Action, MIND, Alzheimer's Society, FearFree and more.

Our finance team also partnered with Goods for Good, a charity dedicated to redistributing surplus goods to those in need. Around 90 colleagues gathered to support this initiative and, together, sorted and packed essential clothing, toiletries and other supplies for vulnerable communities.

Colleagues also contributed by donating additional items and, overall, our efforts helped provide support to more than 300 people.

Promoting career development for disadvantaged people

We also partner with charitable organisations linked to our DE&I strategy, such as the Inspiring Leadership Foundation, which supports disadvantaged women through mentoring and financial independence programmes and Ambitious About Autism, where we piloted a six-month internship at Andover CFC to provide work experience to autistic individuals.

Alleviating food poverty

Working together with Ocado Logistics, Ocado Retail has successfully redistributed £9.3m in surplus stock across our trusted network of charity partners across the UK, including The Felix Project and Community Shop. Through the You Give, We Give initiative, generous customer donations contributed £2.1m to this total. Together, we strive for maximum efficiency in redistributing products to ensure they are fully utilised, avoiding waste and helping to improve food insecurity.

Case study

Ten years of Code for Life

Our Code For Life team, along with a community of 47 Ocado employees and external volunteers, enhances online resources while inspiring the next generation. They visit schools, run robotics workshops and deliver career talks, helping bridge the gap between coding and real-world applications. Through these efforts, they showcase the exciting and diverse career opportunities in technology.

Our free coding education platform celebrated 10 years in 2024, reaching 700,000+ users globally. Featuring games such as Rapid Router and Python Den, the programme supports over 220,000 students across 170 countries. Over six million coding levels were attempted this year alone. Ocado employees and external volunteers also run robotics workshops and career talks.

Task Force on Climate-related Financial Disclosures ("TCFD") 2024

Compliance Statement

The following section of our Annual Report complies with UK Listing Rule 6.6.6R(8). In determining our compliance with all 11 of the TCFD recommendations and recommended disclosures, we have considered both Section C of the TCFD Annex entitled "Guidance for All Sectors" and Section E of the TCFD Annex entitled "Supplemental Guidance for Non-Financial Groups".

The climate-related financial disclosures made by Ocado Group comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

1. Governance

a **Describe the board's oversight of climate-related risks and opportunities**

b **Describe management's role in assessing and managing climate-related risks and opportunities**

Our Board oversees climate-related risks and opportunities through the Audit Committee, which ensures strategic alignment and accountability. Executive management drives these efforts via the Sustainability Committee, which plays a key role in integrating climate considerations into business strategy. Where Climate impacts overlap with our principal risk, the Risk Committee assumes oversight to ensure effective risk management. Working groups have delegated responsibility for the delivery of business-level actions. This is set out in the diagram on page 69.

Board

The Board sets and leads the Company's climate-related strategy as part of a holistic sustainability framework for the business. Our responsible business approach includes the commitment to reduce our environmental impact, ensure our business is resilient to the impacts of climate change and ensure we achieve net zero in our operations and value chain. Additional information on our commitments may be found in our online HSFE Statement of Intent. The sustainability framework and progress with the net zero roadmap were discussed at both the February 2024 and September 2024 Board meetings.

The Board discussed and reviewed the Company's climate-related risks in February 2024 but generally delegates this activity to the Audit Committee. See pages 96 to 97 for additional information on the Board and sustainability actions completed during FY24.

Our net zero ambitions are considered as part of our five-year planning process and include the costs of key action points related to our net zero programme such as fleet electrification, product circularity and decarbonisation.

Audit Committee

The Board delegates elements of its responsibility to the Audit Committee. The Audit Committee meets at least quarterly and, delegated by the Board, is responsible for the review of the effectiveness of risk management and the system of internal control for Ocado Group. This includes oversight of climate-related risks and opportunities in line with our Enterprise Risk Management ("ERM") approach (see page 118). Twice a year, the Audit Committee discusses the Risk Committee's enterprise risk report which includes our climate and environment principal risk.

The Audit Committee received three updates on climate-related risks this year. These included an update on our sustainability framework, reporting, and climate-related risks and opportunities.

Our Internal Audit function reviewed the activity status of both the sustainability and net zero programmes. The report, titled "ESG Metrics and Targets Review" was presented to and reviewed by the Audit Committee in December 2023 and April 2024.

Remuneration Committee

The Remuneration Committee sets our Remuneration Policy and oversees remuneration and workforce policies. Sustainability targets are included in the Annual Incentive Plan ("AIP") in our Directors' Remuneration Policy. This ensures that the Remuneration Committee considers this factor when determining whether the formulaic vesting levels are appropriate.
The Executive has objectives relating to sustainability and the continued commitment to embed a responsible business approach into our operations.

The Executive AIP targets incorporated objectives to deliver on elements of our net zero roadmap in FY23 and FY24. The objectives for FY25 continue to incorporate targets to advance our climate commitments under our net zero roadmap.

See the AIP performance measures and information relating to the ESG objectives set for FY24 on pages 133 and 134

Executive Committee

The Executive Committee is responsible for the day-to-day management of the business, carrying out and overseeing operational management and implementing the strategic objectives set by the Board. The Executive Committee ensures climate-related matters are considered in strategic decisions across the business, which includes ensuring the implementation of our sustainability framework and net zero programme.

Sustainability Committee

The Sustainability Committee convenes four times a year and governs our climate-related risks and opportunities. The Committee is chaired by our Group General Counsel and Company Secretary who, along with our Sustainability Director, maintains Executive Oversight of our net zero and climate risk management activities and reporting. Members include our Chief Financial Officer, Chief People Officer, the CEO of Ocado Technology and the Managing Director of Ocado Logistics. Updates on the Committee's decisions and actions are provided to the Audit Committee and Board.

Climate-related topics discussed by the Sustainability Committee during the year included: Scope 1, 2 and 3 GHG emissions; progress on environmental (or climate-related) AIP targets for FY24; progress on our net zero roadmap, associated targets and initiatives (which included fleet electrification, the procurement of renewable energy, the installation of solar PVs; and an update on climate impacts (risks and opportunities) and associated KPIs.

Risk Committee

The Risk Committee reviews and challenges the risk management process at Ocado Group, including the identification, prioritisation and management of principal and key risks. This includes our climate and environment principal risk. The Risk Committee has delegated oversight of climate-related risks to the Sustainability Committee to better leverage subject matter expertise. The Risk Committee meets quarterly and reports to the Audit Committee and Board.

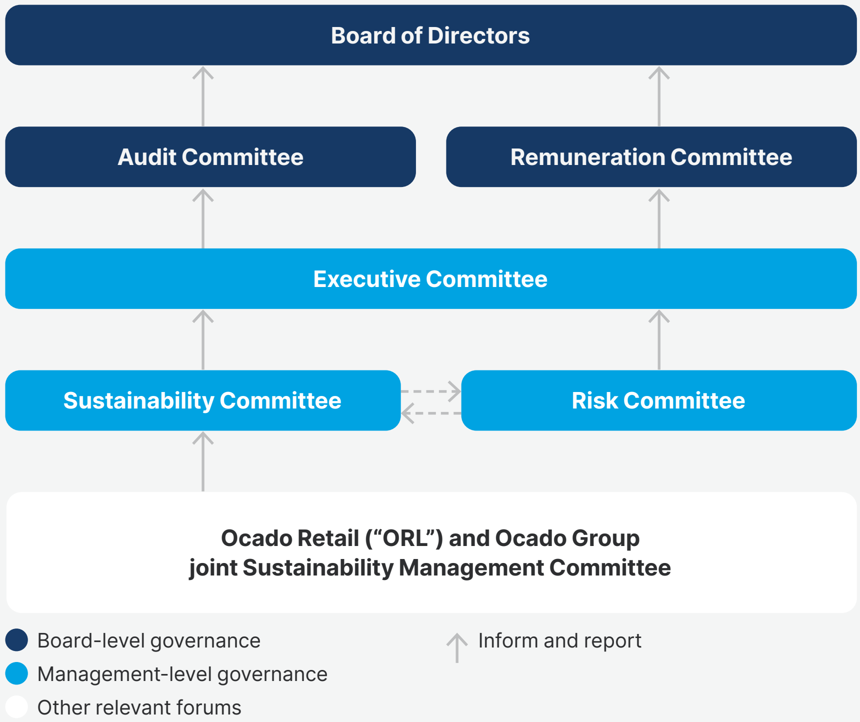
Ocado Retail ("ORL") and Ocado Group Joint Sustainability Management Committee

The ORL Board governs the management of its own climate-related risks and opportunities independently from the Ocado Group risk governance structure.

To maintain alignment and manage dependencies, a management group with representatives from ORL and Ocado Group convenes bimonthly. This also assists in co-ordinating the management of jointly owned climate-related risks. Issues discussed by the management group include GHG emissions data, fleet decarbonisation and solar PV installations at CFCs. Various operational meetings are held in addition to this. This group reports to the Ocado Group Sustainability Committee and ORL ESG Committee.

See the "How we manage our risks" section on pages 76-85 for additional detail on how we maintain alignment between Ocado Group and Ocado Retail

Governance of climate-related risks and opportunities



2. Strategy

a Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

b Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

c Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate-related risks are identified, assessed, managed and monitored in line with our ERM approach, described on page 76.

When assessing climate-related risks and opportunities, we extend our time horizons beyond our five-year plan to consider the impact of climate on our business over the lifetime of CFCs and other significant assets. We consider our climate-related risks and opportunities by geography, in terms of either i) UK – affecting our Logistics business; or ii) Global – affecting our Technology Solutions business.

This year, we updated our time horizons to better align with our budgeting and planning cycles. We describe the impact climate-related risks and opportunities have over the short, medium and long term. A summary of the risk assessment periods used can be found on page 72.

We have integrated a responsible business approach into our business strategy and launched a refreshed framework for it this year, which includes "Climate" as the first of the four pillars (see page 50), with net zero commitments as goals. Our net zero roadmap with interim GHG emissions reduction targets is outlined on page 51.

Climate-related risks and opportunities have been factored into our last mile delivery strategy, energy procurement strategy and new product design strategy as detailed in the strategy impacts tables on pages 70-72.

To ensure we have the necessary capital requirements to implement our strategy, our five-year plan takes into account the capital requirements related to CFC construction and upkeep, the continued implementation of more efficient products and the ongoing costs of energy.

For additional information on how we have considered the impact of climate-related matters on our Financial Statements, see page 175

TCFD continued

Our key climate-related risks and opportunities

Through our impact assessment and scenario analysis, the following risks and opportunities have been identified. Based on our internal risk management processes , a threshold of £5 million was used when identifying material climate matters. See page 73 for a description of the scenarios and financial impact analysis ranges used and page 244 for our calculation methodology.

Risk/Opportunity description[1]	Impact with financial quantification[2]	Management strategy
1. Extreme weather		
There is a risk of increased severity of extreme weather events such as heatwaves, hurricanes and floods disrupting our own operations and supply chains, and those of our partners and clients. **Risk driver:** Physical risk (acute) **Geography and timeframe:** UK	Our assessment found that flood risk at two of our UK locations is our only material inherent physical climate risk. Under a <2°C scenario the impacts are not expected to change materially compared to today's level, whereas under a >4°C scenario the average impacts are expected to increase by 10% in the long term. The annualised repair, insurance and disruption-related costs (whether within supply chains or the operations of CFCs) if this flood risk is not managed in the short to long term over all scenarios is £9m – £11m.	**Business continuity arrangements:** • Prior to establishing a site, surveys are completed to identify potential weather-related risks. Appropriate mitigation plans are established for the site, e.g. our UK CFCs in Erith and Bristol have flood risk mitigations in place. • Our business continuity management programme is already embedded in the UK and at our international development centres. Plans are in place to develop business continuity capability arrangements for international client sites. **Insurance:** • Our insurance arrangements cover flood risk at both physical assets and supply chain disruption liabilities.
2. Energy usage		
A rise in mean average global temperatures could lead to an increase in the energy required to cool our CFCs, which in turn could lead to an increase in operational costs. **We are committed to only using renewable electricity; as our demand for electricity grows and overall demand for renewable electricity increases, there is a risk that supply may not keep pace, leading to rising costs. There is also a risk that increased carbon prices cause the price of non-renewable energy to rise.** **Risk driver:** Physical risk (chronic), policy and legal **Geography and timeframe:** UK	We anticipate that our energy consumption and energy prices will increase under both the Orderly Transition and Hot House World scenarios. Associated electricity costs rise by £8m – £13m in the medium term, increasing to £17m in the long term.	**Energy supply diversification and efficiency:** • We are beginning to diversify our supply of energy including the use of anaerobic digestion and solar PVs at our CFCs. • We are implementing initiatives to reduce energy usage through efficiency measures. **Energy price monitoring:** • We have an Electricity Procurement Risk Management Policy, which has been approved by the Audit Committee. • We take expert advice on energy price hedging and other control measures.

Key:

Geography: UK, Global

Timeframe: Short, Medium, Long

1. The stated time horizon indicates when the identified climate-related risk or opportunity will materialise. It is expected that once present, the continued impact is from that point onwards.
2. See pages 244 for the underlying scope and assumptions used to determine the financial impact of each climate-related risk and opportunity.

Risk/Opportunity description | **Impact with financial quantification** | **Management strategy**

3. Internal combustion engine ("ICE") vehicles ban

Risk/Opportunity description

The UK government is regulating Electric Vehicle ("EV") quotas for sales of commercial vans from 2025 and banning sales of diesel vans by 2035 or sooner. Some cities are also introducing zero emission zones. There is a risk that the technology required to transition our fleet to Zero-Emission Vehicles ("ZEVs") is not available or is not economically viable for us to be able to meet the regulatory deadlines to move away from fossil fuel-powered ICEs.

Some of our OSP partners who use our software to manage their fleet strategies face similar regulatory challenges. Failing to support them risks reduced competitiveness and limited growth.

Opportunity: By enhancing our market-leading routing solution and prioritising ZEV enablement, we can position ourselves as a key partner in sustainable last mile delivery. This would enable our partners to transition more of their operations to ZEVs, supporting their net zero transition and enhancing competitiveness for both Ocado and our partners.

Risk driver: Policy and legal

Geography and timeframe:

UK

Impact with financial quantification

ORL owns the capital expenditure associated with EV roll-out. It currently has positive EBITDA® on routes that are short enough to complete on a single charge.

Inherent limitations of Electric Vehicles ("EVs"), such as their shorter range and the time needed for charging will require changes to OSP routing strategies in geographies (e.g. rural areas) where route lengths exceed vehicle range per shift.

We have not yet quantified the development costs of EV routing software, but it is not expected to be material in the current technology development budget.

Not transitioning our fleet and/or enabling our partners to do so creates a risk of reduced competitiveness where regulatory constraints or consumer sentiment demand it and, if unmitigated, could limit revenue. The impact of this has not yet been quantified. Conversely, successful transition to ZEVs increases our competitiveness and offerings to customers, increasing revenue growth opportunities. This is built into our five-year plan revenue forecasts.

Management strategy

Fleet transition plan:

- We have prioritised sites for electrification on the basis of site characteristics, route lengths and available EV technology.
- Starting with our London city operations, we have commenced a roll-out of EVs in 2024.

Vehicle manufacturer engagement:

- We are working on pilot studies with multiple vehicle manufacturers on alternative technologies, including battery EVs, hydrogen-fuelled vehicles and other sustainable fuels for ICEs.

Ocado routing technology:

- We are updating our routing software for all partners to efficiently incorporate EV charging and optimise routing strategies.

4. Net zero challenge

Risk/Opportunity description

Failure to deliver on our public net zero commitments could result in reputational damage amongst clients, investors and employees. It could ultimately lead to regulatory scrutiny from greenwashing allegations.

Opportunity: There is a potential for increased partnerships as sustainable ecommerce solutions become more desirable for customers, which could lead to increased revenues.

Risk driver: Reputational, policy and legal

Geography and timeframe:

UK

Impact with financial quantification

Any impact on stakeholder relationships could have financial impacts on revenues and cost of capital. Greenwashing could result in financial penalties, legal challenges or fraud investigations. This impact is expected to be present under both the Orderly Transition and Hot House World scenarios, albeit the magnitude of each impact may vary.

We have not quantified the potential legal and reputational cost of not delivering on our net zero commitments.

Management strategy

Governance:

- Our net zero roadmap was established during FY23 and progress is reviewed at least twice a year by the Board (see page 51 for our roadmap).
- Our dedicated Sustainability team assists business owners to identify, prioritise and recommend actions that can help us reach our net zero goals as part of their planning and budgeting.

TCFD continued

Risk/Opportunity description	Impact with financial quantification	Management strategy
5. Low-carbon products		
There is a risk that incoming carbon taxation policies on materials, such as the EU's Carbon Border Adjustment Mechanism ("CBAM"), could result in increased prices or reduced availability of raw materials. **There is also a risk our solution becomes less attractive to our existing and prospective partners if our products do not keep pace with our competitors on carbon footprint.** **Opportunity:** There is an opportunity to integrate low-carbon components into our products and supply chains (both upstream and downstream) to enhance efficiency and circularity, and increase competitive advantage. **Risk driver:** Market, policy and legal **Geography and timeframe:**	Although not yet quantified, increased costs of carbon-intensive materials could result in an increase in capital expenditure for construction of Ocado CFCs, which may deter potential partners from our solution. Designing products that require less carbon-intensive material or reduce operational energy use could provide a competitive advantage, increasing the demand for our products, increasing revenue and profitability. Carbon pricing impact is expected to be larger in the Orderly Transition scenario. The extent to which any financial impact will be felt is dependent on the extent to which we include cost increases within the cost of our product or pass on costs to clients.	The impact of increased material costs is considered in the business case for any new CFC constructions. **Raw material costs:** We minimise costs through our supply chain management, procurement policies and procedures, which incorporate responsible sourcing and supplier partnering to reduce the use of carbon-intensive raw materials in our products (see page 55). **CBAM:** • We map critical suppliers to material types to better respond to emerging regulations which impact certain materials such as aluminium and steel. **Re:Imagined technology development:** • Development teams continue to identify re-design opportunities for Re:Imagined technology that require less carbon-intensive material.

Risk assessment period

Short-term	Medium-term	Long-term
Time horizon **0 – 1 year**	**1 – 5 years**	**5 – 25 years**
This aligns with our annual budget planning cycle.	This aligns with our five-year plan and offers insight into upcoming risks and opportunities.	This considers the impact of climate on our business over the lifetime of our CFCs and other significant assets.

Scenarios used to inform the organisation's strategy and financial planning

We worked with external expert advisors in FY23 to test the financial sensitivity of our business strategy under different climate scenarios. Our scenario analysis is reviewed on an annual basis (including the current reporting period). No significant changes were noted during FY24 and no updates were made to the analysis in the current year.

Our scenario analysis considered an Orderly Transition scenario and a Hot House World scenario for our transition risks. Our physical climate risks were tested using more severe scenarios of the IPCC's 6th Coupled Model Intercomparison Project (CMIP-6). These models were selected to ensure we were informed by a breadth of physical and transition risks, and that our strategy is informed by models which consider a variety of scenarios. Additional information on these scenarios is included in the box below.

Transition risk climate scenarios

- These scenarios are aligned to climate scenarios defined by the Network for Greening the Financial System ("NGFS") https://www.ngfs.net/ngfs-scenarios-portal/, the International Energy Agency ("IEA") Carbon Price Models and the Intergovernmental Panel on Climate Change Working Group I ("IPCC WGI") Interactive Atlas.
- Proprietary Ocado operational data is overlaid to reflect the business strategy and trends.
- Our scenario analysis is performed over a 30-year timeframe, to 2050, aligning to the Paris Agreement and the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Orderly Transition

Description

- Climate policies are introduced early and gradually become more stringent.
- Surface temperature is expected to stay below a 2°C increase.

Key scenario drivers

- Carbon pricing is introduced in the early 2020s and gradually increases by 2030.
- Significant levels of investment into energy efficiency, green electricity and storage, and carbon capture and storage are sustained from 2030 to 2050.
- Transition risks are expected to grow in proportion with climate action.
- Physical impacts are less severe (although not negligible) in comparison with the Hot House World scenario.

Hot House World

Description

- Some climate policies are implemented, but global efforts are insufficient in halting significant global warming.
- Surface temperature is predicted to increase within a range of 3°C to 5°C.

Key scenario drivers

- Carbon pricing is introduced in the early 2020s and anticipated to have negligible changes through to 2050.
- While investment into energy efficiency, green electricity and storage is still substantial, investment into fossil fuel extraction and brown electricity generation is greater than in the Orderly Transition scenario.
- Transition risks are initially relatively low as limited action is taken.
- Physical risks are severe, with irreversible impacts.

Physical risk scenario analysis

The physical risk data sources used for our assessment were anchored to the Intergovernmental Panel of Climate Change ("IPCC"). This analysis utilised the following climate scenarios based on IPCC's 6th Coupled Model Intercomparison Project (CMIP-6):

- <2°C SSP 1 – RCP 2.6 2-3°C SSP 2 – RCP 4.5 >4°C SSP 5 – RCP 8.5

Through our risk and scenario analysis we consider our business to be resilient to the risks we have identified. This assessment is supported by the mitigating actions described on pages 70 to 72 and our net zero roadmap on page 51.

3. Risk Management

a Describe the organisation's processes for identifying and assessing climate-related risks

b Describe the organisation's processes for managing climate-related risks

c Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

The process for identifying, assessing and managing climate-related risks is performed at an Ocado Group level and follows our Enterprise Risk Management ("ERM") approach described on pages 76-79. We maintain alignment with ORL, which manages its risk process independently, via our governance structure (see page 69), and which publishes its own climate-related risk assessment process in its Annual Report.

Identifying and assessing climate-related risks

Our ERM approach allows for the continual identification and assessment of climate-related risks from a "longlist" of potential climate-related drivers. These are then prioritised according to the likelihood, impact and timeframe over which the risks might materialise.

TCFD continued

We also worked with a consultancy firm towards the end of 2023 to help us better identify physical risks related to climate. The risk assessment modelled the exposure of 25 key sites (across the UK and globally) to physical climate risks over multiple climate scenarios. The impact of extreme weather on the Group was quantified to assist in determining which weather events were material risks.

Our physical risk assessment looked at eight different climate hazards, and financially quantified the four most material events. These were selected on the basis that they could pose the greatest financial and operational risk to Ocado and the likelihood of each event occurring. The hazards quantified were flood, wind, wildfire and heat.

We have not identified any new climate risks during 2024, but we have removed one risk (climate-related disclosures), because it has diminished considerably, and combined two risks that were previously reported separately as they were influenced by the same driver (carbon pricing).

Ongoing management of climate-related risks

Identified risks are assigned to senior owners in line with our ERM practice. Risk management decisions are taken by the management groups previously outlined on pages 68-69, with oversight provided by the Sustainability Committee. Strategic climate risk mitigation decisions are taken by the Sustainability Committee and are regularly reviewed to ensure they remain relevant and on track.

The Risk Committee reviews the management of all principal and key risks at least once a year. This is part of our risk review process and includes decisions to mitigate, transfer, accept or control risks.

Our climate-related risks and opportunities were reviewed again in 2024, with no material changes being identified. The Audit Committee reviewed and approved TCFD updates as part of the November 2024 meeting.

4. Metrics and Targets

a **Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process**

b **Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks**

c **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets**

The following section summarises the metrics we use to manage climate-related risks and to realise the climate-related opportunities described on pages 70-72. These metrics are associated with a specific risk and opportunity, and ensure that any progress made towards mitigating a risk or capitalising on an opportunity is captured.

Net zero targets

As part of our sustainability framework and approach to managing climate-related risks and opportunities, we have set net zero, and interim 2030, targets. Further details on our targets, roadmap, and progress can be found on pages 51-52.

Risk/opportunity	Metric	Progress	Explanation
Extreme weather	Material disruptions due to extreme weather events (#)	FY23: 0 **FY24: 0**	No material disruptions were noted this year.
Energy usage	CFC electricity intensity (kWh/100 eaches)	FY23: 8.3 **FY24: 6.8**	An "each" is a single stock item that can be picked. Reduced electricity consumption from the Hatfield CFC closure, combined with improved electricity efficiency and a rise in overall fulfilled orders and eaches in FY24, has resulted in a lower intensity.
ICE ban	Van fleet utilising zero emissions technology (%)	FY23: 1.2% **FY24: 5%**	We have increased the number of ZEVs within our fleet this year as part of our ongoing net zero roadmap and response to the upcoming ICE ban.
Net zero challenge	Scope 1, 2, and 3 GHG emissions (tCO_2e)[1]	FY23: 304,065 **FY24: 266,909**	Our Scope 1 and 2 (market-based) GHG emissions have increased by 11% in FY24. This was primarily due to an increase in van fleet fuel consumption (due to increased order numbers) increasing Scope 1 emissions. Scope 3 emissions have decreased by 23% primarily due to reduced procurement spend, more of which can be read about on page 50.
Low-carbon products	% of spend with suppliers that have emission reduction targets	FY23: Not measured **FY24: 24%**	This is the first year that we have assessed our product manufacturing supply chain for environmental criteria.
	Cost of carbon taxation on raw materials	FY23: £0 **FY24: £0**	EU CBAM is a new regulation and we have not yet needed to pay this carbon tax on any of our imports or exports.

1. Market-based Scope 2 emissions have been used to calculate our total Scope 1, 2 and 3 emissions.

GHG emissions inventory (SECR reporting)[1]

Metrics marked with a △ are subject to independent limited assurance by ERM CVS in accordance with ISAE 3000 (Revised) and ISAE 3410 for Greenhouse Gas emissions. See page 245 for the full assurance report.

	Unit	Ocado Group[2]			Ocado Retail Limited[3]		
		FY24	FY23	Change	**FY24**	FY23	Change
Scope 1 – Direct emissions	tCO$_2$e	**103,957△**	93,293	10,664	**127**	120	7
of which UK		**102,962**	93,267	9,695	**127**	120	7
Scope 2 – Indirect emissions	tCO$_2$e						
Location-based		**21,750△**	21,145	605	**252**	246	6
of which UK		**21,011**	20,577	434	**252**	246	6
Market-based		**895△**	887	8	**–**	–	–
of which UK		**97**	179	(82)	**–**	–	–
Total Scope 1 & Scope 2 emissions (Location-based)	tCO$_2$e	**125,707**	114,438	11,269	**379**	366	13
of which UK		**123,973**	113,844	10,129	**379**	366	13
Total Scope 1 & Scope 2 emissions (Market-based)	tCO$_2$e	**104,852**	94,180	10,672	**–**	–	–
of which UK		**103,059**	93,446	9,613	**–**	–	–
Energy consumption associated with Scope 1 & Scope 2 emissions	MWh	**529,008**	496,956	32,052	**1,910**	1,922	(12)
of which UK		**522,057**	494,982	27,075	**1,910**	1,922	(12)
Scope 1 & Scope 2 emissions intensity measure	tCO$_2$e/ 100,000 orders						
Location-based		**429△**	422	7	**1.7**	1.8	(0.1)
Market-based		**358△**	348	10	**–**	–	–
Energy intensity	MWh/ 100,000 orders	**1,805**	1,839	(34)	**–**	–	–
Carbon offsets/credits retired	tCO$_2$e	**–**	–	–	**–**	–	–
Scope 3 GHG emissions by Category[4, 5]							
3.1 Purchase Goods & Services	tCO$_2$e	**27,794**	34,635[6]	(6,841)	**NQ**	NQ	–
3.2 Capital Good		**35,242**	73,983[6]	(38,741)	**NQ**	NQ	–
3.3 Fuel and Energy-Related Activities		**30,996**	29,072	1,924	**NQ**	NQ	–
3.4 Upstream Transport		**4,341**	10,824	(6,483)	**NQ**	NQ	–
3.5 Waste in Operations		**322**	1,161	(839)	**NQ**	NQ	–
3.6 Business Travel		**10,372**	11,202	(830)	**29**	19	10
3.7 Employee Commuting		**29,500**	28,734[6]	766	**NQ**	NQ	–
3.13 Downstream Leased Assets		**19,463**	15,752	3,711	**NQ**	NQ	–
3.15 Investments		**4,027**	4,522	(495)	**NQ**	NQ	–
Total Scope 3 GHG emissions		**162,057**	209,885	(47,828)	**29**	19	10

1. Uses World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Protocol: A Corporate Accounting Standard revised edition methodology with an operation control approach. Refer to page 243 for more information relating to the methodology and conversion factors used.
2. Ocado has selected the operational control approach to define our reporting boundary, meaning that GHG emissions relating to ORL controlled activities are excluded from the Group footprint. However, as a large unquoted company, ORL falls under the SECR reporting requirements and, therefore, has been included as a separate column in this table.
3. Following the operational control approach adopted to define our reporting boundary, the GHG emissions for Ocado Retail are exclusive of the GHG emissions for Ocado Group and have been disclosed for SECR reporting purposes.
4. Category 8 (Upstream Leased Assets), 9 (Downstream Transportation and Distribution), 10 (Processing of Sold Products), 11 (Use of Sold Products), 12 (End of Life Treatment of Sold Products) and 14 (Franchises) are not relevant to Ocado Group as we do not have operations that relate to these categories.
5. Data points marked with "NQ" have not been quantified.
6. Restated. See page 243 for further information.

Internal carbon price

Ocado acknowledges the impact that existing and proposed carbon taxation and trade tariffs can have on the world and our business. This impact is evident in our net zero challenge, low-carbon products and energy usage risks. Although we have not yet set an internal carbon price, we continue to monitor the impact of carbon regulations (such as CBAM) on our business and will continue to assess whether an internal carbon price is required.

How we manage our risks

Ocado Group's Enterprise Risk Management ("ERM") approach is designed to enhance our resilience and improve confidence in the delivery of our business strategy and objectives.

This is underpinned by an ERM process and internal control framework that help us to identify, evaluate and manage our threats and opportunities.

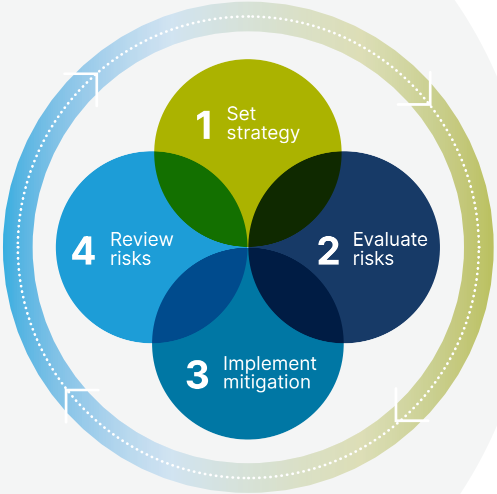
Risk management principles and culture

During the year, we continued the evolution of our risk management approach to improve governance and operations, and enhance our stakeholder value.

Process

Our risk management framework adopts an end-to-end four-stage process. Evaluation and mitigation of our risks are owned by the business.

1. **Set strategy:** Our strategy informs the setting of objectives across the business as described on page 14. The Board and Executive Committee members evaluate the principal risks and associated risk appetite for the Group.
2. **Evaluate risks:** Segment directors and second line teams identify and evaluate risks significant to each of their areas. Identified risks are assessed (considering likelihood and impact) and challenged on the basis of reasonable worst case scenarios. Risks are recorded in operational registers. Those considered significant to the Group are escalated to the enterprise register (key risks), which informs our principal risk assessment.
3. **Implement mitigation:** Taking account of risk appetite, management determines how risks will be managed. Mitigation information is added to the operational and key risk registers as appropriate to determine residual exposure.
4. **Review risks:** The Risk team in conjunction with the Risk Committee oversees the risk management process. Group-wide risks and mitigation processes are regularly reviewed by the Risk Committee and Audit Committee.



This was the process for identifying, evaluating and managing the principal risks faced by Ocado that operated during the period and up to the date of this Annual Report. Such a system can only provide reasonable, and not absolute, assurance, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk management governance

Risk management delivery is governed by a structured set of committees:

- The Board is responsible for the review and approval of the risk management framework and the Group's strategic and emerging risks. Our risk management is aligned to our strategy, and each principal risk and uncertainty is considered in the context of how it relates to the achievement of the Group's strategic objectives. Annually, the Board conducts a robust assessment of principal and emerging risks and reviews the associated risk appetite.
- The Audit Committee, delegated by the Board, is responsible for the review of the effectiveness of risk management, the system of internal control, the monitoring of the quality of Financial Statements and consideration of any findings reported by the auditor.
- The Risk Committee reviews principal and emerging risks, monitors effectiveness of risk management across the Group. This is chaired by Group General Counsel and Company Secretary. Attendees include other members of senior management and the Chair of the Audit Committee, and it is run by the Risk team. The Committee reviews a full risk report twice a year and this is, in turn, discussed by the Audit Committee and the Board.
- This is underpinned by specialist risk committees and second-line teams covering risk areas such as Information Security, Safety, Sustainability and Data Privacy. In addition, the Treasury Committee manages Ocado Group's cash and deposits, investments, hedging of foreign exchange, commodity prices and interest rates, so as to ensure liquidity and minimise financial risk.

Internal Audit supports the Audit Committee and Risk Committee in reviewing the effectiveness of the risk management framework and the management of individual risks driven by a risk-based audit plan.

We have a Risk Management Policy which covers the management of risks, encompassing sustainability matters. This has the purpose of protecting and enhancing enterprise value. The Company has a number of other policies which cover specific sustainability topics.

You can find further detail on these policies on page 89

Strengthening our framework

The key features of the Group's risk management and internal control systems that underpin the accuracy and reliability of financial reporting include:

- a four lines of assurance model and an organisational structure with clearly defined lines of accountability and delegation of authority;
- the Group's Code of Conduct and a framework of policies and procedures that cover key areas, financial planning and reporting;
- a capital expenditure approval policy and governance that controls Ocado's capital expenditure;
- a Risk Committee, a Risk team and a Financial Controls team which help monitor Ocado's risks and controls;
- an Information Security Committee and an Information Security team, which monitors Ocado's information security risks and mitigations;
- a Personal Data Committee and Data Protection team, which supports data privacy governance; and
- an Internal Audit function that provides independent assurance on key risks, controls and programmes.

A cross-functional team has been formed to focus on preparations for the UK Corporate Governance Code changes, providing additional visibility to our material controls across financial, reporting, compliance, and operational areas.

The Board delegates responsibility for reviewing the effectiveness of the Group's systems of risk management and internal control to the Audit Committee, which includes financial, operational and compliance controls and risk management systems.

In making an assessment on effectiveness, the Audit Committee relies on a number of sources of assurance from the Group, including the following:

- **Internal Audit:** The Group's primary source of internal assurance is through delivery of the Internal Audit Plan, which is structured to align with the Group's strategic priorities and principal risks, and is developed by Internal Audit with input from management and the Audit Committee. The plan is reviewed periodically throughout the year to confirm it remains relevant for new and emerging risks and circumstances, both internal and external, and to adjust for the growing complexity of the Group. The findings and actions from Internal Audit reviews are agreed with the relevant business area, communicated to the Audit Committee and tracked through to completion or risk acceptance.
- **Management updates and risk deep dives:** The Audit Committee Chair gains additional insight on the management of risk in Ocado, by attending the Group's regular Risk Committee meetings. The Risk Committee, receives reports from the business on a range of risk topics, and discusses principal risks and risk appetite. As part of the Risk Committee's annual calendar, it receives updates on various risk areas including finance risks, business continuity, finance transformation, compliance, whistleblowing and fraud.
- **Monitoring:** A broad range of activities operate across the business to monitor key risk areas, such as fire, health and safety, and privacy. OSP is subject to independent attestation of its IT security controls under the SOC2 assurance standard. The results of these assurance activities are reported to the Audit Committee and the Board.
- **Operational oversight:** Various governance committees and operational forums provide oversight and challenge on key risk areas within individual business areas including fire, health and safety, DE&I, sustainability, cyber, fraud, whistleblowing, compliance, technology, AI, data governance and other areas of regulation or risk. The output from these committees is part of the periodic updates provided to the Audit Committee.

Details of the considerations given by the Audit Committee this year to internal control and risk management effectiveness is set out on pages 114-123

Risk Management continued

Principal and emerging risks

Principal risks are considered in the context of how they relate to the achievement of the Group's strategic objectives. Emerging risks are less defined than our Group principal risks and typically do not pose an immediate threat. They are future focused, with greater uncertainty and are more difficult to quantify; however, they could threaten the future delivery of our strategy.
Set out on the pages below are details of the principal risks and uncertainties for the Group, and the key mitigating activities used to address them.
This includes an assessment of the residual (or post-mitigation) risk movement during the year for each principal risk and uncertainty.

Details of consideration given to finance risks by the Company on pages 86-88

Details of consideration given to climate-related risks by the Company on pages 68-75

We identify new and emerging risks and trends by analysing inputs from both the external environment and internal sources. We collaborate with the relevant teams across the business to understand the potential impacts of the identified emerging risks. In some cases, there may be insufficient information to determine the scale of these risks.

Emerging risks are presented to the Risk Committee for further scrutiny. Based on their recommendations, we decide whether to monitor or manage the reported risks, which are subsequently escalated to the Audit Committee and Board. This process enables us to determine when an emerging risk should transition to an active risk and be incorporated into the appropriate level of the risk management framework.

The 2023 annual report highlighted the AI emerging risk for the Group.

Recently, we introduced a dedicated AI risk register and governance framework to address the unique challenges posed by AI, particularly Generative AI. While these measures enhance our risk management capabilities, we will maintain a vigilant approach to monitoring AI developments, ensuring that we effectively identify potential risks and exploit emerging opportunities.
As noted below, we have updated some principal risks for the Group to reflect the AI emerging risk where appropriate.

Tariff related risks

In February 2025, the United States government announced a 25% tariff on imports from Mexico and Canada, originally set to take effect on 4 February but delayed by 30 days for negotiations. The tariffs are now scheduled for 4 March, unless a settlement is reached. Tariffs on US exports to Canada and Mexico may also come into effect. Additionally, a 10% tariff on all goods from China took effect on 4 February, with no indication of a pause or exemption.

On 10 February 2025, the government also announced a 25% tariff on all steel and aluminium imports from all countries, set to take effect on 12 March. These tariffs, alongside potential retaliatory measures, impact Ocado Group's supply chain, logistics, and cost base.

While the immediate financial exposure is not expected to be material to the Group, ongoing developments could lead to supply chain disruptions, extended lead times, and increased costs. Ocado's most significant risk relates to cross-border supply chains, particularly for certain material handling equipment products flowing between Mexico, USA and Canada. Additionally, some of our international suppliers have manufacturing operations in China, which could further impact our costs and logistics planning if such goods are imported into the USA.

Ongoing negotiations, and broader macroeconomic uncertainties, add further complexity to the risk landscape. While Ocado actively monitors these developments (see the "Geopolitical & Macroeconomic" principal risk), the evolving nature of tariff policies means there remains a high degree of unpredictability in potential future costs or disruptions.

To reduce exposure to tariff-related cost increases or disruptions, Ocado is actively assessing the broader impact on our supply chain, engaging with key suppliers, and evaluating mitigation strategies, including alternative sourcing strategies and cost recovery options. Ocado is also monitoring potential exemptions, policy adjustments, and long-term supply chain implications to safeguard business continuity and operational resilience.

Setting risk appetite

Risk appetite is the level of risk that we are willing to accept in pursuit of our strategy, before any action is determined to be necessary in order to reduce that risk. The assessment takes into account significant sustainability matters, climate-related risks, our regulatory environment, culture and the geographies in which we operate.

We monitor our risk levels against appetite at the Board and Risk Committee using a five-point scale ranging from "open" (meaning that we are willing to take justified risks to achieve highest return and accept possibility of failure) to "averse" (meaning that avoidance of risk is a core objective, and we will always select the lowest risk option). For example, a lower appetite is adopted in relation to regulatory, safety and compliance risk matters, and higher appetite in relation to innovation topics.

Ocado Retail

Ocado Retail governs the management of risks and opportunities independently from the Ocado Group risk governance structure. To maintain alignment, we consider risk in relation to our activities and investment in Ocado Retail supported by half-yearly meetings. Ocado Group's Audit Committee and Risk Committee formally review the Ocado Retail principal and key risks as part of their half-year and full-year risk reviews.

Some of their risks are as follows:

- Failure to maintain a retail proposition that appeals to a broad customer base;
- Reliance on the joint venture partners to support the operation of its business; and
- Climate change and environmental responsibility.

Other joint ventures and associates

The Board has oversight of risk management and internal control for wholly-owned subsidiaries. For joint ventures and investments, risk management and internal control are managed via their own boards and management teams.

Changes to our principal risks during the year

This year, we expanded our principal risks from 10 to 11. A comprehensive review was undertaken, including an assessment of key control activities, alignment with risk appetite and identification of future mitigating actions. This review led to the following changes in our principal risks:

- The previously reported **Climate, environment & geopolitical** risk has evolved into **Climate & environment**, with the geopolitical component now being recognised as a standalone principal risk.
- We have introduced **Geopolitical & macroeconomics** as a standalone risk, reflecting the ongoing rise in global conflicts and shifts in monetary and fiscal policies.
- Risk descriptions for **Cybersecurity & data** and **Product innovation, protection & performance** have been updated to reflect AI considerations. You can learn more about our work on AI in the case study.
- The risk description for the **Talent & Capability** principal risk has been expanded in recognition of the significant organisational change that is expected in the coming months as the organisation shifts its strategic priorities to supporting partners to realise the operational efficiencies of OSP.
- Our **Supply chain** risk has decreased due to improved supplier management and oversight, including enhanced contract management, stronger supplier relationships through quarterly business reviews, development and monitoring of KPIs and enhanced procurement capability through training and recruitment.

Case Study

Artificial Intelligence

This year, we transitioned AI from our emerging risks register to a dedicated AI risk register, which is now actively monitored by our AI Governance Group. In collaboration with subject matter experts, we identified, consulted on and finalised a comprehensive set of AI-related risks. These were presented to the Risk Committee during a focused deep-dive discussion that included insights from our internal AI experts within the Data Science team.

Additionally, the Risk team engaged with external risk networks and counterparts which have similarly transitioned AI risks from their emerging risk registers. Through these collaborations, we exchanged approaches, insights and key learnings from case studies. As we continue to leverage AI's potential, we are evolving our risk governance processes and utilising AI technologies to enhance data analysis, streamline reporting and improve risk identification.

Read more on page 59

Risk Management continued

Market proposition
OSP & OIA

What is the risk?
Our OSP and OIA product offer, features, implementation schedule, pricing or terms may not be sufficiently attractive to potential partners or may not be commercially attractive to them at a level that delivers adequate and sustainable returns for us.

Key risks
- Commercial viability both for us and our partners
- Our pricing is not competitive
- The functionality of our products is not sufficiently attractive
- We fail to market our products professionally
- Competitive environment

Risk owner
John Martin, Mark Richardson

Movement

Link to strategy

Sustainability framework

How we manage this risk
- Our regional and commercial teams undertake quarterly pricing reviews, review market pricing and seek price disclosure from prospective partners to ensure that we remain competitive.
- We analyse prospective partner profitability to ensure that our products can deliver benefits to both ourselves and our partners. Ocado is in the position of running a large-scale operation of our own using the same products that we are selling to our clients, which provides us with a unique and valuable perspective of the value that our products bring.
- We constantly develop our products to reduce their costs in order to maximise market appeal and commercial viability.
- We review the features and functionality that our solutions provide, and discuss this with potential clients and partners to understand how well our solutions fulfil their needs and determine whether it is appropriate to develop specific features that our prospective partners require.
- We invest substantially in product teams to develop our technology roadmaps to ensure that our products are as relevant as possible and cost effective to our current and prospective partners.
- We invest significant sums in the development of our products to ensure that they remain leading-edge.
- We assess the potential for new business in each of our three international regions.
- In 2023, we launched OIA to deploy our product to a new market segment.
- Our Board approves all material new deals.

Partner success
OSP

What is the risk?
We invest in robots and MHE alongside our partners in the CFCs that we develop for them and we rely on the growth of our partners' online businesses to generate appropriate economic returns from this investment. If our partners do not achieve sustainable returns from their investment then they may not expand their utilisation of the capacity that we have jointly invested in, in which case, we may fail to generate our planned returns. It is also possible that if our partners are unable to generate acceptable returns themselves, they may close existing CFC facilities.

Key risks
- Partners may be unable to generate sufficient demand to fill the capacity of the CFCs in which they have invested
- Partners may be unable to operate their online grocery businesses efficiently enough to generate the planned returns, including the ability to generate density in last mile operations
- The strategies that our partners adopt may compromise their ability to generate viable ecommerce businesses

Risk owner
John Martin

Movement

Link to strategy

Sustainability framework

How we manage this risk
- We have established and expanded our Partner Success teams with the sole aim of supporting our partners in the profitable growth of their online businesses. The Partner Success teams include specialists in ecommerce, marketing, retail media, retention, operations, last mile and solutions.
- We review and benchmark partner performance at least monthly to identify areas for improvement, which we discuss with our partners.
- We review our technology roadmap with our partners to identify specific, relevant features that we can develop to support their growth and profitability.
- We develop training and development materials and best-practice information which we share with our partners.
- We have dedicated account management and development teams to support professional account management and partner success. These teams are encouraged to locate either on or close to partner sites.
- Joint partner and Partner Success programmes are in place, with projects targeting resources on specific areas such as last mile, CFC fulfilment, store fulfilment, ecommerce optimisation and others.
- Regular engagement with regions and individual partners to jointly review success, backed up by a framework of other regular meetings.
- Governance is provided by the Risk Committee.

Product innovation, protection & performance
OSP & OIA

What is the risk?
Our innovation and development processes, and use of AI may not meet partner needs or we may fail to provide protected, reliable and commercially viable products. This could undermine our ability to attract and retain partners.

Key risks
- Product strategy and roadmap
- Disruptive technologies are not adopted and invested in early enough, e.g. AI
- IP infringement and lack of protection
- Insufficiently sustainable design
- Insufficient product quality and performance

Risk owner
James Matthews, Neill Abrams

Movement
No change

Link to strategy

Sustainability framework
Conduct, Climate, Circularity, Community

How we manage this risk
- The Technology Solutions Committee and Risk Committee provide overarching governance.
- Our technology development teams undertake biannual product governance across OSP product areas where allocation of R&D investment is discussed and planned development outcomes are presented to the Executive Committee for oversight and approval.
- Our product teams continually monitor the market, while we actively participate in funded research with academic institutions, and we are currently involved in three parallel Horizon projects where Ocado Technology is funded to undertake state-of-the-art-research.
- Software delivery lifecycle provides tools and processes for the reliable development, testing and deployment of software.
- IP framework to protect our inventions, supported by Non-Disclosure Agreements with all third parties.
- Our specialist patent attorneys work with product developer teams to ensure we protect not just the systems we build but also the other ideas and concepts that are generated during the innovation and development lifecycle.
- Innovation development lifecycle including: ideation sessions with IP; mergers and acquisitions strategy; integration of AI into our systems; and partner conferences to demonstrate our latest technology innovations.
- Our "Build Right, Run Right" initiative embeds product industrialisation within the development lifecycle for our hardware products to meet the needs of our client base.
- Confidential information and trade secret protection, supported by IT policies to prevent data and information leakage.

Supply chain

What is the risk?
Disruption in our extended and complex supply chain may adversely affect product availability and responsible sourcing. This could result in increased costs and fines, delays to contractual commitments and loss of revenue.

Key risks
- Contract performance
- Regulation and responsible sourcing
- Critical components supplier fails
- Supplier decides Ocado business is not attractive
- High volume of product engineering changes

Risk owner
James Matthews

Movement
Decreasing

Link to strategy

Sustainability framework
Conduct, Climate, Circularity

How we manage this risk
- Governance is provided by the Risk Committee.
- The Sales and Operations Planning ("S&OP") process is embedded and helps align supply and demand.
- Supplier Relationship Management framework is in place for the higher-tier suppliers, supported by regular supplier review meetings.
- Supplier performance indicators monitor the effectiveness of the suppliers, with standardised action plans in place where indicators deviate from performance standards.
- A responsible sourcing framework is in place to ensure that our ethical standards are supported with the supply chain, and is reinforced through the Supplier Code of Conduct and the Supplier Performance Indicators.
- Governance is provided by the S&OP executive review meetings.
- Supplier assessments, due diligence and site audits are undertaken during the product development process.
- We are deploying materials resource planning across new categories, which helps manage the areas of higher global supply chain volatility.
- The Responsible Sourcing Working Group monitors multiple work streams and reports to the Sustainability Committee.
- Combining the above capability, we are now better able to review our supply chain suitability, developing deeper strategic relationships and systematically aligning scale of supply with demand to maintain confidence in our delivery. In addition, our enhancements in our people capability, systems, data and root cause analysis allow us to provide greater insight to the business to underpin strategic decision-making.

Risk movement key:
Decreasing | No change | Increasing

Link to strategy key:
1. Grow our revenue
2. Optimise OSP economics
3. Deliver transformational technology
4. Drive success for our partners
5. Embed a responsible business approach

Sustainability framework key:
- Conduct
- Climate
- Circularity
- Community

Our Sustainability Report: pages 48-67

Risk Management continued

Talent & capability

What is the risk?
Failure to retain, develop and engage critical talent during periods of significant change, which could jeopardise operational stability and growth ambitions is a risk for the Group. Ensuring employees understand and align with the Company's changing strategic priorities is vital to successful organisational transformation. Additionally, fostering diversity – particularly diversity of thought and cultural diversity – is important for driving innovation and achieving the next phase of strategic execution for the Group. Without a strong emphasis on executing plans effectively and cultivating a high-performance culture, the organisation risks falling short of its objectives.

Key risks
- Retention and rewards
- Attraction
- Training and development
- Diversity and inclusion
- Succession planning
- Culture and wellbeing (employee engagement and relations)
- Organisational structure and change

Risk owner
Claire Ainscough

Movement

Link to strategy

Sustainability framework

How we manage this risk
- We monitor Technology Solutions values and measured these in our regular employee survey.
- We also have very transparent communication processes (e.g. open Q&A tools and Slack) and we prioritise our goals process to ensure it is highly aligned between our commercial and technical teams.
- We continue to work with our employees to create lifestyle policies to support our culture and launched Fertility and Menopause community groups.
- Governance is provided by the Risk Committee and People Committee.
- We conduct periodic reviews of remuneration and incentive plans to align with market trends and internal and external fairness.
- The Employee Net Promoter Score ("eNPS"), is monitored through regular engagement surveys, with action frameworks in place across all business units to act on the insight given.
- We continue to undertake employee surveys to analyse opinions and engagement levels.
- We use a talent and performance framework to help us differentiate, develop and deploy the talent we have, supporting future business growth and high performance.
- Diversity Policies are in place, supported by diversity metrics and indicators.
- We deliver DE&I and wellbeing learning programmes to build awareness of unconscious bias and how to create an inclusive culture, with practical tools, guidance and resources.

Cybersecurity & data

What is the risk?
Disruption or loss of critical assets and sensitive information as a result of a cyber attack, insider threat, a data breach or the misuse of AI (both malicious and accidental) within our Group network or our supply chain could result in business disruption, reputational damage and regulatory impacts for both Ocado and our partners.

Key risks
- Deliberate destruction of systems
- Confidential information leakage and/or inappropriate use
- Third-party compromise
- Infrastructure outage
- Confidential information leakage

Risk owner
James Matthews

Movement

Link to strategy

Sustainability framework

How we manage this risk
- Our security strategy defines priorities and is agreed with the Ocado Board.
- Regular governance and oversight of our security programme is provided by the Information Security Committee.
- Our Information Security function is led by our Chief Information Security Officer who is responsible for the management of our security strategy, the security programme and security risks.
- Our dedicated Security Operations team, supported by a 24/7 specialist security partner, detects and responds to security incidents.
- We regularly test our cyber incident response plan, including annual cyber simulations for the Executive Committee.
- We have developed secure build standards for our core IT assets.
- Security patching is in place for our core IT assets and is measured each month.
- Regular penetration testing is carried out for the Ocado Platform.
- Our zero trust solution provides employees with secure access to Ocado's systems.
- Representation from the Intellectual Property team at relevant committees.
- Each year, the security controls environment for the Ocado Platform is externally audited as part of our SOC2 certification.
- The Ocado Platform is PCI compliant and is externally audited every year. No payment card data is processed directly by the Ocado Platform.
- Cyber insurance is in place to reduce the cost impact of a major cyber incident.
- Immutable back-ups have been set up to help protect the Ocado Platform from deliberate destruction.
- Our Data Protection Officer oversees the Group's privacy compliance programme.

Fire & safety

What is the risk?

Fire, or injury to a worker or customer, caused by product design or operating failures could result in business disruption, loss of assets and reputational loss.

Key risks

- Fire safety
- Product safety
- Food safety
- People safety (construction, operation and logistics)

Risk owner

James Matthews

Movement

Link to strategy

Sustainability framework

How we manage this risk

- The Global Health, Safety & Environment Committee provides strategic oversight, while the Fire Safety Governance Committee ensures compliance with fire safety standards.
- Our technical experts monitor compliance with food, product, occupational health, fire and construction safety regulations.
- We track regulatory changes and leverage third-party expertise to stay ahead of emerging requirements.
- Internal inspections are conducted, with external fire risk assessments carried out by an independent UKAS-accredited body.
- A structured risk-based audit schedule is in place, aligned with the BRC standard, to ensure food safety compliance.
- In 2024, five of our Technology Development Centres achieved ISO 45001 certification for occupational health and safety.
- Implementation of fire-retardant metal totes in UK CFCs to mitigate fire risks in high-density storage areas.
- Our premises undergo independent annual risk engineering assessments conducted by our insurer.
- Four open days were conducted at our CFCs with our Primary Authority for fire, our insurers and the London Fire Brigade to share best practices on fire risk management.
- A multilingual online HSFE training programme is in development for all employees, with roll-out planned for 2025.
- Emergency response plans were stress-tested at our Erith CFC with a third-party consultant, with plans for expansion across other sites.

Regulatory & compliance

What is the risk?

Failure to comply with local and international regulations could lead to loss of trust, penalties, reputational damage and undermine our ability to operate.

Key risks

- Statutory compliance across jurisdictions of operation
- Regulatory Compliance
- New geographies
- Emerging regulations
- Governance

Risk owner

Neill Abrams

Movement

Link to strategy

Sustainability framework

How we manage this risk

- Governance is provided by the Risk Committee.
- The cross-departmental Regulatory Expert Group (“REG”) was established during the year, which provides oversight on related risks and mitigations.
- The business tracks global regulatory changes, leveraging third-party advice as needed to inform our actions and respond to new requirements. The Regulatory & Compliance team undertook a significant project this year to refine its ways of working in terms of regulatory horizon scanning / tracking and dissemination of information at both REG and Audit Committee meetings, enhancing visibility and understanding of upcoming legislation across the Group.
- Various teams with subject specific expertise conduct extensive research and engage specialist advice to understand local market regulatory issues when exploring new territories and new partners to ensure we understand and fully cost the potential risks.
- We have deployed and continue to develop a compliance framework of policies and procedures underpinned by employee training, guidance and tailored awareness campaigns, refreshing policies where needed to reflect evolving standards, including updating our Human Rights and Whistleblowing Policies and launching a Sanctions and Export Control Policy during the year, and launching refreshed Ocado Code training.
- Work is underway to assess the requirements of a number of emerging regulations, including the EU AI Act, where work is underway to create a compliance framework to align to the Act’s requirements.
- We conduct periodic risk assessments on core compliance topics to ensure that we identify and close gaps arising from organisational change and evolving standards. This year we refreshed our fraud risk assessment to account for new legislation on this topic.

Risk movement key:

Decreasing

No change

Increasing

Link to strategy key:

1. Grow our revenue
2. Optimise OSP economics
3. Deliver transformational technology
4. Drive success for our partners
5. Embed a responsible business approach

Sustainability framework key:

Conduct

Climate

Circularity

Community

Our Sustainability Report: pages 48-67

Climate & environment

What is the risk?

Transition and physical risks from changes in the climate and environment could disrupt our operations, supply chains and the demand for our products, increase costs and threaten our reputation.

Key risks

- Extreme weather
- Energy usage
- ICE vehicle ban
- Net zero challenge
- Low-carbon products
- Waste management
- Microplastic pollution
- Vehicle air pollution
- Biodiversity
- For further information please see our TCFD report , pages 68-75

Risk owner

Neill Abrams

Movement

Link to strategy

Sustainability framework

How we manage this risk

- Leadership oversight of climate- and environmental-related risks and opportunities is provided through the Board and the Audit and Sustainability Committees. Our net zero roadmap was established during 2023 and progress is reviewed twice a year by the Board.
- Flood mitigation measures are taken when installing equipment at UK CFCs in flood risk zones.
- BCP plans are in place for UK sites and international development centres, including activities to address the impact of extreme weather events.
- We have an Electricity Procurement Risk Management Policy which is approved by the Audit Committee.
- We are beginning to diversify our energy supply through anaerobic digestion and solar PV at our CFCs and continue to reduce energy use through efficiency measures.
- We have a costed fleet transition plan aligned with our GHG emissions reduction targets that prioritises sites for vehicle electrification based on site characteristics, route lengths and available EV technology.
- We map increasing regulations on carbon taxation of raw materials to our product designs and demand forecasts, and minimise costs through our supply chain management programme.
- We support our partners to minimise food waste, through embedding forecasting features in OSP that match supply to our CFCs to customer demand and inventory management features to direct our bots to pick items on a first in, first out basis.
- This year, we have added “Circularity” to our sustainability pillars and set public targets to promote recycling and reduce waste to landfill.
- We operate a recycling scheme for the plastic bags in which we deliver groceries in the UK, taking them back from customers and turning them into new Ocado bags. We also offer alternative delivery solutions that use paper bags or no bags where our international partners request them.
- We only use delivery vans that meet the most recent (“EURO6”) tailpipe emissions standards.
- We perform air quality testing at sites with indoor parking and take action, such as improving air flow, if measurements are outside of specified limits.
- We are starting to evaluate our biodiversity risks using the TNFD framework in 2025.

Liquidity & cash management

What is the risk?

Insufficient liquidity (cash balances plus undrawn facilities) to deliver our business goals and/or settle our liabilities.

Key risks

- Inability to access debt or equity capital markets to refinance maturing debt as it approaches maturity
- Inability to extend or access our RCF including due to failure to comply with its financial covenants
- Deterioration in financial performance (including reduced profitability and cash flow generation) that may hinder the ability to refinance existing debt
- Inadequate cash management forecasting processes leading to unexpected liquidity shortfalls potentially compromising our ability to meet our financial commitments

Risk owner

Stephen Daintith

Movement

Link to strategy

Sustainability framework

How we manage this risk

- We ensure that we carry out our refinancing activities well in advance of our maturity dates, reflecting a forward-looking approach.
- We regularly and rigorously monitor capital markets, in collaboration with advisors, to ensure market accessibility is assessed at least monthly. Insights and strategic refinancing opportunities are reviewed by the Board on a regular basis to determine the optimal timing for action.
- We engage regularly with rating agencies, ensuring clear and consistent messaging to safeguard Ocado’s credit rating and market reputation.
- We engage regularly with our relationship banking group to keep them informed about liquidity and cash flow positions, reinforcing strong partnerships and support.
- We maintain a diversified debt portfolio, in line with the Treasury Policy, which enables Ocado to leverage opportunities in both traditional and alternative financing options, such as leasing, to maximise value.
- Treasury operations have been optimised through cash pooling, reducing administrative overhead and increasing flexibility, centralised cash repatriation ensures idle funds are efficiently invested and managed.
- We prepare robust five-year cash flow forecasts (which are updated at least annually and are tested on a regular basis for their integrity, and identify variances to enable agile and timely responses to any unforeseen changes).
- We have also prepared a five-year cash flow forecast that includes various downside scenarios and used this to determine future cash requirements, liquidity levels and covenant compliance metrics under these scenarios.
- The five-year cash flow forecasts include all investment plans. These are reviewed by the Board (subject to materiality tests) and approved only after meeting strict return requirements.
- Over the course of the year, we have enhanced our cash flow forecasts to include quarterly compliance with financial covenants. This helps us assess our ability to access the RCF on a quarter-by-quarter basis. This gives us further comfort in our testing of sufficient liquidity headroom.

Geopolitical & macroeconomics

What is the risk?

With a global footprint encompassing operations, clients and supply chains, we are exposed to macroeconomic and geopolitical events (such as tariffs, trade restrictions and sanctions) that could adversely affect our business. These factors could jeopardise the safety and security of our people, premises and assets, impact our operational costs or continuity, delay partner growth and hinder the delivery of new capacity. Macroeconomic factors may impact consumer behaviour or the growth of our partners or could affect the Group's ability to secure financing.

Key risks

- War and conflict
- Civil unrest
- Economic downturn
- Sanctions and tariffs
- Health crisis

Risk owner

Stephen Daintith

Movement	**N/A**
Link to strategy	
Sustainability framework	

How we manage this risk

- We have a Sanctions and Export Controls Policy in place.
- We carry our regulatory investigation of and practical compliance with sanctions regimes applicable to us.
- We ensure a diversified supply chain, which reduces reliance on a small number of suppliers and locations.
- We have a geographically diverse client base for OSP.
- We have geographically diverse technology teams.
- We have policies and practical experience of operating in circumstances of health pandemics.
- We monitor tariff policy announcements and other legislative changes.

Risk movement key:

Decreasing No change Increasing

Link to strategy key:

1. Grow our revenue
2. Optimise OSP economics
3. Deliver transformational technology
4. Drive success for our partners
5. Embed a responsible business approach

Sustainability framework key:

Conduct
Climate
Circularity
Community

Our Sustainability Report: pages 48-67

Going Concern and Viability Statements

Context for going concern and viability statements

The Directors have assessed the Group's prospects both as a going concern, covering a period to the end of May 2026, and its viability over a period of three years. Understanding of our business model, our strategy and our principal risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability. The Group's strategy is detailed on pages 4, 14 and 15, and our risk management framework is described on pages 76-85.

The Group's planning cycle is the primary annual strategic and financial planning activity through which the Board assesses the prospects of the Group, covering the five successive financial years from FY25 to FY29.

The planning process involves modelling under a series of assumptions surrounding both internal and external parameters, with key assumptions including new partnerships, increased capacity and volume growth, cost base of the business (logistics, technology and corporate functions) including inflation and the availability and cost of labour, combined with the effects of major capital initiatives.

The robust planning process is led by the CEO, the CFO and other members of the executive management team. The Board undertook a detailed review of the plan during the second half of 2024 which was built to reflect the outcome of the FY25 Budget that was approved by the Board.

The Group's trading performance is reviewed by the senior management team and the Board in the context of the objectives and targets of the forecast, within which the Group's strategy remains embedded.

Liquidity and financing position

The Group has cash and cash equivalents of £733m and net debtⒶ of £1,200m as at the end of the period, compared to cash and cash equivalents of £885m and net debtⒶ of £1,075m at the end of FY23. The Group also has access to additional liquidity through its £300m Revolving Credit Facility ("RCF") until August 2027, subject to meeting a net leverage covenant and addressing upcoming bond maturities. If the £500m October 2026 and £350m January 2027 maturities are not appropriately refinanced, the RCF maturity reduces to July 2026. There are also options to extend for an additional two years to August 2029, subject to agreement with the banking syndicate.

The net leverage covenant applies to the Restricted Group – the consolidated group excluding Ocado Retail, Jones Food and the results of the Group's captive insurance entity. It is assumed that the option to extend the RCF is exercised to cover the full viability assessment period and that the required refinancing of upcoming debt maturities is successfully completed.

Current borrowing facilities mature in FY26, FY27 and FY29 with repayment due in December 2025 (£173m of the £600m convertible bond), October 2026 (£224m of the £500m SUNs), January 2027 (£350m convertible bond) and August 2029 (£250m convertible bond and £450m SUNs). As a number of these maturities fall within the viability assessment period, a key assumption in this exercise is that, where required, replacement funding would be obtainable to refinance existing facilities. In addition, the coupon rates on any refinancing are expected to be aligned to the coupon rates achieved on the 2024 refinancing.

Assessment of longer-term viability

In accordance with the UK Corporate Governance Code, the Directors have considered the appropriate time horizon to adopt when assessing the longer-term viability of the Group. In prior years, we have adopted a three-year time horizon for the viability period.

Whilst there are a number of factors which could support a longer term time-horizon – notably the five-year duration of the Group's annual strategic planning process; the open-ended duration of our Solutions contracts; and the Group's financing profile which extends out to 2029 for both SUNs and convertible bonds – the rapid pace of strategic and technological development for the Group, both in the UK and Internationally, are strong indicators that would support a shorter time frame.

Given the pace of change and delivery, the Directors have therefore concluded that a three-year time horizon remains appropriate for the viability review.

Financial Modelling

The Going Concern and Viability assessments use as their base the five-year plan including the FY25 budget approved by the Board, updated to reflect the FY24 outturn financial performance.

The Group has modelled three cases in its assessment of going concern and viability. These are:

- the base case;
- a downside stress test; and
- a severe downside stress test.

The table below shows how the downside and severe downside scenarios have reflected the crystallisation of one or more of the Group's principal risks.

	Group Principal Risks and impact	Downside	Severe downside
1	**Market proposition – OSP & OIA** and **Product innovation, protection and performance – OSP and OIA**: inability to attract new clients	Limiting growth in the acquisition of new OSP partners with a corresponding impact on upfront fees.	Removing growth in international OSP partners with a corresponding impact on upfront fees.
		Limiting growth in the acquisition of new OIA clients to 50% of the base case with corresponding impact on OIA cash margin.	Further limiting growth in the acquisition of new OIA clients to 25% of the base case with corresponding impact on OIA cash margin.
2	**Partner success – OSP**: inability to support partners expansion plans **Product innovation, protection and performance – OSP and OIA**: inability to support existing client requirements	Limiting growth in modules from existing partners with a corresponding impact on fees.	Delaying the delivery of committed CFCs and removing growth in modules from existing international OSP partners with a corresponding impact on fees.
3	**Supply Chain, Talent & Capability, Climate , Environment**, and **Geopolitical & Macroeconomics** – increasing costs of solution delivery	Increase in direct operating costs compared to the base case scenario (i.e. reduced efficiencies obtained).	Further increase in direct operating costs compared to the base case scenario to maintain at FY24 exit level across the assessment period (i.e. no additional efficiencies obtained).
4	**Liquidity and Cash Management** – increase in coupon rates for refinancing	Increase in coupon rates for refinancing existing debt by 1ppt.	Increase in coupon rates for refinancing existing debt by 2ppt.

The principal risks of **Cybersecurity & Data**, **Fire & Safety** and **Regulatory & Compliance** have not specifically been referenced in the downside and severe downside modelling. These risks are considered insurable and the primary impact likely to be reputational. As such any significant impact from these risks is covered by the reduction in growth of new partners in the downside and severe downside scenarios.

The scenarios modelled do not make allowance for other mitigating actions available to the Board that could be taken in response to the crystallisation of one or more of the significant risks. These mitigating actions include:

- accessing additional liquidity through the capital markets;
- reducing or temporarily slowing down our investment in technology;
- disposing of all or part of our 50% holding in Ocado Retail; and
- disposing of some or all of our strategic ventures investments.

Base case

The Group has a cash position of £733m as at the end of FY24, and under the base case is forecast to retain positive cash headroom of at least £125m throughout the assessment period, together with access to additional RCF liquidity should it be required.

The base case assumes a continuation of the trends seen in FY24, including growth in customers and orders as well as heightened input cost pressures. Growth is forecast to continue in the UK through utilisation of existing capacity and internationally with the delivery of committed CFCs and incremental module drawdowns from existing partners, the signing of new OSP partners, and the expansion in the Group's ASRS business.

Capital expenditure is assumed to continue to deliver the roll-out of the CFC programme, as well as supporting the continued investment in our technology and OSP.

Based on the operational cash flows assumed in the plan, our expectation is that no further fundraise would be required within the viability period in order to support ongoing capital expenditure requirements, although it is assumed that existing debt due to mature in the viability assessment period is either paid from available cash or able to be refinanced at appropriate market rates.

The Directors have therefore concluded that going concern and viability would be maintained under the base cases scenario.

Downside scenario

Under the Downside scenario, the negative impact on fees as a result of the reduction in new and existing partner growth, and the increase in direct operating costs, is partially offset by a reduction in capital expenditure resulting in a decline in the Group's cash position over the viability period when compared to the base case of c.£100m. Despite the decline in the cash position, the Group would continue to meet the net leverage ratio covenant to enable it to draw down on the RCF throughout the assessment period and bridge any funding gaps in the absence of any other mitigating actions being taken.

Going Concern and Viability Statements continued

Severe downside scenario

Under the severe downside scenario, given the more severe impacts of the Group's principal risks being modelled, including the removal of any new OSP partners being signed and incremental modules going live at existing CFCs, there is a more significant decrease in the cash position of the Group compared to the base case of c.£150m. Additionally, as a result of the reduced fee income, the Group would fail to meet the net leverage ratio to enable it to draw down on the RCF during FY27 and the Group would need to take mitigating action to maintain liquidity. This would most likely be in the form of accessing additional finance through the capital markets to reduce the amount of debt maturities being settled out of cash reserves compared to the base case.

Confirmation of viability

The assessment of the Group's viability considers severe but plausible scenarios aligned to the principal risks and uncertainties set out on pages 80-85 where the realisation of these risks is considered remote, considering the effectiveness of the Group's risk management and control systems and current risk appetite.

The degree of severity applied in these scenarios was based on management's experience and knowledge of the industry to determine plausible movements in assumptions.

Should the downside or severe downside scenario occur, the impact on the Group's financial position and the viability statement would be dependent on the Group's ability to continue to access its RCF and to access additional liquidity through capital markets. Detailed consideration was given to financing and other mitigating actions that could be taken, noting the modelling over the assessment period assumes a significant portion of existing debt is repaid from cash rather than being refinanced. The Directors believe, following discussions with advisors, it is reasonable to expect that the Group would have access to further financing and/or the ability to agree further covenant amendments if required.

The Directors have also considered other mitigating actions available to the Group and have assumed that these mitigating actions can be applied on a timely basis.

Based on the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the viability assessment period.

Going concern statement

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis.

In assessing going concern, the Directors take into account the financial position of the Group, its cash flows, liquidity position and borrowing facilities, which are set out in the Finance Review on pages 26-43. In addition, the Directors consider the Group's business activities, together with factors that are likely to affect its future development and position, as set out in the Strategic Report on pages 1-89, and the Group's principal risks and the likely effectiveness of any mitigating actions and controls available to the Directors as set out on pages 80-85.

After reviewing the Group's liquidity and financial positions, the Directors considered it appropriate to adopt the going concern basis of accounting, with no material uncertainty identified, in the preparation of the Company's and Group's financial statements. The adoption of the going concern basis is not reliant on access to the RCF.

Non-Financial and Sustainability Information Statement

The following summarises where you can find further information on each of the key areas of disclosure required by sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Relevant Ocado policies and procedures	Additional information
Business model		Our Business Model: pages 10-13
Principal risks and impact of business activity	Enterprise Risk Management Policy Information Security Management Policy	How We Manage Our Risks: pages 76-85 Audit Committee Report: pages 114-123
Non-financial KPIs		Key Performance Indicators: page 16 Business in Focus: Ocado Technology Solutions: pages 18-21 Business in Focus: Ocado Logistics: pages 22-23 Business in Focus: Ocado Retail: pages 24-25 Sustainability Report: pages 48-67
Our employees	Code of Conduct Whistleblowing Policy Equal Opportunities Policy Work from Anywhere Policy Board Diversity Policy Health and Wellbeing Strategy Health, Safety, Fire and Environment Policy Performance Management Policy	Sustainability Report: pages 48-67 People Committee Report: pages 109-113 Directors' Remuneration Report: pages 124-147
Respect for human rights	Human Rights Policy Modern Slavery Act Statement Equal Opportunities Policy	Sustainability Report: pages 48-67
Social matters	Code of Conduct Data Protection Policy	Sustainability Report: pages 48-67
Anti-bribery and anti-corruption	Anti-Bribery Policy Anti-Money Laundering Policy Conflicts of Interest Policy Code of Conduct Supplier Code of Conduct Share Dealing Policy Fraud Prevention Policy Whistleblowing Policy Anti-Tax Evasion Policy Procurement Policy Sanctions and Export Controls Policy	Sustainability Report: pages 48-67
Environmental matters, including climate-related disclosures	Sustainability framework	Sustainability Report: pages 48-67 TCFD Report: pages 68-75

Strategic Report approval

The Company's Strategic Report is set out on pages 1-89.

The Strategic Report is approved by the Board and signed on its behalf by

Neill Abrams
Group General Counsel and Company Secretary

27 February 2025

Chair's Governance Statement

"This year, the Board focused on ensuring a strong and effective governance framework is in place to support our strategic objectives"

Adam Warby
Chair

On behalf of the Board, I am pleased to introduce my first Corporate Governance Report. The last year brought continued evolution of the Board, including my appointment as Chair and the appointment of Gavin Patterson, who brings valuable perspective and multinational experience. In last year's annual report we announced that, on 2 February 2024, Neill Abrams and Mark Richardson stepped down as Executive Directors from the Board whilst remaining part of the Executive Committee. Appointments are always based on merit and relevant experience, and take into account diversity criteria. I am pleased to report we met two of our key diversity objectives with 45% female Directors and two Directors from an ethnic minority background. Board and executive succession remains a key focus for 2025, ensuring we build a strong team, which is vital to our success.

This year, we commissioned an external Board effectiveness review. The results of the review established that the Board and Committees continue to operate effectively and seek to both challenge and support management. Since joining the Board, I have met with Dr Tracy Long and Andrew Harrison, as Senior Independent Director, to discuss the process and findings. There are some changes we can make to further enhance our performance and I look forward to implementing various changes and seeing further progress. You can read more about this in the People Committee Report on page 109.

There has been strong focus from the Board and Audit Committee on the changes to the UK Corporate Governance Code 2024 (the "Code"), reaffirming the Company's commitment to high standards of corporate governance. Work is progressing to ensure compliance with the Code, particularly in relation to material controls, which has been a significant focus of the Audit Committee. This is firmly on the Board's agenda in 2025 and I look forward to reporting more in the years to come.

Our commitment to being a responsible business is showcased in our latest Sustainability Report and you can read more about the Double Materiality Assessment and engagement with key stakeholders and progress towards our net zero programme on pages 48-67. Our sustainability framework sets the Company up to focus on the areas that truly matter to our stakeholders and provides a focus for the Board and leadership team.

I would like to extend my thanks to all of our shareholders for your continued support and on behalf of the Board, and to our employees across the business for their incredible hard work and commitment to Ocado.

Adam Warby
Chair

27 February 2025

Rick Haythornthwaite stepped down as Chair

As announced, Rick stepped down as Chair with effect from 30 November 2024, having served as Chair for the last four years. You can read more about the Chair succession process on page 111.

Governance at a glance

Key actions taken in FY24

Board composition
Following a review of the composition of the Board, the number of Executive Directors on the Board was reduced from four to two, providing a stronger balance of independent Directors.

Board succession
During the year, a new Chair and a new Non-Executive Director were appointed, providing a refresh of the skills and experience on the Board.

Strategic review
The Board set key objectives at the Board strategy meeting to further the strategic objectives and monitored progress at subsequent Board meetings.

Sustainability
The Board reviewed and approved a new sustainability strategy framework designed to enhance reporting and support further progress in improving sustainability across the business.

Improved oversight
A Corporate Scorecard was developed, including financial and non-financial measures linked to the status of the deliverables required to achieve the five-year plan, to strengthen Board oversight and the monitoring of progress against the strategy.

Financial stability
The Board approved a new convertible bond and senior notes issuance and the buyback of existing bonds to extend the maturity profile of the Company's debt and to maintain liquidity.

Non-Executive to Executive Director ratio
9:2

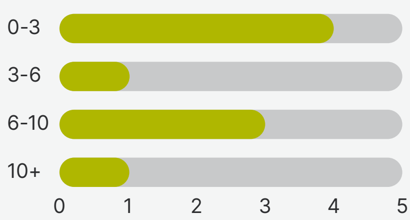
Board gender diversity
45% female

Number of Board meetings
11

Board meeting attendance
94%

All figures as at 1 December 2024

Length of tenure of Chair and Non-Executive Directors



Board composition

Key:
- Chair – 1
- Executive Director – 2
- Non-Executive Director – 8

UK Corporate Governance Code

In respect of the year ended 1 December 2024, Ocado was subject to the UK Corporate Governance Code 2018 (the "Code"). The Board is pleased to confirm that Ocado applied the principles and complied with all the provisions of the Code throughout the year. The revised 2024 Code provisions do not currently apply to the Company, but the Company has started work, for example on internal controls, to ensure we are compliant in the future.

Board Leadership and Company Purpose
- **A** Effective Board **page 98**
- **B** Purpose, strategy, values and culture **pages 98-101**
- **C** Prudent and effective controls and Board resources **page 102**
- **D** Stakeholder engagement **page 99**
- **E** Workforce policies and practices **page 101**

Division of Responsibilities
- **F** Board roles **page 103**
- **G** Independence **page 105**
- **H** External commitments and conflicts of interest **page 105**
- **I** Board efficiency **page 102**

Composition, Succession and Evaluation
- **J** Appointments to the Board **page 106**
- **K** Board composition **page 104**
- **L** Annual Board evaluation **page 107**

Audit, Risk and Internal Control
- **M** Effectiveness of external auditor and internal audit, and integrity of accounts **pages 118-123**
- **N** Fair, balanced and understandable assessment **pages 114 and 118**
- **O** Effective risk management and internal controls framework **page 121**

Remuneration
- **P** Linking remuneration with purpose and strategy **pages 128-131**
- **Q** A formal and transparent procedure for developing policy **pages 128-131**
- **R** Independent judgement and discretion **pages 132-136**

Board of Directors

Adam Warby
Chair

Committee membership:
P

Appointed: 1 November 2024 as Non-Executive Director and 1 December 2024 as Non-Executive Chair

Tenure: Less than 1 year

Skills and competencies:

Adam is a founding member and CEO Emeritus of Avanade Corporation, a global IT consulting and services company, and previously served as its CEO for 11 years. He was instrumental in accelerating the company's growth to over $3bn in global sales, including five acquisitions across Europe and North America. He was also, between 2017 and 2023, the Chair of Junior Achievement Europe, a youth-focused non-profit providing programmes for entrepreneurship and work readiness, as part of expanding Avanade's Corporate Citizenship mission. Previously, he served as Chair of SoftwareOne Holding AG, the Swiss enterprise software and cloud advice firm. Prior to joining Avanade, Adam held a number of management roles at Microsoft Corporation and earlier, at IBM. Adam holds a BSc in Mechanical Engineering from Imperial College London.

Adam's extensive experience gained in the technology sector and relevant chair experience at a range of international companies, as well as his expertise as a leader in global technology and consulting is a valuable asset to the Board and equips him to lead the Company forward.

External appointments:

- Chair, Heidrick & Struggles International Inc.
- Senior Advisor, Kohlberg Kravis Roberts & Co. LP

Tim Steiner OBE
Chief Executive Officer

Appointed: 13 April 2000

Tenure: 24 years

Skills and competencies:

Tim is the founding Chief Executive Officer of Ocado, which he established with two former colleagues from Goldman Sachs in 2000, and has been an Executive Director ever since. He started his career as a bond trader at Goldman Sachs in London, New York and Hong Kong.

As CEO, Tim leads on the implementation of the Group's strategy and ensures the Executive Committee is aligned on the Group's strategy and vision. Tim's ability to drive strategic partnerships, navigate complex supply chain logistics and leverage cutting-edge technology demonstrates his effectiveness in steering Ocado's growth. As a founder of Ocado, he plays an important role in leading Ocado's culture of openness, innovation and collaboration.

External appointment:

- Non-Executive Chairman, Ocado Retail Limited

Stephen Daintith
Chief Financial Officer

Appointed: 22 March 2021

Tenure: 3 years

Skills and competencies:

Stephen joined as Chief Financial Officer from Rolls-Royce in 2021, where he was also CFO. He brings a deep understanding and experience of UK-listed and international business across a range of sectors. He graduated from the University of Leeds with a BA in Economics and Accounting and qualified as a Chartered Accountant at Price Waterhouse (now PwC) in 1988. Stephen has held many executive roles including CFO of DMGT plc, COO and CFO of Dow Jones, and CFO of News International. He has extensive financial expertise, a strategic mindset and has led Ocado through significant financing decisions, including the recent refinancing, which not only met immediate liquidity needs, but also positioned the Company for long-term growth. Stephen's contributions were crucial in strengthening Ocado's financial position.

External appointments:

- Non-Executive Director, Chair of Audit Committee, 3i Group plc
- Non-Executive Director, Chair of Audit Committee, Ocado Retail Limited

Key:

- Chair
- Executive Director
- Non-Executive Director
- Group General Counsel and Company Secretary

Key to Committee membership

- A Audit Committee
- R Remuneration Committee
- P People Committee
- Committee Chair

Andrew Harrison

Senior Independent Director and Designated Non-Executive Director ("DNED")

Committee membership:
A R P

Appointed: 1 March 2016

Tenure: 8 years

Skills and competencies:

Andrew graduated from the University of Leeds with a BA (Hons) in Management Studies in 1992 and is currently a partner at Freston Ventures, which invests in consumer brands that challenge the status quo. Andrew previously served as Chair of Carphone Warehouse Ltd and was formerly Group CEO of Carphone Warehouse Group PLC before its merger with Dixons Group plc, which he led. During his career, he has successfully grown numerous new businesses, has international retail experience, and developed and ran a global services business.

Andrew has an extensive background in leadership and governance, and brings a wealth of strategic knowledge and corporate governance expertise to the Board, some of the reasons why the Board agreed to extend his appointment past his nine years' tenure. His ability to provide independent oversight and offer valuable insights enables him to contribute to, and constructively challenge, a wide range of Board debates. His roles as DNED and Chair of the People Committee are pivotal in ensuring both the succession and composition of the Board and senior management align to the culture and strategy of Ocado, and that employees feel their voice is heard in the boardroom.

External appointments:

- Chair, Mental Health Innovations
- Chair, Purplebricks (Strike Ltd)
- Partner, Freston Ventures Investments LLP
- Chair, Chicken Shop (Chik'n Ltd)
- Non-Executive Director, Dr. Martens plc
- Director, Smiles and Smiles Holding Ltd

Jörn Rausing

Non-Executive Director; Independent

Committee membership:
P

Appointed: 13 March 2003

Tenure: 21 years

Skills and competencies:

Jörn has been a Non-Executive Director of Ocado Group since 2003, when he made a significant investment in the business and before the Group was listed. He holds a degree in Business Administration from Lund University, Sweden and has over 30 years' experience in corporate development and international mergers and acquisitions.

Jörn's extensive background in business and investments equips him with strong skills in assessing investment opportunities, evaluating risk and providing a broader perspective on business strategy. This aligns well with Ocado's ambition in the competitive online grocery and technology sectors, and his significant knowledge of the history of the business is extremely valuable in providing context and continuity for new members. He is considered independent by the Board. Read more about the consideration of Jörn's independence on page 105.

External appointments:

- Group Board Member, Tetra Laval
- Board Member, Alfa Laval AB
- Board Member, DeLaval Holding AB

Emma Lloyd

Non-Executive Director; Independent

Committee membership:
R P

Appointed: 1 December 2016

Tenure: 8 years

Skills and competencies:

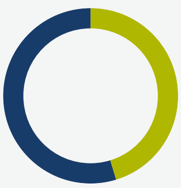
Emma is also Vice President, Partnerships EMEA at Netflix. Emma graduated with a BA Joint Hons in Management Studies and Geography from the University of Leeds in 1992 and has an extensive background in technology, innovation and digital transformation, spanning leadership roles in renowned technology companies and working with multiple venture capital firms. She spent 15 years at Sky Group overseeing the creation of Sky's start-up venture investment function and US presence, leading to investment in over 30 technology start-ups. Prior to leaving, she held the position of Chief Business Development Officer of the group.

Emma's experience in innovation, business development and leadership bring a dynamic dimension to the Board. Her forward-thinking approach and ability to navigate complex landscapes position her as a strategic asset.

External appointment:

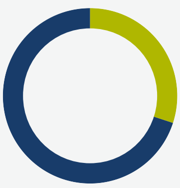
- VP, Partnerships EMEA, Netflix

Board gender diversity



Key:
- Female 5
- Male 6

Senior management gender diversity[1]



Key:
- Female 30%△
- Male 70%

1. "Senior management" is defined as our Executive Committee and the level below. See page 250 for our full calculation methodology related to our senior leadership diversity metrics.
Metrics marked with a △ symbol are subject to third-party limited assurance in accordance with ISAE 3000 (Revised) and ISAE 3410 for Greenhouse Gas emissions. See page 245 for the full assurance report.

Board of Directors continued

Julie Southern

Non-Executive Director; Independent

Committee membership:
A R P

Appointed: 1 September 2018

Tenure: 6 years

Skills and competencies:

Julie holds a BA (Hons) in Economics from the University of Cambridge and is a qualified chartered accountant. Julie is also a Non-Executive Chair of RWS Holdings and NXP Semiconductors. Her previous executive roles included Group Finance Director at Porsche Cars, CFO and CCO at Virgin Atlantic, and Finance and Operations Director at H J Chapman, a WH Smith subsidiary. Her former non-executive roles included Chair of the Audit Committees at Rentokil Initial plc, DFS Furniture Company and Cineworld plc. She was also Non-Executive Director and Senior Independent Director at easyJet plc and Chair of the Nomination and Compensation Committee at Gategroup.

Julie's extensive experience in finance and strategic leadership across the technology, aviation and finance sectors bring financial acumen, risk assessment skills and a proven track record of guiding organisations through growth and transformation to the Board. She provides valuable insights, significant board experience in public companies and financial expertise to effectively chair the Remuneration Committee and provide valuable experience to the Audit Committee.

External appointments:

- Non-Executive Chair, NXP Semiconductors N.V.
- Non-Executive Director, Shilton Midco 2 Limited
- Non-Executive Chair, RWS Holdings plc

Nadia Shouraboura

Non-Executive Director; Independent

Committee membership:
A P

Appointed: 1 September 2021

Tenure: 3 years

Skills and competencies:

Nadia is an industry leader in the field of machine learning and robotics, and holds a PhD in Mathematics from Princeton University. Her previous roles include Vice President, Technology, Worldwide Supply Chain and Fulfilment at Amazon, Non-Executive Director and Advisor of Cimpress plc, Ferguson, Formlabs, BlueYonder, Berkshire Grey, and CEO and founder of Hointer, a start-up retail technology company aiming to change the physical retail experience with smart solutions and analytics.

Nadia's extensive knowledge in technology, supply chain efficiency and innovation brings a profound understanding of ecommerce, automation, logistics and strategies focused on meeting customer needs to the Board. She provides focused insight and valuable know-how to Board discussions.

External appointments:

- Senior Advisor, New Mountain Capital LLC
- Non-Executive Director, Mobile TeleSystems PJSC
- Non-Executive Director, B&M European Value Retail S.A.

Julia M. Brown

Non-Executive Director; Independent

Committee membership:
R P

Appointed: 1 January 2023

Tenure: 2 years

Skills and competencies:

Julia has more than 30 years' experience in the fields of supply chain, procurement and operations. She has served as Chief Procurement Officer for several of the world's largest global companies including Clorox, Kraft, Mondelez, Mars-Wrigley and Carnival Corporation and plc. She has also worked in key leadership positions at Procter & Gamble, Diageo and Gillette. She has led significant operational and organisational transformation initiatives primarily in the consumer products and hospitality sectors. She has also led the creation of multi-billion dollar contracts and supplier relationships and global teams in every region of the world.

Julia has an extensive background in mergers and acquisitions and sustainability. She also advises on non-profit boards and has served on finance, audit and governance committees for those companies. She currently serves as a trustee for the Perez Art Museum (Miami) and the Chartered Institute for Procurement and Supply (UK).

Julia's qualifications and experience make her an outstanding Non-Executive Director at Ocado, largely owing to her vast experience across her roles.

External appointments:

- Board Member, Molson Coors Beverage Company
- Board Member, Perrigo Company PLC

Rachel Osborne

Non-Executive Director; Independent

Committee membership:
A P

Appointed: 1 September 2023
Tenure: 1 year
Skills and competencies:
Rachel was the CEO of Ted Baker, stepping down in June 2023, and was previously CFO of Debenhams plc and Domino's Pizza Group plc, and Finance Director of the John Lewis Division within the John Lewis Partnership. Rachel holds an MA in Veterinary Medicine from the University of Cambridge and is a qualified chartered accountant.

Rachel is a highly qualified Non-Executive Director and she possesses in-depth comprehension of financial management, strategic planning and customer-centric business approaches. Her background and extensive financial expertise allow her to chair the Audit Committee effectively and her background and insight into consumer experience and retail are very valuable.

External appointments:
- Non-Executive Director, Marston's PLC
- NED, Chair of Customer Committee and Audit & Risk Committee Chair designate, Cash Access UK ltd

Gavin Patterson

Non-Executive Director; Independent

Committee membership:
R P

Appointed: 1 June 2024
Tenure: Less than 1 year
Skills and competencies:
Gavin joined the Board as a Non-Executive Director in June 2024. He was previously at Salesforce Inc., predominantly in the role of President and Chief Revenue Officer. Prior to joining Salesforce, he held multiple senior roles at BT Group plc, including Group Chief Executive Officer between 2013 and 2019. His prior positions include management and marketing roles at Procter & Gamble.
Gavin has served on various boards including of listed, privately held and private equity-owned companies as well as for several charities and educational establishments.
He graduated from Cambridge University with an MEng, Chemical Engineering.

Gavin brings considerable expertise leading large multinational organisations and highly relevant experience of the global marketplace for platform services. His considerable experience at the helm of multinational B2B technology companies is a valuable asset to our Board and leadership team.

External appointments:
- Non-Executive Director, Wix Inc Ltd
- Non Executive Chairman, Elixirr International plc

Neill Abrams

Group General Counsel and Company Secretary

Appointed: 8 September 2000
Tenure: 24 years
Skills and competencies:
Neill was on the founding team of Ocado, joining the Board as an Executive Director in September 2000. He has responsibility for the Group Operations departments covering Legal, Governance, Intellectual Property, Real Estate and Sustainability. Prior to Ocado, he was a barrister in practice at One Essex Court and spent nine years at Goldman Sachs in London in the investment banking and legal divisions. Neill holds degrees in industrial psychology and law from the University of the Witwatersrand in Johannesburg and a Masters in Law from the University of Cambridge. He is admitted as a barrister in England and Wales, an attorney in New York and an advocate in South Africa.

Neill has extensive legal expertise and corporate governance acumen as well as significant knowledge of Ocado Group's business and the markets we serve.
His background in law and experience serving in legal leadership positions bring a deep and valuable understanding of regulatory compliance and legal intricacies to the Group.

External appointment:
- Non-Executive Director, Mr Price Group Limited, listed in South Africa

Changes to the Board

During the period and up to the date of signing of the Financial Statements, the following changes to the composition of the Board took place:

- Gavin Patterson was appointed as Non-Executive Director with effect from 1 June 2024.
- Rick Haythornthwaite resigned from his position as Chair and Director with effect from 30 November 2024.
- Adam Warby was appointed as Non-Executive Director with effect from 1 November 2024 and subsequently as Non-Executive Chair with effect from 1 December 2024.
- Neill Abrams resigned from the Board, effective 2 February 2024, continuing as Group General Counsel and Company Secretary.
- Mark Richardson resigned from the Board, effective 2 February 2024, continuing as CEO, Ocado Intelligent Automation.

Key Board focus areas during the year

Link to strategy key:

1. Grow our revenue
2. Optimise OSP economics
3. Deliver transformational technology
4. Drive success for our partners
5. Embed a responsible business approach

Stakeholders considered key:

- Our people
- Partners
- Investors
- Suppliers
- Environment, society and community

Strategy and financing

	Link to strategy	Stakeholders considered
Held a three-day strategy meeting to discuss the medium- and long-term strategy and growth opportunities, including challenges and risks, and determined Ocado Group's key strategic priorities.		Our people, Investors, Partners, Suppliers, Environment, society and community
Reviewed and approved the five-year plan, and assessed progress against the plan in line with the latest financial and business information.		Our people, Investors, Partners, Suppliers, Environment, society and community
Approved entry into a partnership with Panda in the Kingdom of Saudi Arabia to provide In-Store Fulfilment ("ISF").		Our people, Investors, Partners
Approved the issuance of a £250m convertible bond and £450m high yield bond, and a buyback of £700m of existing debt from the 2025 convertible bond and 2026 high yield bond.		Investors, Partners
Considered strategic joint venture issues, including the M&S contingent consideration payment regarding the original joint venture agreement.		Investors
Approved an increased loan facility to Ocado Retail Limited ("ORL").		Investors, Partners

Performance and operations

	Link to strategy	Stakeholders considered
Received reports from the CEO and CFO at each Board meeting, including progress against strategic objectives, and reports from each business unit, including ORL, on trading, business performance, financing and strategy implementation.		Our people, Investors, Partners, Suppliers, Environment, society and community
Received regular reports on OSP partner operations and the implementation of CFC projects, including regular reports from the Partner Success teams on the evolving plans to support our OSP partners.		Partners, Suppliers
Received regular reports on the development of OIA, including organisation structure, sales and marketing, and prospects.		Investors, Partners, Suppliers
Received progress updates on the project to migrate our UK partners Morrisons and ORL to OSP.		Partners
Reviewed and approved the annual Group budget.		Our people, Investors, Partners, Suppliers
Reviewed and approved OSP capital expenditure projects, including CFC builds for OSP partners Lotte, Aeon and Auchan.		Partners

Risk management and internal control

	Link to strategy	Stakeholders considered
Completed the annual review of principal and emerging risks, and consideration of the risk appetite.		Our people, Investors, Partners, Suppliers, Environment, society and community
Reviewed the effectiveness of the Group's systems of internal control and risk management, including a review of material controls.		Our people, Investors, Partners, Suppliers, Environment, society and community
Received updates on cybersecurity, including risks and mitigation, and the Group's cybersecurity programme.		Our people, Partners, Suppliers

Link to strategy key:
1. Grow our revenue
2. Optimise OSP economics
3. Deliver transformational technology
4. Drive success for our partners
5. Embed a responsible business approach

Stakeholders considered key:
- Our people
- Partners
- Investors
- Suppliers
- Environment, society and community

	Link to strategy	Stakeholders considered
Leadership and people		
Reviewed and discussed the outcomes of the external Board effectiveness review and creation of the action plan for 2025. Reviewed progress against the 2023 Board evaluation action plan.	●	Investors
Considered the composition and effectiveness of the Board, including approval of the appointment of Gavin Patterson and new Chair Adam Warby, and acceptance of the resignations of Mark Richardson and Neill Abrams as Executive Directors.	●	Our people, Investors
Governance and responsible business		
Approved the new Health, Safety, Fire and Environment ("HSFE") reporting structure and updated HSFE Policy.	●	Our people, Partners, Suppliers, Environment, society and community
Reviewed various sustainability-related matters, including the annual stakeholder engagement analysis.	●	Our people, Investors, Partners, Suppliers, Environment, society and community
Reviewed the new sustainability strategy framework and approved the results of the double materiality assessment of sustainability-related impacts as required to be completed under the EU CSRD regulation.	●	Our people, Investors, Partners, Suppliers, Environment, society and community
Reviewed and approved corporate statements including the Gender Pay Gap Report, the Modern Slavery Act Statement and the Basis of Reporting 2024.	●	Our people, Investors, Suppliers, Environment, society and community
Approved a revised Whistleblowing Policy and Human Rights Policy.	●	Our people, Environment, society and community
Approved the revised Schedule of Matters Reserved for the Board to align with the new UK Corporate Governance Code.	●	Our people

Board meetings and attendance

During the year, the Board conducted meetings in person, providing video conference facilities if required by any Director, with some ad hoc meetings added to the Board schedule to discuss and make time-sensitive decisions, including approval of the refinancing. During the period, the Non-Executive Directors held a number of scheduled meetings without the Executive Directors present, as well as some informal sessions. In the event a Director was unable to attend a meeting, they received all papers for the meeting and had the opportunity to raise any points ahead of the meeting. In the year, there were some additional meetings diarised and some Directors were unable to join due to prior commitments and the short notice of these meetings.

Director	Meetings attended/possible meetings the Director could have attended
Adam Warby (Chair)	1/1*
Tim Steiner	11/11
Stephen Daintith	11/11
Andrew Harrison	11/11
Jörn Rausing	11/11
Julie Southern	9/11
Emma Lloyd	10/11
Nadia Shouraboura	11/11
Julia M. Brown	9/11
Rachel Osborne	11/11
Gavin Patterson	5/6
Past Directors	
Rick Haythornthwaite (Chair)	10/11**
Mark Richardson	2/2***
Neill Abrams	2/2***

* Adam Warby joined the Board on 1 November 2024.
** Rick Haythornthwaite stepped down from the Board on 30 November 2024.
*** Mark Richardson and Neill Abrams stepped down from the Board on 2 February 2024.

Setting and delivering the strategy

The principal role of the Board is to promote the long-term sustainable success of the Group, to generate and preserve value for investors and other stakeholders and to contribute to the wider society. The Board defines the Group's purpose and strategy, in line with our values, and ensures that the business model and culture support the delivery of the Group's strategic priorities to generate sustainable growth.

In setting the strategy, the Board considers the views and priorities of our stakeholders and the most effective way to further our purpose. The Board undertakes an in-depth annual review of the strategy to ensure it remains fit for purpose and that appropriate short- and medium-term goals to progress our objectives are in place. The goals are then monitored throughout the year with an update on progress included at each Board meeting. This year, a Corporate Scorecard was introduced to provide a clear view of progress against the strategic objectives and delivery of the leading indicators required to achieve the five-year plan, using key financial and non-financial measures. At each meeting, the Board receives detailed updates on progress and plans towards the achievement of the strategy from each business unit, including any challenges and opportunities that arise.

The Board has ultimate responsibility for ensuring the necessary resources are in place, and effectively deployed, to be able to deliver the strategy. The governance framework, and processes and policies in place, are designed to ensure efficient internal reporting and effective management. For more information on the governance framework see page 102. There are robust risk management and internal control systems in place which allow the Board to assess and manage risks to the business and ensure sound decision-making. For more information on risk management and internal controls see pages 76 to 85 and 120. The Board also monitors the culture and the structure of the organisation to ensure the personnel required to achieve the strategic objectives are in place, within an environment optimised to support this.

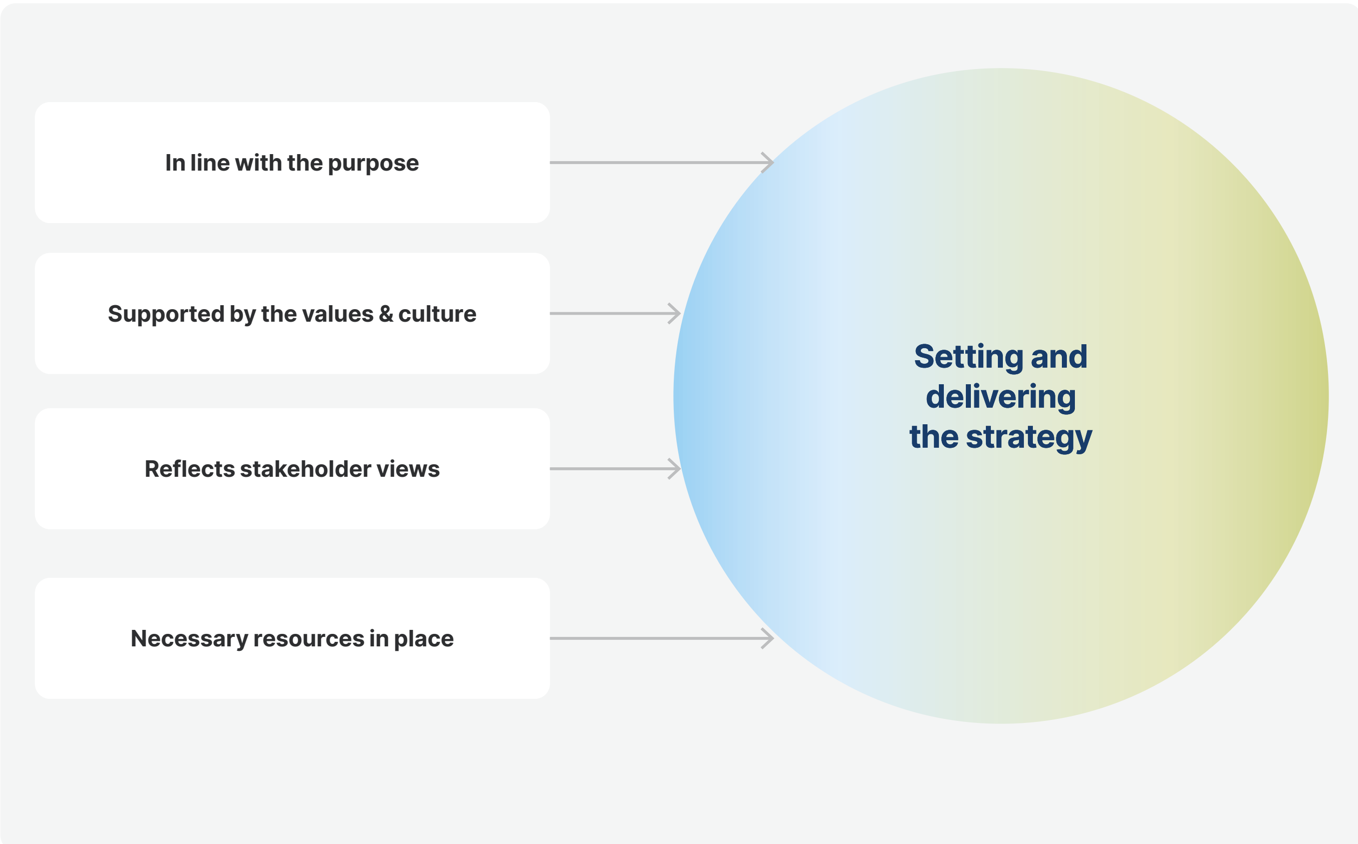
For more information on:
Culture: pages 15, 64, 100-101
Purpose and strategy: page 14

Board strategy meeting

During the 2024 strategy meeting, held across three days, the Board's discussions focused on the delivery of our strategic objectives and the five-year plan. In-depth reports from across the business enabled informed discussions on the challenges and opportunities for the Group to deliver both short- and long-term objectives.

The Board carried out detailed reviews of all areas of the business and agreed on the key actions to be taken in each area and the timelines to achieve these. This included Ocado Technology, Ocado Intelligent Automation and Ocado Solutions, including partner success, with actions for each OSP Partner. The Board was updated at subsequent Board meetings on the progress of these actions.

The Board also agreed that a Corporate Scorecard of financial and non-financial measures should be developed, following the recommendation to introduce this as an action from the Board effectiveness review.



Decision-making

Our purpose and strategy are key considerations in the Board's actions and decision-making and its oversight of the implementation of these by the business. Our "strategy on a page" document is reviewed regularly to ensure these objectives are central to discussions at Board meetings.

The links between the Group strategy and the Board's actions and decisions this year are shown on pages 96 and 97

The Executive Committee and senior management are responsible for the implementation of the strategic objectives, with decision-making further dispersed across the business. Therefore, it is essential that, across the Group, there is an understanding of our strategy and how individuals contribute to this. In order to enhance employee understanding of the strategy and provide short-term measurable steps, the annual Technology Solutions Goals for 2024 and the Ocado Logistics 2024 strategic priorities and goals were both launched in January 2024. This provided clear short-term goals for the year, which then informed goal-setting in individual teams, to ensure alignment with the strategic direction of the Group.

Stakeholders

The views of our key stakeholders are important considerations in setting the strategy and in decision-making. In addition, strong, mutually beneficial relationships with our stakeholders support the delivery of our strategic objectives. Engaging with our stakeholders is important to understand their views and priorities as well as to inform and aid their understanding of our business and strategy. The Board undertakes an annual review of the mechanisms used to engage with key stakeholders to ensure these remain appropriate to provide the necessary level of information to the Board.

Information on stakeholder engagement is provided on pages 44 and 45

Investors

Alongside the engagement undertaken by our Investor Relations team, the Board undertakes engagement with investors and potential investors to understand their views and maintain a dialogue around the business and our strategy.

Key questions on Ocado investors' minds:

- How the Group is working with OSP partners to get the best out of OSP.
- The rate of module and CFC growth over the coming years.
- The path to cash flow positive, liquidity and plans for refinancing existing debt.
- Opportunities and the model for OIA.
- Actions being taken and planned regarding environmental issues.
- Governance issues including Board composition and remuneration.
- The Group's approach to improving talent, retention, Diversity, Equity and Inclusion.

Investor activity this year

Throughout the year, Directors held one-to-one and group meetings and calls, and hosted investor CFC tours. Additional specific engagement included the following:

February
FY23 results presentation followed by an investor roadshow.

March
Chair investor roadshow. Attended JP Morgan European Internet seminar.

April
Chair-hosted governance breakfast.

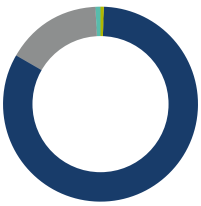
May
2024 Annual General Meeting. Attended Tech, Media & Telecoms Conferences at JP Morgan in London and HSBC in Paris. Held an Australian investor call.

July
FY24 half-year results presentation followed by an investor roadshow.

September
Attended Bernstein Pan European Strategic Decisions Conference.

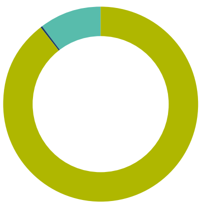
November
Attended the Peel Hunt TMT Conference, Barclays European Retail Forum and Morgan Stanley TMT Conference.

Shareholders by type



Key:
- Private shareholders – 0.80%
- Banks and nominees – 82.67%
- Companies – 15.95%
- Other institutions – 0.58%

Shareholders by geography



Key:
- United Kingdom – 89.67%
- Europe – 0.11%
- United States – 0.01%
- Rest of the world – 10.21%

Monitoring the culture

The Board recognises the importance of having the necessary culture in place in order to further our purpose and achieve our strategic objectives.

The Board ensures that our culture and values support our strategy and purpose. Our culture influences decision-making and business conduct, so in order to deliver on our strategic objectives, it is vital these remain aligned.

See Ocado's values on page 15

Our diverse team brings a range of experience, expertise and perspectives that shape our values and culture, driving the Group's strategic objectives. A positive, supportive environment where people feel valued and motivated is key to our success. The Board ensures policies and procedures uphold our culture and values, guided by our Code of Conduct, which promotes high standards of ethics and responsible decision-making. Additional policies on fraud, bribery, tax evasion, competition, and money laundering reinforce ethical practices. A strong culture fosters success, attracts talent and enables our people to thrive.

More information on our culture is provided on pages 15 and 64

It is important that as well as monitoring the culture, the Board also promotes the culture and supports and encourages senior management to do so.
The Executive Directors alongside other members of the Executive Committee hold Group-wide business updates and answer employee questions, as well as utilising internal communication tools to keep employees informed of developments in the business. The Directors strive through their own conduct to set the right tone from the top for senior management and the wider workforce. This is shown in the Board's commitment to high standards of corporate governance and ethical behaviour, open and transparent reporting, engagement with our people and entrepreneurial leadership. This year, the annual Board effectiveness review included a culture assessment which enabled a more thorough assessment of the Board in fulfilling its role to lead by example to promote a positive culture in line with our values.

See the Board effectiveness review outcomes on page 108

The Board monitors the culture through various qualitative and quantitative measures that provide insight into the culture of the Group. As the business continues to grow and evolve, this oversight is vital to ensure our culture is retained across all areas of the business.

This year, there has been a strong focus on embedding sustainability across Ocado as part of our culture, and the Board discussed and provided feedback on the new sustainability framework for the Group. A Corporate Scorecard that includes employee-related metrics was also introduced this year, which will aid the Board in ensuring that the strategy and culture are aligned.

The following are the primary sources the Board utilises to assess and monitor the Group culture.

Employee engagement with the Designated Non-Executive Director for Workforce Engagement ("DNED")

The Board continues to consider the DNED to be the most appropriate method of workforce engagement and Andrew Harrison, as DNED, provides valuable feedback from employees to the Board to assist in monitoring the culture. Through active engagement with a range of employee forums and the People team, the DNED is an important link between the Board and the wider workforce.

Andrew meets monthly with the Heads of the People and Global Listening, Culture and Engagement teams to review listening insights and feedback and support plans for proactive engagement. The DNED engaged with the wider workforce on executive remuneration, workforce remuneration and any wider workforce questions. Andrew also chairs the biannual Ocado Logistics Council meetings and meets biannually with the Inclusion Committee Chairs.

This year, Andrew participated in a DNED/Community Chairs event which provided a platform for engaging ideas, feedback and suggestions, including identifying challenges and opportunities for growth. The 16 Community Chairs discussed the experiences and perspectives of members of their communities with Andrew and ways to enhance engagement. DNED reports on employee feedback, issues and concerns raised are a standing item at every Board meeting, which is an effective tool for assessing the culture.

The issues that Andrew brought to the Board's attention this year included communication of the strategy, the performance and talent framework, and employee engagement and retention, particularly in relation to Ocado Logistics where he met with the Managing Director of Ocado Logistics and the People Director, to discuss and people issues and ensure actions were taken to improve retention. As part of his DNED role, Andrew also regularly updates the People Committee on topics discussed with employees.

Workforce policies and practices

The Board takes responsibility for all workforce policies and practices to ensure they are consistent with the Group's values and support its long-term sustainable success. The Board reviews and approves all significant policies that impact our workforce to ensure that our policies and practices continue to reflect our values and the desired behaviours to embed the culture.

Employees undertake mandatory training on key policies to ensure that they are properly understood and to help embed the principles as part of our culture. A new gamified Ocado Code training launched this year to provide a more engaging experience. The Board also reviewed and approved the Gender Pay Gap Report and the Remuneration Committee reviewed the annual Group-wide Report on Remuneration, including share plans and benefits. This enabled oversight to ensure remuneration reflects and supports a culture where our people feel valued and motivated to achieve our objectives. The People Committee received reports on senior management and leadership development, including training on diversity and inclusion-related matters. This enabled assessment of the support provided to management to enable them to take an appropriate lead on the expected behaviours that promote a culture that reflects our values.

Read more around how we invest in our people: pages 64-67

Employee feedback

The Board understands the central role our people have in the long-term success of the business and is committed to ensuring that it understands their views. Direct and indirect engagement methods are used to understand employee views and the Board takes these into account in its decision-making. Further information on employee engagement is included on page 45.

The Board reviews Employee Net Promoter Scores ("eNPS") and is provided with relevant feedback from employees through the employee survey regarding the employee experience at Ocado to enable a broad assessment of the culture in line with our values. This year in Technology Solutions, new People Management Principles were launched and action was taken to provide more clarity and communication around our values and strategy. In Ocado Logistics, actions were undertaken to increase employee engagement and improve recruitment processes. In addition, the Board is provided with updates from the People team on employee matters, including engagement, recruitment, retention, diversity and mental wellbeing.

The Non-Executive Directors attended separate sessions with some of the senior leadership to allow for more informal discussions around the business and the working environment, a valuable way for the Directors to meet with our future leaders.

Compliance reports

The Board is responsible for overseeing the Group's arrangements for the workforce to be able to raise matters of concern and seeks to foster an environment where individuals can be confident about speaking up about concerns without fear of retaliation. The Company operates an externally facilitated system where reports can be made anonymously. More information on our Whistleblowing Policy can be found on page 58.

The Board and Audit Committee receives biannual reports on submissions through the system, and raised outside the system through management, including the issues raised, investigations undertaken and outcomes, including actions taken. Various metrics including the number of reports, investigation completion rates and outcomes are monitored and the results this year confirmed the system continues to function effectively.

The Audit Committee also receives compliance reports, including statistics on the use of compliance tools and compliance training, with good completion rates this year indicating a high level of engagement across the Group. The Audit Committee Chair provides update reports at Board meetings, including highlights from these reports and any issues raised requiring further discussion by the Board. These reports enable oversight of workforce engagement with regulatory requirements and compliance, including risks and concerns identified across the workforce.

Health, safety and wellbeing reports and statistics

The safety and wellbeing of employees is of paramount importance to the Board and in ensuring a positive culture. The Board reviews health, safety and mental wellbeing metrics and reports, including injury rates, safety incidents and risk assessment results. This enables the Board to assess the effectiveness of safety practices and behaviours, as well as possible risks, and any actions required.

This year, the Board discussed ways to improve both internal and external health and safety reporting. Following this, a new dashboard tracking key metrics, to be presented at Board meetings, was agreed and the Board approved the updated HSFE Policy.

Corporate governance

The Board considers strong governance essential to delivering our strategy and ensuring the Group's long-term success. A system based on accountability and responsibility, transparency and effective controls is necessary for the Board to be able to provide effective strategic leadership.

Board of Directors

The Board is primarily responsible for setting the Group strategy to deliver sustainable long-term value to our investors and other stakeholders, providing effective oversight and challenge to senior management regarding the implementation of the strategy and ensuring an effective risk management and internal control system is in place.

Board Committees

The Board delegates certain matters to three Board Committees to enable effective oversight whilst allowing the Board to focus on strategic matters.

Audit Committee

Oversees the Group's financial reporting, risk management and internal control systems, the relationship with the external auditor and the effectiveness of the Internal Audit function.

See pages 114-123

Remuneration Committee

Establishes and manages the Group's Remuneration Policy and oversees remuneration and workforce policies.

See pages 124-147

People Committee

Oversees composition and succession planning for the Board, senior management succession planning and people engagement issues.

See pages 109-113

Executive Committee

The Executive Committee is responsible for the day-to-day management of the business, carrying out and overseeing operational management, and implementing the strategic objectives set by the Board.

Governance Committees

The Governance Committees provide oversight on key business activities and risks, and report to the Executive Committee and the Board or Board Committees as appropriate.

Risk Committee	Global HSE Committee	Personal Data Committee
Information Security Committee	Disclosure Committee	IT Operating Committee
Treasury Committee	Capital Expenditure Group	Sustainability Committee

The governance framework provides the structure to make decisions and achieve the strategic objectives within an established framework of prudent and effective controls. The framework of Board and governance committees and clearly stated levels of authority creates clear lines of accountability and effective oversight. This also facilitates timely decision-making at the correct level and ensures responsibilities are clear. Through the facilitation of information-sharing, the Board is able to exercise effective oversight, monitor performance and take informed decisions. This also ensures an understanding across the business of the strategic objectives to enable effective decision-making at all levels of the organisation aligned with strategy.

The framework has established reporting channels to ensure the Board is able to conduct effective discussions and informed decision-making. The Committee Chairs report at Board meetings on the discussions that have taken place at Committee meetings, including any issues that require Board input, any matters for Board approval and any actions taken. The Executive Directors, and other members of senior management as appropriate, provide reports at Board meetings covering all areas of the business. Through reporting, including the use of both financial and non-financial metrics, the Board is able to evaluate and guide the progress and performance of the Group. The Board Committees are utilised to ensure the Board has sufficient time for discussion and is able to focus on strategic matters.

The Board maintains a formal Schedule of Matters Reserved for the Board, including decisions regarding strategy, financing, capital structure and risk appetite, and a Delegations of Authority Policy. During the year, the Board reviewed and approved an updated Schedule of Matters Reserved for the Board.

Directors can, where they judge it to be necessary to discharge their responsibilities as Directors, obtain independent professional advice at the Company's expense. The Board Committees have access to sufficient resources to discharge their duties, including external consultants and advisors, and access to internal resources and relevant personnel. During the year, no Directors raised any concerns about the operation of the Board or the management of the Company.

Board roles

The role descriptions for the CEO, Chair, Senior Independent Director and DNED are set out in writing and provide a system of checks and balances to ensure no individual has unfettered decision-making power.

Non-Executive

Non-Executive Directors

- Provide support and constructive challenge to the Executive Directors.
- Monitor the delivery of the Group's strategy within the risk and control framework set by the Board.
- Provide an external perspective and bring a diverse range of skills and experience to the Board's decision-making.
- Oversee the appointment and removal and determine appropriate levels of remuneration for the Executive Directors.

Chair

- Provides effective leadership of the Board.
- Promotes high standards of governance and ensures the effectiveness of the Board in directing the Group.
- Sets the Board's agenda to ensure sufficient time for discussions and effective decision-making and ensures the Board is properly briefed.
- Ensures that all Directors make an effective contribution to the Board and actively encourages participation in meetings.
- Promotes a culture of openness, constructive debate and challenge on the Board.

Senior Independent Director

- Supports and acts as a sounding board for the Chair.
- Is available to shareholders if they have concerns.
- Meets, at least annually, with the Non-Executive Directors without the Chair present to appraise the performance of the Chair.
- Acts as an intermediary for the other Directors when necessary.

DNED

- Understands the views of the workforce and identifies any areas of concern.
- Provides regular updates to the Board on the views of the workforce.
- Ensures the Board considers the workforce in decision-making.
- Explains to the workforce the Company's policy on executive remuneration.

Executive

Executive Committee

- Oversees the day-to-day management of the Group's operations.
- Executes the strategic objectives agreed by the Board and develops plans in collaboration with the Board to implement strategy.
- Ensures the Board is properly informed of important and strategic issues within the business.
- Undertakes certain aspects of the Board's responsibilities as delegated.

Chief Executive Officer

- Responsible for the day-to-day running of the Group and the performance of the business.
- Responsible for the implementation of strategy and decisions of the Board.
- Provides clear and visible leadership.
- Represents management on the Board.

Group General Counsel and Company Secretary

- Ensures compliance with Board procedures.
- Implements and oversees the governance framework.
- Ensures that information flows between management, the Board and its Committees.
- Advises the Directors, as required, on regulatory compliance and corporate governance.

Board composition

Board composition

The Board recognises the importance of monitoring the composition of the Board to ensure it has the skills and experience required to enable sustainable success. The Board recruits and develops Directors who will provide a positive contribution to the business. The composition of the Board and Board Committees is continually assessed by the Chair and kept under review by the People Committee, to ensure an appropriate balance of skills and experience is maintained. The composition is more formally reviewed annually by the People Committee and as part of the Board effectiveness review process. For more information see pages 107, 109 and 110. Each Board member is asked to identify their own skills and experience annually to enable a more rounded assessment of the Board composition. The skills and experience identified are shown below.

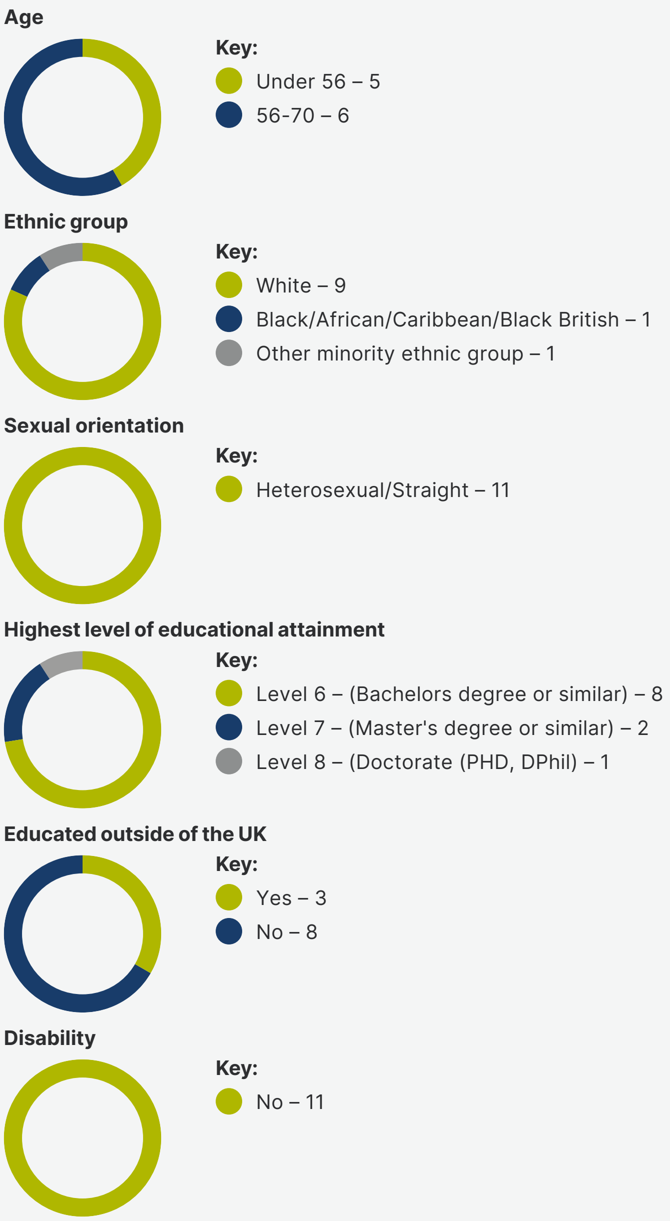
Board diversity

The Board believes that a diverse composition, encompassing gender, ethnicity and diverse social backgrounds, leads to more favourable outcomes and enhanced decision-making. Consequently, the Board is dedicated to promoting diversity within its own ranks and among senior management. For more information on the Board's approach to diversity, including the Board Diversity Policy, see pages 112 and 113. The Board confirms its own diversity characteristics annually, taking into account less tangible factors, such as previous qualifications. See the outcomes in the graphs below.

See how Ocado considers DE&I: page 66 and the website www.ocadogroup.com/sustainability/diversity-and-inclusion

Combination of skills and experience as identified by the Board

Board diversity characteristics



Independence, external commitments and conflicts

Board independence

The Non-Executive Directors play a vital role in holding the Executive Directors to account against agreed performance objectives and scrutinising the performance of senior management. In addition, independent insight and an external perspective support better decision-making. During the year, the number of Executive Directors was reduced to ensure a high level of independence on the Board.

At 1 December 2024, the Board comprised 11 Directors, including 8 Non-Executive Directors but excluding the Chair (who was independent on appointment), all determined to be independent, and 2 Executive Directors.

The independence of the Non-Executive Directors is assessed annually, including their length of tenure and relationships or other circumstances that are likely to, or could appear to, impair a Director's judgement. Following review by the People Committee in February 2025, it was determined the Non-Executive Directors remain independent, notwithstanding the length of tenure of Jörn Rausing and Andrew Harrison.

The composition of all three Board Committees complied in all respects with the independence provisions of the Code during the period.

Jörn Rausing

The Board has continued to closely scrutinise the factors relevant to its determination of the independence of Non-Executive Director Jörn Rausing. This is due to the length of tenure, as a Director for 21 years, and because Jörn is a beneficiary of the Apple III Trust, which owns Apple III Limited (together, "Apple"), a significant (approximately 10%) shareholder of the Company.

Jörn is not a representative of Apple, nor does Apple have any right to appoint a Director to the Board. The Board considers Jörn's continuing directorship to benefit the Group due to his significant business experience and international expertise, coupled with in-depth knowledge of the Group, and bringing a long-term perspective to the Board's decision-making. The Board considers Jörn to be independent. Jörn has stood for re-election annually since 2011 and on each occasion has been re-elected by a substantial majority of shareholders.

External commitments

The Company is mindful of the time commitment required from Non-Executive Directors in order to effectively fulfil their responsibilities on the Board. Prior to appointment, prospective directors provide details of any other roles or significant obligations that may affect the time available for them to commit to the Company. Each Non-Executive Director's appointment letter includes the minimum time commitment required for the role. The Chair and the Board are informed by each Director of any proposed external appointments or other significant commitments as they arise and these are monitored to ensure they have sufficient time to fulfil their obligations. Chair approval is required prior to a Director taking on any additional external appointment. The Company monitors and remains compliant with the applicable shareholder advisory groups' guidance on "overboarding".

Director biographies: pages 92-95

Conflicts of interest

Ocado has a Conflicts of Interest Policy in place applicable to our workforce, including the Directors. In addition, the Board has established formal procedures, detailed in the Director Conflicts of Interest and Related Parties Policy, for the declaration, review and authorisation of any conflicts of interest of Board members.

Prior to their appointment, Gavin Patterson and Adam Warby disclosed any conflicts of interest or potential conflicts to the Company. Each Director is required to disclose conflicts and potential conflicts to the Chair and the Group General Counsel and Company Secretary as and when they arise, with an opportunity to disclose conflicts at the beginning of each Board and Committee meeting based on the matters to be discussed.

When a Director seeks to take on additional external responsibilities, the Director discusses the potential position with the Chair and approval will only be given once the Chair is satisfied and the Director confirms that, as far as they are aware, there are no conflicts of interest. A formal annual review is undertaken to ensure the information is up to date and a register is maintained by the Group General Counsel and Company Secretary.

There were no actual conflicts of interest declared to the Company this year by the Directors between their duties to the Company and their private interests and/or other duties, except in the case of the Executive Directors, each of whom holds the position of Director of the Company and director of a number of Group subsidiary companies.

Ocado Retail Limited ("ORL") and conflicts of interest

Tim Steiner and Stephen Daintith are Ocado-appointed directors on the ORL board. Notwithstanding their Companies Act 2006 duties and obligations under the Articles, they are subject to the provisions of the ORL articles of association and to the provisions within the ORL shareholders' agreement on conflicts of interest and related party matters.

Appointment, induction, training and development

Appointments to the Board

The People Committee is responsible for overseeing the selection of individuals to serve on the Board and provides recommendations to the Board regarding these appointments. The Committee also ensures there are succession plans in place to ensure a smooth transition for the Board and senior management when needed. Appointments and succession plans are based on merit and assessed against objective criteria, with the promotion of diversity a central consideration. See pages 109-112 for information on the appointment procedure and succession planning.

Director re-election

Each Director is required under the Articles to retire at every annual general meeting and submit themselves for re-election by shareholders. At the 2024 Annual General Meeting ("AGM"), all the Directors stood for appointment or re-appointment, and were duly elected or re-elected.

At the 2025 AGM, all of the current Directors, except Gavin Patterson and Adam Warby, will submit themselves for re-election by shareholders. Gavin and Adam are subject to appointment by shareholders, having joined the Board on 1 June 2024 and 1 November 2024 respectively. This Report, and in particular the Board biographies on pages 92-95, sets out the contribution of each Director to the Company and, on this basis, the Board and specifically the Chair, believes each Director proposed for election or re-election at the AGM should be re-appointed or appointed.

The foundation for the Board's recommendations for election or re-election, in part, are based on its review of the results from the annual Board effectiveness review, the reviews of the Executive Directors conducted at meetings of the Non-Executive Directors and the Chair's review of individual Directors, and, on that basis, confirms that each Director has demonstrated substantial commitment to their role, taking into account a number of considerations including outside commitments.

Board induction, training and professional development

On joining the Board, it is the responsibility of the Chair and the Group General Counsel and Company Secretary to ensure the newly appointed Directors undergo a thorough and personalised induction process, taking into consideration their specific background and experience and any Committees they will be joining. This is demonstrated in the induction programme undertaken by Adam Warby, as detailed below. Gavin Patterson also underwent a similar thorough induction to understand the business and the role and responsibilities of a director.

During the year, the Board members enhanced their professional development with training and deep-dive briefings on a range of matters, from both external advisors and internal subject matter experts. The Board had specific sessions on the uses of Artificial Intelligence and fast delivery of OSP. The Remuneration Committee received updates from the Committee's remuneration advisors covering governance and developments in executive remuneration. The Audit Committee received written technical updates from the external auditor to keep it abreast of the latest accounting, auditing, tax and reporting developments.

Adam Warby Board induction programme

Director role and responsibilities

- Met with the Group General Counsel and Company Secretary and Chief Compliance Officer to discuss the role of director and responsibilities, including the Company's process for share dealing, insider lists, conflicts of interest and related parties.
- Training session with the Group's external legal advisors on director duties and continuing obligations for listed companies.

Strategy and business model

- Met with both the outgoing chair and CEO to discuss Ocado's strategy and business model, and key strategic and business matters.
- Met with the CFO to discuss the Group's financial performance and the five-year plan.
- Met with senior management from across Technology Solutions and Ocado Logistics including the CEO, Ocado Intelligent Automation, CEO, Ocado Solutions, CEO, Ocado Technology, and Managing Director, Ocado Logistics.
- Met with the CEO of ORL.

Corporate governance

- Met with the Group General Counsel and Company Secretary and Chief Compliance Officer to review Ocado's governance framework, Board and Committee procedures, and stakeholder engagement.
- Met with the Sustainability Director on sustainability matters, including regulatory reporting and the Group sustainability framework.
- Met with the external audit partner.
- Access to policies and procedures including the Schedule of Matters Reserved for the Board, Committee Terms of Reference and policies regarding anti-bribery, fraud prevention and share dealing.

Culture and people

- Access to the online employee induction programme provided to all new joiners, including information on the history of the Group, Ocado's solutions and technology, and values and culture.
- Met with the Chief People Officer on matters including engagement, DE&I, succession planning, talent, leadership and people development.
- Site visits to the Luton CFC, Bicester CFC, the development centre at Swiftfields and Ocado's head office.
- Met with various Non-Executive Directors and members of management.

Board effectiveness review

Our annual effectiveness review process provides the Board and its Committees with an opportunity to consider and reflect on the quality and effectiveness of their decision-making and for each Director to consider their own contribution and performance. The Directors consider the evaluation of the effectiveness of the Board and its Committees to be an important aspect of corporate governance and, for FY24, it was agreed that the review be externally facilitated, to provide an in-depth independent review of the Board's current performance and culture. Separately, the effectiveness of the Committees is discussed by the People Committee, including in relation to the composition, experience and tenure of the Directors.

Process of the externally facilitated review

FY24 effectiveness review process

1 Selection of the independent provider

Dr Tracy Long of Boardroom Review Ltd was appointed as the external facilitator of the 2024 review. Tracy was selected based on her approach to the review, including the proposed themes to cover, and her significant experience working with many listed boards. Tracy is independent of and has no other links with the Company or its Directors.

2 Design and approach of the review

- **End of 2023**
  Tracy met with the outgoing Chair (at the time of the review) Rick Haythornthwaite, and other key internal stakeholders to discuss the proposed context of the review, as well as with the Senior Independent Director to finalise the approach before it was confirmed at the February 2024 People Committee.
- **March 2024**
  Tracy reviewed key Company strategic and business documents, policies and recent Board and Committee agendas, papers and minutes.
- **March/April 2024**
  Interviews took place with each Director, the Executive Committee members, the Group General Counsel and Company Secretary and the Chief Compliance Officer. Questions related to the work of the Board dynamics, culture and contribution, Board composition, attention to strategy, risk, people and governance.

Interview topics

Board dynamics, culture and contribution	Attention to execution, performance and growth
Relationships, roles and responsibilities	Visibility of landscape (competition, customer, technology, regulatory)
Blend of voices and quality of debate	Skill sets and diversity of background/thought, aligned with strategy
Focus on transformation, security and sustainability	Risk and controls culture – clarity and accountability of the lines of defence
Choreography, tenure and Board succession planning	Preparation, effectiveness of meetings and quality of information
Quality of onboarding and development, CoSec support and external advisors	Attention to culture, DE&I and workforce engagement
Executive leadership	A shared understanding of purpose, values and strategic alignment
Stakeholder engagement	
Executive remuneration and incentive setting	

3 Review and discussion of the findings and recommended actions

- **April 2024**
  Tracy observed the Board meeting in action.
- **June 2024**
  Tracy facilitated a Board discussion as part of the annual Board strategy meeting where she presented the findings.
- **July/August 2024**
  Additional follow-up meetings with the outgoing Chair, Senior Independent Director and Chief People Officer took place to discuss the themes and actions arising from the Board discussion in more detail.
- **September 2024**
  The outgoing Chair facilitated a follow-on Board discussion. The discussion enabled the Board to align on the key themes, confirm whether there were any other areas to raise and ensure the actions to take forward were appropriate and clear.

Board effectiveness review continued

Key observations and actions

There were three key themes with associated actions as a result of the externally facilitated review, some of which have been implemented in FY24. Adam Warby, as new Chair, has reviewed the findings and is keeping these under consideration as he assesses priorities for Ocado in FY25:

Theme	Actions
Optimising strategic discussions and quality of Board conversations	• Keep under review the Board's strategic priorities. • Structure Board agendas to emphasise and allow more time for strategic discussions and debate, including around Group performance, partners and geography, strategic risks and technology. • Further embed partner-centric behaviours in the organisation and provide more client insight to help with decisions that are customer centric.
Preparation for new Chair and Senior Independent Director	• The People Committee to focus on the recruitment process for the current Chair and new Senior Independent Director, ensuring there is focus on the right skills (including softer skills), cross-sector experience and attributes that will complement the current Board and provide the right direction and focus.
Board culture and dynamics	• Re-assess the Company's culture and ensure this is monitored regularly by the Board. • Review and monitor Board culture. • Review the attendance of Executive Committee members at Board meetings. • Extend governance understanding within the Executive Committee.

Progress against FY23 actions

The following strategic priorities were identified during the FY23 effectiveness review and outlined in last year's Annual Report:

- Becoming partner-centric, including ensuring technology investments are aligned with our partners' needs and truly listening to our partners and responding to their feedback;
- OSP partner success, including ensuring the success and growth of existing partners and leveraging our Partner Success teams;
- Supporting the success of OIA, including appropriate scrutiny of progress on OIA prospects and balancing investment with future possible business; and
- Oversight of the ORL strategy, succession planning and ESG.

These strategic priorities are monitored regularly and a number of updates have been included on the Board agendas, including in June 2024 when the Board delved deeper into partner success, including the relationship with a number of OSP partners, current challenges and risks, and the near-term plan to ensure the Company becomes partner-centric.

A number of the FY23 priorities are consistent with the actions identified from the FY24 review and will be taken forward in 2025.

You can read more about the FY24 Board strategy meeting on page 98 and how business units have addressed these strategic priorities in their reports.

Technology Solutions: pages 18-21

Ocado Intelligent Automation: page 19

Ocado Logistics: pages 22-23

Ocado Retail: pages 24-25

Committee effectiveness

Committee effectiveness was taken into consideration during the review and it was perceived that the Committees operated effectively and they were led by effective Committee Chairs.

Chair and individual Director effectiveness

As part of the external effectiveness review, the Senior Independent Director undertook the review of the outgoing Chair's performance, requesting feedback from the Board and key management, and sharing the feedback with the Chair directly. The Senior Independent Director will review the current Chair's performance and effectiveness in 2025.

The external effectiveness review was an opportunity for all Non-Executive Directors to share their views on the effectiveness of other Non-Executive Directors. The current Chair and/or the Senior Independent Director will review individual performance in 2025.

People Committee Report

Andrew Harrison
Chair

Committee changes in the year:
Rick Haythornthwaite stepped down from the Board and People Committee on 30 November 2024; Gavin Patterson joined the People Committee on 1 June 2024; and Adam Warby joined on 1 November 2024.

Biographies of the Directors are set out on pages 92-95

Terms of Reference:
www.ocadogroup.com/investors/corporate-governance

Committee membership and meeting attendance during FY24

	Meetings attended/possible meetings the Director could have attended
Andrew Harrison (Chair)	6/6
Jörn Rausing	6/6
Emma Lloyd	5/6
Julie Southern	6/6
Nadia Shouraboura	6/6
Rachel Osborne	6/6
Julia M. Brown	6/6
Gavin Patterson (joined 1 June 2024)	2/2*
Adam Warby (joined 1 November 2024)	N/A**

* Gavin Patterson joined the Committee partway through the year and subsequently attended all meetings in the period of their membership.
** Since joining, no meetings have taken place.

Key responsibilities

- Board composition and succession.
- Executive and senior management succession planning.
- Board effectiveness.
- People engagement, including promoting a culture of diversity and inclusion.

Letter from the Chair of the People Committee

I am pleased to present the People Committee (the “Committee”) Report for the year ended 1 December 2024. This report provides shareholders with an understanding of the Committee’s main activities and areas of focus.

During the year, the Committee continued to embed its expanded remit, focusing on shaping the workforce and culture of Ocado whilst strengthening the connection between the Board and our people. The key activity of the Committee remains underpinned by our continued review of our Board and Committee composition, in particular ensuring the Board possesses the skills, experience and diversity necessary for effective leadership and successful delivery of our strategy, whilst considering the tenure of our Directors.

Areas of focus and activities in FY24

Chair succession

A significant area of focus this year related to the Chair succession process and the appointment of Adam Warby as our new Chair. Adam brings extensive executive experience in the technology sector and a strong track record in senior board leadership roles. Further information on the Chair succession considerations and appointment process can be found on page 111.

To support these changes, the Board asked me to extend my tenure by another year as Senior Independent Director (“SID”) and Designated Non-Executive Director (“DNED”) for Workforce Engagement by an additional 12 months beyond the conclusion of my nine-year term in March 2025. This extension will provide stability and continuity, particularly while Adam orientates himself with the Company and his role as Chair.

Wider Board developments and appointments

The Committee oversaw a number of significant changes to the Board. Firstly, I would like to thank Mark Richardson and Neill Abrams who stepped down as Executive Directors of the Board on 2 February 2024. Both continue to hold executive roles within Ocado, with Mark focusing on his role as CEO, Ocado Intelligent Automation, and Neill maintaining his responsibilities as Group General Counsel and Company Secretary.

People Committee Report continued

These changes align the Board more closely with a conventional structure and enhance independent oversight while allowing Mark and Neill to focus on operational and strategic execution.

We continually keep the structure, size and composition of the Board and its Committees under review, taking into account diversity and independence. In the year, the Committee also reviewed a detailed skills matrix, supported by a self-assessment analysis by each Director, to examine current Board knowledge, experience and skills, and any perceived gaps.

Outcome
The review resulted in Mark Richardson and Neill Abrams stepping down as Executive Directors, the appointment of Gavin Patterson as Non-Executive Director and the extension of my tenure as SID and DNED for Workforce Engagement.

Looking ahead, the Committee remains focused on Non-Executive Director succession planning to ensure the Board retains the right skills and experience for Ocado's long-term strategy. Given I and Emma Lloyd are nearing the end of our tenures on the Board, the Committee is reviewing future Board composition, including the SID and DNED roles. This process will help identify and address any skill gaps, ensuring the Board remains well-equipped to support the business in a dynamic marketplace.

Following a thorough search process for a new Independent Non-Executive Director, Gavin Patterson joined the Board and the People and Remuneration Committees with effect from 1 June 2024. He brings significant multinational leadership experience in technology, having served as President and Chief Revenue Officer of Salesforce Inc. He also brings considerable expertise leading large multinational organisations and highly relevant experience of the global marketplace for platform services.

You can read more about Gavin's appointment process on page 112.

Management succession planning
The Committee continued to engage actively in management succession planning, ensuring leadership capabilities align with our strategic priorities. The Committee conducted a review of the senior management succession pipeline, including defining key successors and critical roles, emphasising the development of internal talent and ensuring the leadership structure supports Ocado's future needs.

Outcome
A Talent Working Group, made up of some of the People Committee members, the Chair, CEO and Chief People Officer, was established to provide further oversight and drive the desired changes. Updates from these meetings were provided to the Committee and Board to ensure it remained aligned on the priorities.

Diversity, equity and inclusion
The Committee acknowledges the significance of DE&I, not only within the boardroom but also across Ocado. We know that embracing diversity and fostering an inclusive culture remain critical to Ocado's long-term success. When looking at Board appointments and management succession, the Committee considered diversity within the succession pipeline, reflecting our commitment to building a leadership team that represents our people and communities. This is supported by the diversity initiatives, see pages 64-66.

In its definition of diversity, the Board encompasses a wide range of factors, such as skills, backgrounds, gender, race, age, knowledge, experience, sexual orientation, socioeconomic background and disability.

During the year, the Committee received a detailed update on the progress being made with the DE&I strategy, including target-setting and pay reporting. The Committee also reviewed the Board Diversity Policy this year and agreed that the Policy remained fit for purpose and that no amendments were necessary.

The objectives of the Policy and details of progress are set out on page 113.

Group workforce matters and people engagement
In the year, the Non-Executive Directors attended talent lunches and other events to meet and get to know the talent pool and to form their own view on engagement and key issues. There were also opportunities for key talent to present at Board meetings and the Board strategy meeting.

Discussions at meetings this year covered deep dives into listening, culture and engagement in the Technology Solutions business, and a review of the colleague experience in the Ocado Logistics business. Topics of discussion included the embedding of performance and talent framework and the introduction of the new people management principles, and feedback received through our employee listening tool, Peakon.

In my role as DNED I make sure I get out into the business and speak to employees to listen to their views and ensure they are heard in the boardroom. You can read more on page 100.

Leadership development
The Committee received deep dives on each business during the year with regard to the development of the management team. The Committee received regular updates on initiatives to support leadership development such as the Leadership Academy and annual executive talent reviews.

Board effectiveness
The Committee oversaw this year's externally-facilitated Board effectiveness review, led by Dr Tracy Long of Boardroom Review Ltd, which considered the effectiveness of the Board and Committees. See pages 107-108.

As part of the annual Director effectiveness review, the Committee evaluated the combination of skills, experience, diversity, independence, knowledge and tenure on the Board and its Committees, as well as independence and time commitment of the Non-Executive Directors to ensure they continued to have the time to commit to the Board.

Priorities for FY25

We continue to prioritise the development of our Board and Committees and management, ensuring the Board and Executive Committee reflect our culture and support our strategic priorities. This commitment will remain a key focus for the Committee in the coming year.

Andrew Harrison
Committee Chair

27 February 2025

Board appointment process

Role requirements	Candidate search	Interview process	Committee approval	Board approval
Define role criteria, including skills, experience, and diversity, aligned with business priorities.	Engage external advisor to create a list of potential candidates who meet role criteria and diversity goals.	Shortlist and interview candidates with input from key stakeholders.	The People Committee evaluates candidates, ensures criteria are met and recommends a preferred choice.	The Board finalises the appointment and the appointment is announced in line with regulatory requirements.

Case study

Chair succession process

1 Background

In April 2024, Rick Haythornthwaite announced his intention not to seek re-election at the 2025 AGM due to the increase in his commitments as Group Chair of NatWest Group plc. Rick assured the Board of his full commitment to Ocado for the remainder of his tenure and, following careful consideration, the Committee concluded Rick could dedicate sufficient time to fulfil his responsibilities and continue providing effective leadership during the transition. The Committee immediately initiated a search for a new Chair, engaging Korn Ferry, an independent executive search consultancy. Korn Ferry has no other connections with Ocado.

2 Defining the role

The Committee set clear criteria to guide the search for the new Chair, focusing on the professional experience, capabilities and personal qualities required. The criteria prioritised board experience in large-scale technology companies with a strong track record of working with high-calibre CEOs, requiring expertise in partner success, scaling businesses, supporting organisations through rapid change, and leading board and succession planning efforts. Candidates required a solid understanding of corporate governance balanced with agility and the ability to manage relationships with key stakeholders, including our partners and investors.

3 Candidate selection

Korn Ferry compiled a longlist of candidates based on the agreed role criteria, with consideration of the Board Diversity Policy. Following initial screening, the Committee shortlisted several individuals and due diligence was carried out to confirm the shortlisted candidates' time capacity, potential conflicts of interest and suitability for the role. Candidates met with one or both of myself and the Chief People Officer, followed by the CEO. Given the critical importance of the CEO-Chair relationship, the CEO's feedback was considered key. Candidates also met with Non-Executive Directors and key members of executive management.

4 Appointment

Following this rigorous selection process, the Committee recommended Adam Warby for appointment as Chair. The Committee concluded that Adam brings extensive executive experience in the technology sector, a strong track record of leading global organisations, experience working in consultancy with partners and the strategic insight needed to guide the Company through its next phase of growth. The Board approved Adam's formal appointment.

5 Induction

Adam's intensive induction programme is structured to equip him with the knowledge required to engage effectively in Board meetings, consistent with the onboarding of other Non-Executive Directors. This programme is further tailored to support the oversight and leadership capabilities necessary for the role of Chair.

Full induction programme: page 106

People Committee Report continued

Appointment process for Gavin Patterson

The Committee engaged independent executive search agency Korn Ferry for the search of a new Independent Non-Executive Director. The Company and the Directors have no other connection with Korn Ferry. In line with Board effectiveness review feedback, a candidate skills matrix was created to assess potential candidates against key criteria, including the capabilities, experience and personal attributes required.

The Committee sought a Non-Executive Director with senior leadership experience, strong NED experience, expertise in the retail, technology or consulting sectors, international experience and a strong market reputation.

Following a thorough search with consideration of the Board Diversity Policy, multiple candidates were interviewed by a combination of Andrew Harrison and the outgoing Chair, and Executive and Non-Executive Directors.

The Committee recommended to the Board the appointment of Gavin, given his capabilities, skills and previous experience and the Board approved Gavin's appointment.

Reporting in alignment with UK Listing Rules provisions

We report our Board and executive management (our Executive Committee) diversity data as at 1 December 2024 in accordance with the UK Listing Rules disclosure requirements and our progress in meeting the UK Listing Rules board diversity targets.

Female representation on the Board currently meets the UK Listing Rules target of 40%. We also meet the requirement of having at least one Director from an ethnic minority background on the Board.

Although in the year we have not met the target of having at least one senior Board position being held by a woman, we are pleased to report that the Chairs of our Audit Committee and Remuneration Committee are women. The Board is committed to continued enhancement of its diversity as set out in our Board Diversity Policy. Although the four senior Board positions are currently held by men, this diversity target is considered in succession planning. For the wider workforce, 2024 was the second year we have collected ethnicity data of our employees and not all senior managers disclosed their ethnicity data.

DE&I

You can read more about:

Diversity data below Board level: pages 64 and 112

Gender diversity of the Board: pages 93 and 104

Self-identified diversity characteristics of the Board: page 104

Diversity in respect of all the Group's employees: page 66

Approach to data collection

Gender and ethnicity data relating to the Board, executive management and Company Secretary is collected on an annual basis as part of our Director year-end confirmation in a confidential questionnaire. The individual self-reports (or specifies they do not wish to report) such data. For ethnicity, the self-reported criteria align to the classifications as designated by the UK Office for National Statistics.

The same data was reported as part of the annual Parker Review submission. You can read more about our work to ensure gender equality in our UK workforce in our Gender Pay Gap Report on our website.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender representation as at 1 December 2024					
Male	6	55%	4	7	87.5%
Female	5	45%△	0	1	12.5%
Not specified/prefer not to say	–	–	–	–	–
Breakdown by ethnic background as at 1 December 2024					
White British or other White (including minority-white groups)	9	82%	3	6	75%
Mixed/ Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	9%	–	–	–
Other ethnic group	1	9%	1	2	25%
Not specified/prefer not to say	–	–	–	–	–

1. Metrics marked with a △ symbol are subject to third-party limited assurance in accordance with ISAE 3000 (Revised) and ISAE 3410 for Greenhouse Gas emissions. See page 245 for the full assurance report.
2. Under the Listing Rules, "Executive Management" is defined as the executive committee or most senior executive or managerial body below the board, including the company secretary but excluding administrative and support staff.

Board Diversity Policy

Objective	Progress
Ensure that the Board composition is sufficiently diverse and reflects an appropriate balance of skills, knowledge, independence and experience to enable it to meet its responsibilities, duties and strategic objectives effectively.	The Committee undertakes an annual review of the composition of the Board and its Committees, with further discussions during the year. An assessment of the Board, including skills, knowledge, independence and experience, and the strategic objectives of the Group, informs the criteria for any new appointment to the Board. This year, the criteria for a new Non-Executive Director included senior leadership experience, strong NED credentials, expertise in the retail, technology or consulting sectors, international experience and a strong market reputation, resulting in the appointment of Gavin Patterson.
Ensure that both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, and the Board aims that there should be: • at least 40% female Board representation; • at least one Board member from a minority ethnic background; and • at least one senior Board position (being the Chair, CEO, CFO and/or SID) being held by a woman.	Appointments to the Board are made on merit, with an objective set of criteria based on the needs of the Board and the business, and the value and importance of increased diversity on the Board. At 1 December 2024, 45% of the Directors on the Board were female. Diversity will continue to be taken into account in all recruitment processes and when we consider composition of our Committees. At 1 December 2024, there was one Director who self-identified as being 'Black' and one Director who self-identified as 'Other minority ethnic group'. Although in the year we have not met the target of having at least one senior Board position being held by a woman, we remain pleased to report the Chairs of our Audit Committee and Remuneration Committee are women. This continues to be addressed and factors into succession planning discussions.
Ensure that the Board will always seek to appoint the best-qualified candidate, but between two candidates of equal merit, the Board intends that, in recognition of any disproportionate under-representation of gender diversity on the Board, preference will be given to a female candidate when making future appointments.	The Committee is committed to applying this principle.
Ensure that when seeking to appoint a new Director, the search pool will be wide and where executive search firms are used, Ocado will only engage with those that have adopted the "Voluntary Code of Conduct for Executive Search Firms" or equivalent code.	This year, the Committee engaged Korn Ferry to assist in recruiting a new Non-Executive Director and specifically requested a wide search to provide a broader range of candidates. The recruitment process considered a longlist of candidates, which was then reduced to a shortlist of 6 taken forward to the interview process. Korn Ferry adopts the "Voluntary Code of Conduct for Executive Search Firms".
Ensure that the Board will support workforce initiatives that promote a culture of diversity and inclusion.	The Board is closely connected to the Global Culture and Inclusion team and supports the initiatives being undertaken to promote inclusivity and diversity. Andrew Harrison, as DNED, actively engages with a range of employee forums and meets with the Heads of the People and Global Listening, Culture and Engagement teams to review listening insights, reporting on feedback, issues and concerns raised, at every Board meeting.
Ensure that the Board will support the Committee in identifying women and other under-represented groups for promotion into senior management roles.	The Committee reviewed and discussed the current talent and succession pipeline and the Group's plans and outcomes regarding learning and career development programmes designed to build a pipeline of diverse individuals in leadership and senior management positions. Committee members also met with female leaders and diverse emerging talent within the business. In addition, all new senior hires and their diversity status are reviewed on an ongoing basis.

Audit Committee Report

Rachel Osborne
Chair

Committee changes in the year:
None.

Biographies of the Directors are set out on pages 92-95

Terms of Reference:
www.ocadogroup.com/investors/corporate-governance

Letter from the Chair of the Audit Committee

I am pleased to present the Audit Committee (the "Committee") Report for the year ended 1 December 2024. This report provides shareholders with an understanding of the Committee's main activities and areas of focus.

The Committee met eight times during the year in order to discharge its responsibilities and to enable it to play a vital role in assisting the Board in its oversight responsibility and monitoring the integrity of the financial statements of the Group and the robustness of its risk management and internal control systems.

We have given significant focus to the integrity of the Group's financial reporting activities, including areas of judgement and estimation, as well as on sustainability, non-financial reporting and regulatory horizon scanning.

Committee membership and meeting attendance during FY24

	Meetings attended/ possible meetings the Director could have attended
Rachel Osborne (Chair)	8/8
Julie Southern	8/8
Andrew Harrison	8/8
Nadia Shouraboura	8/8

Key responsibilities

- Monitoring the integrity of the financial statements of the Company and Group.
- Reviewing the effectiveness of the Company's risk management and internal control systems.
- Reviewing the Company's systems and controls for the prevention of bribery, fraud, money laundering and modern slavery.
- Monitoring and reviewing the effectiveness of the Company's Internal Audit team.
- Reviewing the independence and effectiveness of the external auditor, including engagement to supply non-audit services.
- Advising the Board on the appointment, re-appointment and removal of the external auditor.
- Ensuring the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.
- Reviewing any disclosures made by the Company in relation to Task Force on Climate-related Financial Disclosures ("TCFD") and climate-related emerging risks.

Committee membership and financial experience

All members of the Committee are Independent Non-Executive Directors. The Board is satisfied that Rachel Osborne and Julie Southern, who are both chartered accountants, are suitably qualified with recent and relevant financial experience and competence in accounting or auditing or both. The Committee as a whole is deemed to have competence relevant to the sector in which the Company operates. Rachel Osborne possesses in-depth comprehension of financial management and has extensive financial expertise, allowing her to chair the Audit Committee effectively. Julie Southern has extensive financial expertise and financial acumen.

Fair, balanced and understandable
The Committee considered and concluded that the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable, and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Areas of focus and activities in FY24

Group financial reporting

This year, the Committee continued to prioritise issues relevant to the Group's financial reporting, considering key accounting judgements and ensuring the quality of the related disclosures. The key areas of focus were the management judgements concerning the M&S joint venture contingent consideration payment, goodwill impairment assessment, the accounting for Solutions revenue and the risk of impairment of Solutions contracts, consistent with the prior year, and the disclosure of the deconsolidation of Ocado Retail ("ORL").

Sustainability and non-financial reporting

We acknowledge the growing importance of non-financial reporting in offering our shareholders and other stakeholders valuable insights into the Company's performance. As such, we continued to focus on improving our non-financial data quality and delivery of a refreshed sustainability framework and goals, as well as reviewing the Group's preparedness for upcoming new regulatory sustainability disclosure standards. We welcomed Julia Rowe in the newly created role of Sustainability Director at the beginning of this year. At her first Committee meeting in April 2024, Julia updated the Committee on the longer-term sustainability plan and the changes to the governance and ownership of sustainability.

Regulatory horizon scanning

We have also spent time understanding the impact of the latest UK Corporate Governance Code (the "Code"), including discussing the plan and timeline to meet Provision 29 in particular, which includes new requirements for the Board of Directors' accountability over maintaining an effective internal control environment. In addition, in May 2024, the external auditor, Deloitte held a briefing session for management, focused on internal controls and other key Code changes.

Risk management and internal controls

In the year, the Committee reviewed the Group's Enterprise Risk Management ("ERM") processes and procedures. Our meetings included discussions on both existing and emerging risks, and included the work we do to assess the effectiveness of our internal controls in mitigating their impact. The Committee monitored progress of the plan to implement the Code changes and received updates on the initial proposed list of the Company's material controls relating to the Group's principal risks and the process management had taken to identify them. The Committee and relevant stakeholders within the Group will continue to work over the coming years to keep the Board abreast of the progress made to mature the control environment, including finalising the list of material controls and undertaking an assurance gap analysis.

The Committee and the Board are cognisant of the Company's exposure to cybersecurity threats and events, and we emphasise the importance of maintaining strong resilience. In the year, management updated the Committee on the integrity and adequacy of the Group's cybersecurity controls, a topic that will remain an area of focus beyond 2025 as the external environment for cybersecurity risks continues to be of concern for the Group. Further details relating to our statements on internal controls and risk management are outlined on pages 76-85.

Internal Audit

The Committee received updates from the Head of Internal Audit on progress against the agreed Internal Audit Plan and key audit insights, including in relation to governance and oversight of business investments, where improvements are being made to strengthen prioritisation, financial oversight and post-investment review mechanisms. In relation to partner billing, the audit confirmed minimal discrepancies, with opportunities identified to enhance data integrity, automation and governance, supporting greater accuracy and efficiency. In relation to cybersecurity and regulatory readiness, Ocado continues to develop its approach to evolving regulations, including in relation to the Network and Information Security Directive ("NIS2"). Internal Audit's review highlighted areas for further strengthening, particularly in business continuity planning, vendor security assessments and access controls. In relation to fixed asset and expense management, steps are being taken to reduce reliance on manual reconciliations and ensure consistent policy application. Strengthening financial controls and improving system automation will further enhance compliance and reporting accuracy. The Committee continues to monitor progress against agreed actions and Internal Audit's ongoing work to provide assurance over key risks and controls.

In August 2024, an external quality assessment of the Internal Audit team was carried out by Ernst & Young ("EY") and, following the review, a plan to address the report's recommendations was put in place and discussed by the Committee. You can read more on page 119. Progress on implementation of the plan will be monitored throughout FY25.

Correspondence with regulatory bodies

In August 2024, the Company received a letter from the Financial Reporting Council ("FRC"), which covered a review of the Company's Annual Report and Accounts for the year ended 3 December 2023. The letter confirmed that no questions or queries had been raised following the FRC's review. The letter suggested a number of small areas for improvement in the reporting disclosures, which we have sought to address in this Annual Report. The Committee reviewed and discussed the findings and the proposed changes to disclosures from management.

Priorities for FY25

The Committee is mindful of the evolving regulatory environment and growing complexities in reporting standards, and will continue to monitor the regulatory horizon and guidance as it is published. Management will continue its work to progress the Company's preparedness for compliance with the Code, particularly in relation to strengthening and embedding the framework and effectiveness of our internal controls, and providing periodic updates to the Committee and Board. Other key strategic focus areas include continued oversight of the Company's significant judgements and estimates as outlined below, the accounting implications of the ORL deconsolidation, monitoring progress towards Corporate Sustainability Reporting Directive ("CSRD") compliance and adapting to other regulatory developments.

Rachel Osborne
Committee Chair

27 February 2025

Audit Committee Report continued

Significant issues, judgements and estimates relating to the financial statements

The Committee assists the Board with the effective discharge of its responsibilities for financial reporting, and for ensuring that appropriate accounting policies have been adopted and that management has made appropriate estimates and judgements.

The Committee considered the following significant issues during the year, which are largely consistent with the prior year. These areas are referred to in the external auditor's opinion on pages 156-165 and further explained in Note 1.4 to the Financial Statements on pages 174-175. As part of these considerations, the Committee received updates from management, assessed whether suitable accounting policies had been adopted and sought assurance from Internal Audit and the external auditor. Provisions, contingent liabilities and contingent assets – litigation remain key significant judgements, however, management confirmed that no changes or issues requiring the Committee's attention had arisen during the year.

Matters considered	Key accounting policies, judgements and key sources of estimation uncertainty	Factors considered by the Committee and outcome	Disclosure in the Consolidated Financial Statements
Consolidation of ORL	The Group holds 50% of the voting rights in ORL and management is required to exercise judgement on whether the rights granted to the Group under the ORL shareholders' agreement give the Group control under IFRS 10. In August 2024, Ocado and M&S agreed to an intended change of control in April 2025. As the transfer of the determinative rights from the Group to M&S is highly probable within 12 months, management has concluded that ORL meets the requirements of being reported as a disposal group held for sale and a discontinued operation under IFRS 5.	Reviewed and discussed various factors and agreed with management's assessment that, in August 2024, as a result of the terms of the shareholders' agreement, a change of control would be highly probable within 12 months (and no later than by 5 August 2025). Assessed the impacts of the intended change of control in April 2025 on the Group's financial reporting, particularly in respect of the application of IFRS 5, and reporting the results of ORL and related intra-segment eliminations as a discontinued operation. Reviewed and approved management's proposed approach in reporting ORL and intra-segment eliminations as a single line item in the Income Statement. This was supported by reports from management and the external auditor on its audit procedures in this review area.	Note 2.9, 5.1 and 5.2 – pages 188-189, 228-229 and 230
Revenues from contracts with customers – Solutions	The accounting for Solutions contracts is complex. Key areas of management judgement include the timing of recognition of upfront and ongoing fees payable under the relevant contract.	Reviewed the report outlining management's approach in revenue recognition and agreed with management's accounting treatment in line with the Group's accounting policies, reviewing each Solutions customer individually in light of IFRS 15 guidance.	Note 2.1 – pages 176-178
Accounting for refinancing	The accounting for the new debt issuance and partial early redemption of the convertible and senior unsecured bonds.	Reviewed management's report covering the accounting for the refinancing.	Note 4.1 – pages 206-208
Capitalisation of internal development costs	The capitalisation of internal costs of product development requires judgement in determining that the costs meet the necessary criteria for capitalisation under IAS 38 and IAS 16.	Management confirmed with the Committee that there had been no change that needed to be raised to the Committee and that the proportion of capitalised labour costs remained consistent year-on-year. The Committee took into account the findings of the external auditor, which noted improved development time tracking during the year, but also identified the controls for assessing whether certain types of activities or projects meet the capitalisation criteria could be improved. Management accepted that further improvements in the precise application of the controls over internal development costs were needed and that an update be provided to a future Committee meeting. The Committee agreed with the conclusion that capitalised development costs are fairly stated.	Note 3.2 and 3.3 – page 192 and pages 193-195

Matters considered	Key accounting policies, judgements and key sources of estimation uncertainty	Factors considered by the Committee and outcome	Disclosure in the Consolidated Financial Statements
Adjusting items	Management believes that separate presentation of adjusting items provides useful information in understanding the financial performance of the Group and its businesses. Management exercises judgement in identifying and determining the classification of certain items by considering the nature, occurrence and the materiality of the amounts involved in those transactions.	Reviewed management's periodic reports on items being treated as adjusting items and agreed with the treatment applied.	Note 2.5 – pages 181-183
Fair value measurement – contingent consideration due from M&S	Management judgement is applied in determining the fair value of the contingent consideration due from M&S, which has been estimated using the expected present value technique and is based on a number of probability-weighted possible scenarios. Limited progress towards a negotiated settlement outcome has been made during the year. For FY24, management considered whether there were any changes in circumstances that would require inputs into the fair value assessment to be updated and the impact of those changes. Management determined that the fair value of the contingent consideration due from M&S as at the reporting date is £nil.	Reviewed management reports outlining the methodology and inputs used in the probability weighting of potential outcomes. In this context, the Committee took into account the review undertaken by the external auditor of the value of the contingent consideration. Agreed that a probability-weighted approach to assessing the fair value of the contingent consideration remains appropriate. The Committee also reviewed the proposed financial statement disclosures and in particular that they sufficiently explain the estimation uncertainty, the methodology used and the potential that the ultimate consideration received at the point of settlement may be different to the fair value recognised at year-end as a result of entity-specific factors not considered in the fair value assessment.	Note 3.6 – pages 199-201
Impairment assessment – customer-level CGUs	Assessing the Group's impairment involves management making judgements about whether a cash-generating unit ("CGU") shows signs of impairment and identifying the relevant CGUs for evaluation. Management determined that assets associated with specific Solutions contracts (on a partner-by-partner basis) represent the lowest-level group of assets at which impairment can be assessed. Impairment testing requires management to estimate the recoverable amount of each CGU, using assumptions such as forecasted cash flows from approved budgets, long-term growth rates, post-tax discount rates and the growth potential of the CGU. The sensitivity to changes in key assumptions is also considered to determine at what level any headroom is eroded.	Reviewed and challenged management's reports and impairment disclosures in the Notes to the Financial Statements. The Committee, in agreeing with management's approach and conclusions with respect to the customer contract CGUs, reviewed and discussed the key assumptions, in particular with regard to module ramp-up profiles over the relevant contract life. The Committee agreed with management's approach in identifying indicators of impairment for Technology Solutions contract CGUs, as well as the approach, assumptions, conclusions and disclosures with regard to the impairment review and considerations of changes in key assumptions.	Note 3.3 – pages 193-195

Audit Committee Report continued

How the Committee spent its time during the year

Principal activities

In addition to the significant issues and judgements discussed by the Committee (above), the Committee also considered the following matters during the financial year ended 1 December 2024 and following the year end.

ORL

There is an additional layer of review and oversight that occurs in the ORL business, which has its own board and audit committee, comprising ORL management and representatives from the Group and M&S. That audit committee receives reports from Group Internal Audit on assurance reports on the ORL business and from the external auditor, as well as from ORL management and finance function.

Financial Statements and narrative reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Committee plays a key role in overseeing and monitoring the Group's financial reporting processes, ensuring the accuracy and integrity of financial statements, and reviewing significant accounting issues, policies and judgements. This includes reviewing reports from, and engaging with, the external auditor regarding internal controls, accounting and reporting matters.

Key activities of the Committee during FY24 included:

- Monitored and reviewed the integrity of the Group's Financial Statements and other formal documents related to financial performance, including the appropriateness of accounting policies.
- Reviewed the 2024 Annual Report and Accounts and various management reports on accounting estimates, judgements and representation letters.
- Assessed whether the Annual Report and Accounts taken as a whole, is fair, balanced and understandable, providing shareholders with the necessary information to evaluate the Company's position, performance, business model and strategy.
- Assessed the external auditor's reports and evaluated the process for preparing and verifying the Annual Report and Accounts, ensuring it was thorough and robust.
- Reviewed the Group's Half-Year Results.
- Reviewed accounting matters such as the refinancing project and Ocado Solutions revenue recognition.
- Monitored the progress of the Group finance and Group HR systems transformation programmes, including associated risks and challenges.

Outcome

The Committee was satisfied with the progress of significant accounting matters, including the judgements and estimates outlined in this Committee Report.

The Committee confirmed that the Annual Report and Accounts, taken as a whole, met its objectives, and was fair, balanced and understandable, and recommended its approval to the Board and supported the Board in making its Statement on page 154.

Sustainability and non-financial reporting

The Committee actively monitored regulatory developments related to sustainability, including increasing environmental and responsible sourcing legislation. Representatives from Risk, Regulatory and Compliance, Sustainability and Company Secretariat attended the meetings in the year to keep the Committee abreast of changes and to advance the Group's sustainability and non-financial reporting initiatives.

The Committee was briefed on the Group's progress in preparing for CSRD reporting, including work undertaken to identify in-scope entities and establish a reporting strategy to determine the most relevant disclosure topics and metrics for the Group. As part of these efforts, a double materiality assessment was carried out by an independent third party in FY24 and the Committee noted this would form part of the sustainability reporting in the 2024 Annual Report, see pages 48-67.

Key activities of the Committee during FY24 included:

Sustainability framework:

- Reviewed and refreshed the Group's sustainability framework, including setting interim 2030 sustainability goals that inspire employees and enhance the Group's value proposition.
- Discussed improving the delivery of sustainability topics, such as the net zero roadmap, health and safety, waste and water, responsible sourcing and employee-related goals.

Outcome

The Committee endorsed the new Sustainability framework, and identified additional work required to prepare our sustainability reporting with reference to the Global Reporting Initiative Standards.

Sustainability reporting:

- Received TCFD reporting updates and evaluated proposed changes to standalone climate impacts and associated metrics compared to 2023 to better align these to the Company's climate strategy.

Outcome

The Committee approved the Company's TCFD disclosures, including changes to the TCFD risks and opportunities and associated metrics, for the FY24 Annual Report.

Internal controls:

- Considered recommendations from an Internal Audit report on sustainability metrics and targets, which highlighted areas for improvement across sustainability governance, strategy, risk management, and sustainability data collection and disclosure, tracking progress on an action plan to address these recommendations.

Outcome

This provided a foundation for improved sustainability reporting for stakeholders, including in the Annual Report.

Through these efforts, the Committee ensured the Group is well positioned to meet regulatory expectations, including in relation to the Code, strengthen sustainability governance and deliver on its sustainability commitments.

Going Concern and Viability assessments

The Committee and the Board reviewed the Group's Going Concern and Viability Statements (see pages 86-88) and the supporting assessment reports prepared by management. The Going Concern and Viability Statements were modelled on the Group's refreshed five-year plan, as agreed by the Board in February 2025. The report on the Going Concern and Viability Statements included a base case, a downside stress test, a severe downside stress test and potential mitigating actions that could be taken.

The Committee challenged management on the scenario analysis, key assumptions and underlying factors. It gave careful consideration to the three-year assessment period for the Viability Statement, factoring in the Group's cash flows, solvency, liquidity and borrowing facilities (see pages 26-43).

Outcome

The Committee concluded that the three-year timeframe remained appropriate and was satisfied that there was a sound basis to provide the Going Concern and Viability confirmations in this Annual Report (see pages 86-88).

Internal Audit

The Internal Audit team provides independent and objective assurance, guidance and insights on governance, risk management and internal controls to the Committee, the Board and senior management, and is a key element of the Group's corporate governance framework. As part of the Group's corporate governance framework, it supports the Group in achieving its objectives by adopting a systematic and disciplined approach to evaluating the design and effectiveness of the Group's systems of risk management, internal control and governance processes. This is achieved through a risk-based methodology.

In addition to reviewing these areas and reporting on compliance, the Internal Audit team identifies key issues and recommends improvements to processes. These recommendations also provide insights into the culture and behaviours exhibited by employees in these areas. The Head of Internal Audit, who reports functionally to the Chair of the Audit Committee (ensuring independence) and administratively to the CFO, attends all Committee meetings and meets periodically with the Committee in private to discuss findings and the Group's control environment in greater depth.

Approach to setting the Internal Audit Plan

The Internal Audit Plan for FY24 was developed using a risk-based methodology that incorporates input from the Audit Committee and senior management, and external regulatory and industry insights. The Internal Audit team met with key stakeholders to discuss business objectives and associated risks and to get feedback on possible audit activities. Audits performed in FY24 took into account the Group's principal risks and covered financial, operational and technology risks, and provided coverage across business areas.

FY24 Internal Audit external quality assessment

The effectiveness of the team is continually monitored using a variety of inputs, including the ongoing audit reports received and the Committee's interaction with the Head of Internal Audit and other key stakeholders. In line with the Internal Audit Charter, the Committee's Terms of Reference and the recommendations from the Internal Audit Code of Practice, the Committee conducted an annual assessment of the effectiveness of Internal Audit team. This year, led by an independent third party, Ernst & Young ("EY"), the overall assessment concluded that the Internal Audit team continued to be effective. The review assessed the function's compliance with the Institute of Internal Auditors ("IIA") Global Standards, evaluated audit quality and methodology, and conducted a gap analysis against new standards. The outcome of the review was presented to the Committee in November 2024 and a number of areas for improvement were recommended, including enhanced use of analytics and dashboards to improve the quality of reporting, and evaluating the team's level of AI, robotics and data analysis skills needed for the future in the context of the Company's transformation journey and strategic shift. The Audit Committee Chair and the CFO addressed key actions with the Head of Internal Audit to take forward into 2025.

Key activities of the Committee during FY24 included:

Internal Audit Plan:

- Reviewed the 2024 Internal Audit Plan.
- Monitored progress of audit work, including updates on IT controls, ESG metrics assurance and Internal Audit's reviews for ORL.
- Met with the Head of Internal Audit privately and engaged with key management to discuss specific audit findings, including in relation to financial adjustments, business case and investment decisions, partner billing and international CFC physical security.
- Evaluated Internal Audit's post-audit feedback, status of management actions and reporting methodologies.

Outcome

The Committee approved the 2024 Internal Audit Plan, ensuring alignment with principal risks and strategic priorities.

The Committee requested more information in relation to specific Internal Audit reports and discussed outcomes with management.

The Committee was satisfied that management had addressed, or was actively addressing, outstanding concerns raised by Internal Audit.

Audit Committee Report continued

Internal Audit Charter:
- The EY report recommended enhancement to the Internal Audit Charter in line with the IIA Global Standards.
- Reviewed and approved updates to the Internal Audit Charter.

Outcome
The Committee approved the updated Internal Audit Charter, expanding the scope of its activities and formalising its reporting structures and alignment with the IIA Global Standards.

Internal Audit effectiveness:
- Considered the EY external quality assessment and reviewed its findings.

Outcome
The Committee monitored progress on the action plan from the EY external quality assessment, including efforts to enhance analytics, dashboards and team capabilities in emerging technologies.

Risk management and internal controls

The Committee, under its delegated responsibility from the Board, assessed the effectiveness of the Group's systems of risk management and internal control.

During the year, the Committee received regular updates on key areas, including financial controls, controls related to the principal risks, fraud risk effectiveness, cybersecurity, general IT controls and compliance controls.

Key activities of the Committee during FY24 included:

- Regular updates on the timeline to compliance with Provision 29 of the Code, providing direction and oversight on the detailed timeline to compliance, its proposed definition of "materiality" and the draft material controls and mitigating risks related to our principal risks.
- Monitored global regulatory requirements and priority topics via a new dashboard, including Code requirements, the new failure to prevent fraud offence introduced by The Economic Crime and Corporate Transparency Act 2025 ("ECCTA"), the CSRD, EU/UK sanctions, the EU Batteries Regulation and Canadian forced labour legislation.
- A Regulatory Expert Group was also established during the year, which discussed and reviewed the Regulatory and Compliance Risk, and made updates to the key risks descriptions and appetite.
- Reviewed the principal and emerging risks and the approach to monitoring risk.
- Reviewed a Fraud Risk Assessment report following an externally facilitated fraud risk assessment. The assessment involved a review of the Group's existing risks and identification of new risks, and was carried out during the year to assess any gaps in the current framework, with particular focus on outward fraud, as required by the new corporate fraud offence. The report identified a number of new controls, in particular in relation to non-financial reporting.
- A cross-functional working group was established to address a number of areas for improvement in relation to business continuity and NIS2 reporting processes. The group receives updates from management on the maturity in key cybersecurity areas relevant to the NIS2 Directive and received an Internal Audit maturity assessment that was undertaken. Management will continue to focus its efforts on improving the maturity level in this area and aligning security efforts to manage the cybersecurity risk posed to the Company with the Company's goals and risk appetite.
- In relation to financial risks, reviewed reports from management on the finance risk register and financial control environment and discussed the planned improvements in these areas, including testing high and medium risk rated controls and implementing any new controls identified to ensure adequate coverage in preparedness for compliance with the Code. Key controls across Group Finance and IT processes had been streamlined and a robust financial controls testing approach targeting high-risk controls was being introduced, with a roadmap to test all remaining key controls within the next two years.
- Reviewed management's approach to identifying and managing risks, discussed with management its programme of work to strengthen the maturity of the Group's risk management and internal control framework, and recommended enhancements.

Outcome
The Committee agreed updates to the ERM framework and risk descriptions, including changes to the scope and definitions of key supply chain risks (see page 81) and monitored progress on improvement initiatives, including enhanced internal control frameworks, procurement processes and IT general controls, and oversaw the implementation of a rationalised and streamlined key controls universe and financial controls testing methodology.

Committee discussed with management the outcomes and the recommendations identified in the Fraud Risk Assessment report and will monitor progress against the agreed action plan throughout 2025.

The Committee approved the risk review process and recommended approval of the Principal Risks Statement to the Board.

Effectiveness of the risk and internal controls systems

One key area of focus for the Committee was our risk and internal control effectiveness. In giving consideration to the effectiveness of the internal controls system, the Committee considered a range of activities and risk management reports from management and Internal Audit and other assurance and monitoring activities. The Risk team provided an annual report to the Committee which formed the basis of the annual assessment. In FY24 the work was closely linked to the material controls programme (outlined in this report), which provided a framework for assessing effectiveness of material controls for the principal risks of the Group. The Committee took into account the reports from the external auditor including their findings on the financial controls environment and other activities during the year to mature the control environment.

As explained on page 116, the Committee considered the external auditor's findings regarding the application of controls over the capitalisation of internal development costs and the management commitment to make further improvement to these controls.

Management also updated the Committee on progress in controls' improvement projects, including: Ocado Group HR systems transformation, implementation of the new payroll system for the Logistics business, enhancing the existing payroll solutions for the Technology Solutions business, and IT and finance systems transformation at ORL. These projects will continue to be a key focus for management and the Committee into 2025, alongside ongoing improvements being made to extend the risk and control framework in a number of areas, including AI risk governance, cybersecurity, operations and financial forecasting processes, compliance and non-financial reporting.

Outcome
The Committee assessed the effectiveness of the Group's risk management and internal control systems, with no significant failings identified.

The Committee observed that management continued their work on improving the effectiveness of the internal control framework, in light of impending regulatory changes.

Governance, compliance, and disclosure matters

The Committee received regular reports on governance, risk and compliance, including updates on data governance, global data privacy compliance and whistleblowing, alongside an annual fraud update.

Key activities of the Committee during FY24 included:

- Reviewed and updated its Terms of Reference to align with the FRC's Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard") which came into force on 1 January 2025.
- Ensured that the Committee Report describes how the Committee has met the requirements of the Minimum Standard throughout the year.
- Received a detailed report on the preparation, process and validation of the Annual Report and Accounts.

Outcome
The Committee approved changes to its Terms of Reference to align with regulatory updates.

Tax and treasury matters

The Committee received updates from management on tax and treasury matters, including on the transitioning of the Group's overseas tax services to PwC to enhance efficiency and consistency. The Committee reviewed and approved the Group's Tax Strategy Statement and the Polish Tax Strategy Statement, which is required due to the size of the Technology Centre in Poland, ensuring these align with regulatory requirements and the Group's strategic objectives. Additionally, the Committee reviewed treasury controls and key tax risks to ensure robust governance and risk management processes are in place.

Outcome
The Committee approved the Group Tax Strategy Statement and Polish Tax Strategy Statement for publication on our website, reinforcing the Group's commitment to transparency and compliance.

External audit

The Committee has primary responsibility for overseeing the relationship with the external auditor, including assessing its performance, effectiveness and independence, recommending to the Board its re-appointment or removal, and agreeing terms of engagement. At each meeting, the Committee considers reports from the external auditor, Deloitte. These include interim and year-end reports, the external audit plan, audit fees, auditor independence and non-audit services, management letters, and updates to ongoing work and relationships with management.

Tender and appointment

Deloitte was appointed as the external auditor to the Company in 2016 for the financial year ended 3 December 2017 and has been re-appointed by shareholders each year since. The current lead audit partner is Dave Griffin, appointed at the end of the 2021 audit, with 2024 being his third year. Ocado Group is required, in accordance with current regulations, to conduct an audit firm tender every 10 years (by 2027) and to rotate auditors every 20 years. The current plan is to start work on the competitive tender process in 2025, ahead of the 10-year tenure expiry and to ensure compliance with applicable audit tender requirements.

Effectiveness, quality and performance

The Committee regularly monitors the ongoing effectiveness and quality of the audit process and interactions with the audit partner and senior members of the Audit team through regular meetings with the Finance team and management, and private meetings with the Committee. A full effectiveness review is conducted on an annual basis to assess whether the quality, challenge and output of the audit process continues to be robust and sufficient. The Committee Chair meets with the external auditor prior to every Committee meeting and the Committee meets with the external auditor at various stages throughout the period to discuss the remit and issues arising from their work.

FY24 External audit effectiveness review

In assessing the effectiveness of the external auditor, the Committee considered the following:

- the robustness and project management of the audit process for delivery of an effective and efficient audit;
- the quality of reporting and the level of challenge and professional scepticism displayed by Deloitte and how they challenged management's assumptions where applicable;
- the independence and objectivity demonstrated and the level of compliance with the Policy on the Appointment and Independence of the External Auditor (the "Policy");
- Deloitte's report confirming that they adhered to their policies on independence and compliance with the FRC Revised Ethical Standard and a report containing findings from a review of the FRC's 2023/24 Audit Quality Inspection and Supervision Report related to Deloitte;
- their tenure and partner rotation; and
- output from sessions held with management and without Deloitte present.

The Committee also reviewed the external audit plan, considering the extent to which it was tailored to the Group's business, and monitored whether the agreed plan was met. The Committee was content that the plan was sufficient to support a robust and quality audit of the year-end financial statements. In addition, at the conclusion of last year's annual audit process, feedback was gathered on Deloitte's performance over the year-end audit. As part of the review, a formal questionnaire was circulated to the Committee and Board members and key senior management. The detailed findings of the effectiveness review were presented in April 2024, and actions and areas for improvement were discussed, including around refining the audit year-end project management process and fostering greater collaboration with the external auditor to maximise the value of the Internal Audit team. Similarly to the approach taken last year, a formal review of the effectiveness of the FY24 audit will take place following the publication of this Annual Report.

Outcome
The Committee discussed, without the external auditor present, Deloitte's effectiveness in February 2025, and the Committee concluded, based on its overall review and the evidence presented, that Deloitte had performed its audit effectively, efficiently and to a high quality.

Independence and objectivity

The independence of the external auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements.

To maintain the external auditor's objectivity and independence, the Company has a policy governing Deloitte's provision of non-audit services, which forms part of the Policy. During the year, the Committee conducted a review of the Policy, which was updated to align it with the FRC Revised Ethical Standard, which came into force on 15 December 2024. The Policy outlines the types of services that are allowed and those explicitly prohibited, to ensure the external auditor is not providing any additional services which could impede its independence. Further, the Committee monitors and assesses the safeguards in place, including an annual review by the Internal Audit team to assess independence. The Audit Committee received confirmation from Deloitte that, during the year, it remained independent and objective within the context of applicable professional standards.

Outcome
The Committee approved the updates to the Policy on the Appointment and Independence of the External Auditor to align it with the FRC Revised Ethical Standard.

The Committee considered there were no relationships between the external auditor and the Group during the year that could adversely affect its independence and objectivity. When considering its independence, the Committee agreed this recommendation was free from third-party influence and restrictive contractual clauses.

Re-appointment of the external auditor

The Committee is satisfied that the external auditor remains fully independent, objective and effective, and that there are no contractual restrictions on the Company's choice of external auditor. Deloitte has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing Deloitte's re-appointment and the determination of its remuneration by the Audit Committee will be put to shareholders at the 2025 AGM.

Statement of Compliance with the Competition and Markets Authority Order: The Company confirms that it has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (Article 7.1), including with respect to the Audit Committee's responsibilities for agreeing the audit scope and fees, and authorising non-audit services.

Non-audit services

The provision of any non-audit services by the external auditor requires prior approval, as set out in the table and in line with the Policy as described on page 122. These thresholds have been updated from the previous year to clarify that any non-audit services below £30,000 require approval by the CFO. The Group imposes a 70% cap on non-audit fees paid to its external auditor, based on average audit fees paid in the previous three consecutive financial years.

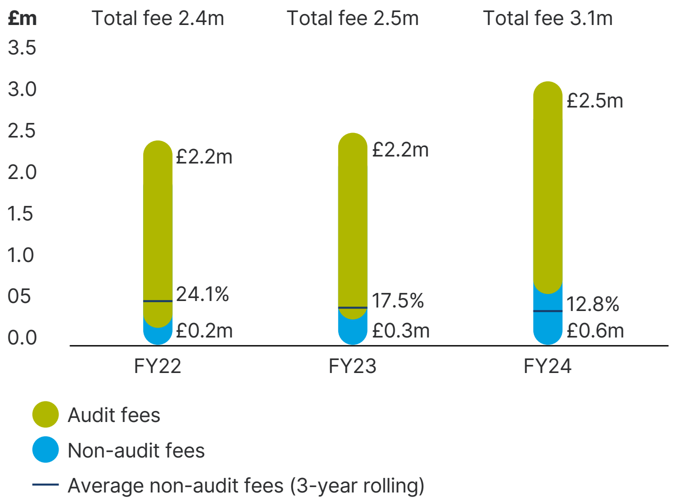
The Committee monitors compliance with the Policy throughout the year by receiving periodic reports detailing all approved non-audit services. Approvals in the year related to the interim audit review; audit procedures over the financial information of ORL for the FY23 audit of M&S; and refinancing project reporting accountant procedures (comfort letters).

Approval thresholds for non-audit work	Approver
Below £30,000 per engagement	CFO
Over £30,000 and up to £100,000 per engagement	CFO and Audit Committee Chair
Greater than £100,000 per engagement, or if the value of non-audit fees to audit fees reaches a ratio of 1:2 as a result of a new engagement, regardless of value	Audit Committee

External auditor fees

Fees paid to Deloitte are set out in Note 2.3 to the consolidated financial statements on page 180.

Total audit fees (including non-audit fees for assurance services)



Directors’ Remuneration Report

Julie Southern
Chair

Committee changes in the year:
Gavin Patterson joined 1 June 2024.

Biographies of the Directors are set out on pages 92-95

Terms of Reference:
www.ocadogroup.com/investors/corporate-governance

Committee membership and meeting attendance during FY24

Committee Members	Number of meetings attended vs number of meetings
Julie Southern (Chair)	8/8
Andrew Harrison	8/8
Emma Lloyd	7/8*
Julia M. Brown	8/8
Gavin Patterson (joined 1 June 2024)	4/4**

* Emma Lloyd gave apologies for one meeting.
** Gavin Patterson joined the Committee partway through the year and subsequently attended all meetings in the period of his membership.

Key responsibilities

- Setting the Remuneration Policy.
- Reviewing workforce remuneration and related policies.
- Considering the alignment of incentives and rewards with the culture of the Company and pay and employment conditions across Ocado.
- Approving the design of, and determining targets for, any performance related pay schemes for Executive Directors operated by Ocado.
- Approving payouts under performance related schemes.
- Ensuring that arrangements on retirement of directors are within the terms of the Remuneration Policy.

Letter from the Chair of the Remuneration Committee

I am pleased to present the Directors’ Remuneration Report for the year ended 1 December 2024 (the “Report”) on behalf of the Remuneration Committee (the “Committee”). I would also like to welcome Gavin Patterson, who was appointed as an Independent Non-Executive Director with effect from 1 June 2024 and serves as a member of this Committee.

Last year, the Committee devoted a significant portion of its time to developing and consulting on a new Remuneration Policy (the “2024 Policy”) which we believe best supports us on the next phase of growth. I was pleased that this new Policy, which had evolved during significant and helpful engagement with shareholders, was approved by over 80% of shareholders at the 2024 annual general meeting in April 2024. We continue to engage with shareholders on remuneration issues.

Areas of focus and activities in FY24

This year, the Committee has focused on implementing these new arrangements, alongside its routine annual business.

Relationship between pay and performance in FY24

During the period, Ocado made substantial operational and strategic progress and delivered a solid financial performance. We saw strong revenue growth and a strong improvement in adjusted EBITDAⒶ.

Group underlying cash flowⒶ improved significantly during the year driven by adjusted EBITDAⒶ growth in Technology Solutions and Ocado Retail, capex reductions and targeted cost control. I am particularly encouraged that we are on track to turn cash flow positive during FY26. The share price remained flat in the year. You can read more about our financial performance in the year in the Financial Review on pages 26-43.

Our incentive outcomes reflect this solid performance in the context of a challenging environment.

FY24 Annual Incentive Plan ("AIP")

When assessing performance outcomes against the AIP metrics, the Committee noted strong performance across the majority of KPIs, particularly the financial metrics. Where performance fell short of our stretching KPIs, the Committee carefully assessed the extent to which the measures reflect the underlying performance of the business. Given our strong performance against our financial metrics, we believe that the overall AIP outcomes to the CEO and CFO of 76.6% and 81.1% of maximum respectively, are a fair reflection of performance in the year. Further details can be found on pages 133-134.

Value Creation Plan ("VCP") – final Measurement Date

As set out in last year's report, the Committee decided not to proceed with the extension of the VCP, which was approved by shareholders in 2022. Therefore, the fifth Measurement Date of 30 March 2024 was the final Measurement Date under the VCP. The Measurement Price (£4.60) was below the minimum hurdle/threshold Total Shareholder Return ("TSR") for tranches 1, 2 or 3 required to bank awards and therefore no nil-cost options were banked by the Executive Directors in FY24. As the TSR underpin was not met, no previously banked options were capable of vesting. As this was the final Measurement Date, previously banked awards lapsed and the plan has now ended. Further information on the VCP can be found on pages 134-135.

2024 Performance Share Plan ("PSP") grant

In line with the 2024 Policy, on 16 May 2024, the Committee made the first grant of PSP awards under the 2024 Policy equivalent to 400% of salary and 350% of salary to the CEO and CFO respectively. The base award is based 100% on financial metrics, with adjusted earnings per share ("EPS") and underlying cash flowⓐ pre-growth capital expenditure weighted equally.

For the CEO's FY24 PSP award only, if the share price hits £29.69 in March 2027, an enhanced multiplier of 4.5x the base award will apply. Full details of the performance conditions attached to the awards can be found on page 136.

Implementation in FY25

Changes to Director base salaries

When making decisions on executive remuneration, the Committee considers a number of factors related to the wider workforce, including policies and practices throughout the Company, as well as feedback from our Designated Non-Executive Director for Workforce Engagement ("DNED") on workforce remuneration and our all-employee remuneration report.

Base salary decisions relating to the Executive Directors as well as Non-Executive Directors' fees have not yet been determined, but will be disclosed retrospectively in next year's Directors' Remuneration Report.

Adam Warby joined the Board as an Independent Non-Executive Director with effect from 1 November 2024, before assuming the role of Chair on 1 December 2024. His Chair fee was set at £400,000 which is commensurate with the demands of the role and in line with the market.

FY25 AIP

Executive Directors will continue to participate in our AIP. Based on feedback from investors, awards are focussed on measurable financial objectives and drivers of growth (90%), as well as stretching ESG metrics (10%). Further details can be found on page 129.

FY25 PSP

We intend to grant an award under the PSP with the same base award levels as last year: equivalent to 400% of salary and 350% of salary to the CEO and CFO respectively. As with the FY24 award, the base award will be based entirely on financial metrics, equally weighted between adjusted EPS and underlying cash flowⓐ pre-growth capital expenditure with a relative TSR multiplier. This year's award to the CEO will operate in the same manner as for all other executives. Further details can be found on page 130.

Remuneration principles

Our remuneration principles are wholly aligned with the principles in Provision 40 of the 2018 UK Corporate Governance Code of: clarity, simplicity, risk, predictability, proportionality, and alignment to culture.

An explanation of how these principles were applied to the 2024 Policy is set out on page 190 of the 2023 annual report and accounts.

Finally, I would also like to welcome Gavin Patterson, who was appointed as an Independent Non-Executive Director with effect from 1 June 2024 and will also serve as a member of this Committee.

I hope you find our Report to be a comprehensive account of the Committee's activities and the decisions we have made over the year. I shall be available at the upcoming AGM to answer any questions about the work of the Committee, and thank you again for your continued support of Ocado.

Julie Southern
Committee Chair

27 February 2025

Directors' Remuneration Report continued

Description of the Remuneration Committee

This section of the Directors' Remuneration Report, along with page 124, describes the membership of the Committee, its advisors and principal activities during the period. It forms part of the Annual Report on Remuneration section of the Report.

Attendees at Committee meetings during the year included the Chair of the Board, the CEO, the CFO, the Group General Counsel and Company Secretary, the Chief People Officer, the Head of Total Reward and the external advisor to the Committee. The Chair of the Board, Executive Directors and other attendees are not involved in any decisions of the Committee and are not present at any discussions regarding their own remuneration. The Chief Compliance Officer is secretary to the Committee.

External advice

During the period, the Committee and the Company retained independent external advisors to assist them on various aspects of the Company's remuneration and share schemes as set out below:

Advisor	PricewaterhouseCoopers LLP ("PwC")
Retained by	Remuneration Committee
Services provided to the Remuneration Committee	Advice on a range of remuneration issues including attendance at Committee meetings, assistance with drafting of the new PSP plan and 2024 Policy, information on market practice in relation to various aspects of remuneration, market trends and benchmarking of Executive Director and Chair of the Board remuneration.
Other services provided by PwC	Other PwC advisory teams advised the Group on a range of matters during the period, including deal and litigation support, tax structuring, and accounting and overseas tax advice. PwC also provide independent System and Organisation Controls ("SOC") assurance reports for the Group's Ocado Smart Platform ("OSP") services.

PwC re-appointment and review

The Committee carried out its annual review of and considered the re-appointment of PwC. This review took into account PwC's effectiveness, independence, period of appointment and fees. PwC was initially appointed by the Committee in 2017 following a tender process and has been re-appointed each year since.

During the year, the Committee reviewed the performance of PwC based on feedback from members of the Committee and senior management. The criteria for assessing PwC's effectiveness included its understanding of business issues and risks, its knowledge and expertise, and its ability to manage expectations. The Committee concluded that the performance of PwC remained effective.

The Committee considered the independence and objectivity of PwC. PwC has assured the Committee that it has effective internal processes in place to ensure that it is able to provide remuneration consultancy services independently and objectively. PwC confirmed to the Company that it remains a member of the Remuneration Consultants Group and, as such, operates under the code of conduct in relation to executive remuneration consulting in the UK. Other than as set out above, PwC has no other connection with the Company or any of its Directors. Following its annual review, the Committee remains satisfied that PwC has continued to maintain independence and objectivity.

For the period, £284,250 (FY23: £258,233) in fees were paid or payable to PwC for advisory services provided to the Committee. The basis for this is a fixed retainer fee and a time-based fee for additional work, including support with reviewing the 2024 Policy this year.

Following discussion by the Committee, it was agreed that PwC should be re-appointed.

Other support for the Remuneration Committee

In addition to the external advice received, the Committee consulted and received reports from the Company's CEO, the CFO, the Chair of the Board, the Chief People Officer and the Chief Compliance Officer. The Committee is mindful of the need to recognise and manage conflicts of interest when receiving views and reports from, or consulting with, the Executive Directors or members of senior management.

Areas of focus and activities in 2024

The Committee has, under its Terms of Reference, been delegated responsibility for setting remuneration for the Executive Directors, the Chair of the Board, the Group General Counsel and Company Secretary, and senior management. In line with its Terms of Reference, the Committee's work during the period is set out below.

Key agenda items	Approved the Directors' Remuneration Report for FY23.
	Approved the Group's Gender Pay Gap Report for FY23.
	Reviewed a report from the CEO and the Chair of the Board on performance and remuneration of the Executive Directors.
	Approved the pay increases for the Executive Directors and the Chair of the Board in the year.
	Agreed and approved fees for Gavin Patterson and Adam Warby on appointment.
	Reviewed performance under the FY23 AIP and consideration of any bonuses payable.
	Reviewed progress against performance measures for the FY24 PSP.
	Approved the FY25 PSP performance measures.
	Approved the FY24 AIP performance targets and reviewed the design and measures for the FY25 AIP.
	Reviewed the comparator group used for benchmarking pay.
	Received regular reports on Group-wide remuneration for FY24 and reports from the DNED on workforce remuneration arrangements and issues.
	Received a report on the Group's share schemes for FY25.
	Approved incentive payments and salary changes for senior management.
	Reviewed and approved various senior management arrangements on joining and leaving the Company.
	Received reports and advice from advisors on a range of matters including senior management pay, market themes and trends, and new governance requirements.
	Reviewed the performance of advisors.
	Reviewed Committee composition, Terms of Reference and performance of the Committee.

The Executive Directors and the Chair of the Board reviewed the remuneration arrangements of the Non-Executive Directors.

Directors' Remuneration Report continued

Annual Report on Remuneration – Implementation of Policy for 2024 and proposed implementation for 2025

Link to purpose and strategy

Details of how the 2024 Policy links to the Company's strategy and purpose can be found in the Remuneration Policy on our website, www.ocadogroup.com, and on page 191 of last year's report. The Committee considers that the principles under which the 2024 Policy were developed continue to be appropriate.

Summary of Policy table for Executive Directors and implementation

The table below provides a summary of the key elements of the 2024 Policy for Executive Directors approved by shareholders at our 2024 AGM on 29 April 2024. In addition, we have set out how the 2024 Policy was operated in FY24 and how it is intended to be operated in FY25. Details of how the 2024 Policy was designed and developed and the full Policy can be found on our website, www.ocadogroup.com, and on pages 191 to 201 of last year's annual report.

Base salary

Purpose and link to strategy: Minimum level of pay to attract and retain the right calibre of senior executives required to support the long-term interests of the business. We continue to aim to position salaries towards the lower quartile of the market.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
Paid monthly in cash. Reviewed annually or when there is a change in position or responsibility. No prescribed maximum; however, usually maximum salary increases will be within the percentage range applied to the UK-based monthly paid employees of the Company in that year. Larger increases may be awarded in exceptional circumstances, for example, if the role has increased significantly in scope or complexity or to bring a recently appointed executive in line with the market and the other executives in the Company where their salary at appointment has been positioned below the market.	As at 1 April 2024: • Tim Steiner (CEO): £824,570; and • Stephen Daintith (CFO): £614,517.	Executive pay increases from 1 April 2025 have not yet been determined and will be disclosed in next year's report.

Benefits

Purpose and link to strategy: To attract and retain the right calibre of senior executives required to support the long-term interests of the business.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
Benefits provided are aligned with those provided to all employees under our flexible benefits policy. Benefits are set at a level which is considered to be appropriate against market data for comparable roles for companies of equivalent size and complexity in similar sectors and geographical locations to the Company.	Includes private medical insurance, travel insurance and other discounts. Any business travel costs will be paid by the Company. Additional benefits or payments in lieu of benefits may also be provided in certain circumstances, if required for business needs. The Company provides Directors' and Officers' liability insurance and may provide an indemnity to the fullest extent permitted by the Companies Act 2006.	No planned change.

Pension

Purpose and link to strategy: To attract and retain the right calibre of senior executives required to support the long-term interests of the business.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
Executive Directors can choose to participate in the defined contribution Group personal pension scheme or an occupational money purchase scheme. Where lifetime or pension allowances have been met, the balance of employer contributions may be paid as a cash allowance or into a personal pension arrangement.	In order to ensure continued alignment between Executive Director and wider workforce pension contributions, the contribution rate for UK-based Executive Directors is 7% of salary, in line with the workforce. For any Executive Directors outside the UK, provision for an executive pension will be set taking into account local market rates.	No planned change.

Annual Incentive Plan

Purpose and link to strategy: To provide a direct link between measurable and predictable annual Company and/or role specific performance and reward.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
• FY24 and FY25: Maximum opportunity of 275% of salary. • FY26: Maximum opportunity of 200% of salary. Up to 50% of any bonus will be paid in cash and at least 50% will be deferred into shares. Main terms of deferred shares: • minimum deferral period of three years from the date of grant; and • continued employment to the end of the deferral period (unless a "good leaver"). Dividend equivalents may be awarded on deferred shares to the extent that they vest until the end of any relevant post-vesting holding period.	Maximum potential for FY24 (as % of salary): • CEO: 275%; and • CFO: 250%. The AIP was measured against the Corporate Scorecard, which was measured against the following strategic pillars: • Financial measures (65%); • Growth (25%); and • ESG (10%).	Maximum potential for FY24 (as % of salary): • CEO: 275%; and • CFO: 250%. The Corporate Scorecard will be measured against the following strategic pillars: • Financial outcomes and commercial drivers (90%); and • ESG (10%). The measures are individually weighted for each Executive Director.

Performance Share Plan

Purpose and link to strategy: To attract, retain and incentivise senior executives to deliver the Company's business strategy and sustainable value for shareholders.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
The Committee may make an annual award of shares to each Executive Director. PSP awards will typically have a vesting period of three years followed by a holding period of two years. During the holding period, vested awards cannot be sold except for tax purposes on exercise. The Committee may award dividend equivalents on deferred shares to Executive Directors to the extent that they vest. The PSP awards will consist of a "base" award, with a relative TSR multiplier on the vesting outcome of the base award. The maximum base award level for Executive Directors is 400% of base salary. A relative TSR multiplier will operate such that the maximum opportunity is 1.5x the base award, i.e. 600% of base salary. 25% of the base award will vest for threshold performance, increasing to 100% of the base award for maximum performance. Performance measures and targets will be aligned to strategy and set on grant, with at least 70% of the base award linked to stretching financial metrics. For the CEO's FY24 PSP award only, an enhanced multiplier will operate such that the maximum opportunity is 4.5x the base award, i.e. 1,800% of base salary. If the enhanced multiplier is triggered, vesting of the award will be in three equal tranches (in 2027, 2028 and 2029) and holding periods will apply such that, in normal circumstances, no awards will be released prior to the fifth anniversary of the grant.	The maximum opportunity for each Executive Director, as a percentage of base salary, is as follows: • CEO: 400% base award (1,800% with multiplier for FY24 only); and • CFO: 350% base award (525% with relative TSR multiplier). For the FY24 grant, the base award is based 100% on financial metrics, with adjusted EPS and underlying cash flowⒶ pre-growth capital expenditure weighted equally. The relative TSR multiplier is assessed based on Ocado's relative TSR against the FTSE 100 (excluding investment trusts) as follows: • up to and including upper quartile performance = 1x base award outcome; • upper decile performance or above = 1.5x base award outcome; and • straight-line vesting in between these two points. For the CEO's FY24 PSP award only, if the share price hits £29.69 in March 2027, an enhanced multiplier of 4.5x (instead of 1.5x) the base award (of 400% of salary) will apply.	The maximum opportunity for each Executive Director, as a percentage of base salary, is as follows: • CEO: 400% base award (600% with relative TSR multiplier); and • CFO: 350% base award (525% with relative TSR multiplier). For the FY25 grant, the base award will be based 100% on financial metrics, with adjusted EPS and underlying cash flowⒶ pre-growth capital expenditure weighted equally. The relative TSR multiplier will be assessed based on Ocado's relative TSR against the FTSE 100 (excluding investment trusts) as follows: • up to and including upper quartile performance = 1x base award outcome; • upper decile performance or above = 1.5x base award outcome; and • straight-line vesting in between these two points.

Shareholding requirements

Purpose and link to strategy: To align Executive Directors and shareholders.

Key features of current Policy	Operation in the year ended 1 December 2024	Proposed implementation of Policy in the year ending 30 November 2025
Shareholding requirement for Executive Directors: • CEO: 400% of salary; and • CFO: 300% of salary. Post-cessation shareholding requirement of 100% of pre-cessation shareholding requirement for two years from leaving the Company. To enforce the post-cessation requirement, any departing Executive Director to whom this applies will sign a certificate of compliance agreeing to retain the required number of shares for two years from leaving the Company. The required number of shares will be fixed based on the share price at the date of cessation.	See page 144 for Director shareholdings.	No planned change.

Other remuneration

During the period, the Executive Directors continued their participation in the all-employee Sharesave and Share Incentive Plan ("SIP") Schemes. It is expected that, in 2025, the Executive Directors will carry on their participation in the schemes.

Chair of the Board and Non-Executive Fees

No decisions have yet been made regarding Non-Executive Director and Chair fees for FY25; however, any changes will be disclosed in next year's report.

Other remuneration for the Non-Executive Directors (Audited)

In addition to their fees, the Non-Executive Directors are entitled to a staff shopping discount consistent with the Group's employees.

The Company has obtained a written confirmation from each Non-Executive Director that they have not received any other items in the nature of remuneration from the Group, other than those already referred to in this Report.

Directors' Remuneration Report continued

Annual Report on Remuneration – FY24

This part of the Directors' Remuneration Report sets out the Directors' remuneration paid in respect of FY24. It details the payments to Directors and the link between Company performance and remuneration of the CEO. This part, together with the "Description of the Remuneration Committee" section on pages 126 and 127 and the "Implementation of Policy for 2024 and proposed implementation for 2025" section on pages 128-131, constitutes the Annual Report on Remuneration, and will be put to an advisory shareholder vote at the Company's Annual General Meeting ("AGM") on 29 April 2025.

Single Total Figure of Remuneration (Audited)

The total remuneration for the period for each of the Executive Directors is set out in the table below.

Director	Tim Steiner		Stephen Daintith		Mark Richardson[6]		Neill Abrams[6]		Total	
	FY24 £'000	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000
Salary	**815**	784	**607**	584	**81**	479	**81**	479	**1,583**	2,738
Taxable benefits[1]	**1**	1	**1**	1	**-**	1	**-**	1	**2**	11
Pensions[2]	**57**	55	**42**	41	**6**	33	**6**	33	**111**	195
Total fixed pay	**873**	840	**650**	626	**87**	513	**87**	513	**1,696**	2,944
Variable pay										
AIP[3]	**1,737**	1,106	**1,246**	871	**122**	587	**139**	748	**3,244**	3,462
SIP[4]	**4**	4	**3**	–	**–**	4	**–**	4	**7**	12
Sharesave		–		–		–		–	**–**	–
VCP[5]		–		–		–		–	**–**	–
Total variable pay	**1,741**	1,110	**1,249**	871	**122**	591	**139**	752	**3,251**	3,474
Total remuneration	**2,614**	1,950	**1,899**	1,497	**209**	1,104	**226**	1,265	**4,949**	6,418

1. Taxable benefits include one or more of: private healthcare; life assurance; or travel insurance.
2. No Executive Directors participate in a Group defined benefit or final salary pension scheme.
3. Up to 50% of the AIP payment is paid in cash (up to a maximum of 100% of salary in FY23) and at least 50% will be deferred in shares for a period of three years. There are no performance conditions attached to the deferred element, only service conditions.
4. Under the SIP, awards of Free Shares and Matching Shares became unrestricted during the period. These awards are explained on page 145.
5. No figures are stated for the VCP to show that although vesting was capable of occurring during the fourth and fifth years of the VCP in March 2023 and March 2024 respectively, the minimum TSR underpin was not met in either year and therefore no nil-cost options vested in FY23 or FY24.
6. Luke Jensen resigned from the Board with effect from 30 September 2023. Mark Richardson and Neill Abrams stepped down as Executive Directors with effect from 2 February 2024.
7. An explanation of each element of total remuneration paid in the table above is set out in the following section.

Base salary (Audited)

During the year, the Committee reviewed the salaries of the Executive Directors. After taking into account a number of relevant factors which are discussed in more detail below, the Committee recommended that all basic salaries be increased. The following table shows the change in each Executive Director's salary.

Year	**Salary 2024 (£)**	Salary 2023 (£)	Effective from
Tim Steiner	**824,570**	794,383	1 April 2024
Stephen Daintith	**614,517**	592,020	1 April 2024
Mark Richardson[1]	**n/a**	485,456	1 April 2024
Neill Abrams[1]	**n/a**	485,456	1 April 2024

1. Mark Richardson and Neill Abrams stepped down as Executive Directors with effect from 2 February 2024 and therefore their salaries for 2024 are not disclosed.

The changes to base salary were made in line with the current Policy. The Executive Directors received an increase in base pay of 3.8%, which was below the overall percentage salary increases for FY24 for monthly paid employees (4%).

The Committee was presented with a number of benchmark comparators and debated which was most appropriate for the current business. The Committee determined that the most suitable approach was to continue to benchmark against the FTSE 100, which will provide consistency with past practice, our key talent pools and the PSP TSR performance measure, and agreed to keep this under review. The use of the FTSE 100 as a benchmark was also considered in the development of the 2024 Policy and the Committee concluded that it was the right comparator to use.

Taxable benefits (Audited)

The Executive Directors received taxable benefits during the period, notably private medical insurance. They also received other benefits which are not taxable, including income protection insurance, life assurance and Group-wide employee benefits, such as an employee discount. These benefit arrangements were made in line with the current Policy, which allows the Company to provide a broad range of employee benefits.

Pensions (Audited)

The Company made pension contributions on behalf of the Executive Directors to the defined contribution Group personal pension scheme. The employer contributions to the pension scheme in respect of each Executive Director are made in line with the Group personal pension scheme for all employees. In order to ensure continued alignment between Executive Director and wider workforce pension contributions, all Executive Directors have received a contribution rate of 7% of salary since April 2020.

Pension contributions can be made to the Executive Directors (and any other employee) as a cash allowance where the Executive Director (or employee) has reached the HMRC tax-free annual allowance limit for pension contributions as provided for in the current Policy. In accordance with the current Policy, Tim Steiner and Stephen Daintith have elected to receive part of their pension contributions as an equivalent cash allowance.

Annual Incentive Plan (Audited)

The FY24 AIP was based on the performance targets and weightings set out below. We aim to transparently disclose our detailed performance against targets where commercially possible. All metrics are directly linked to our strategic KPIs and overall long-term success of the Company, with 9 of the 10 measures having quantifiable performance metrics. Details of the qualitative measure (Environment) is fully disclosed.

When reviewing final outcomes, the Committee has carefully considered overall business and individual performance to ensure an appropriate pay for performance link.

The CEO had a maximum bonus opportunity of 275% of salary and the CFO had a maximum opportunity of 250% of salary.

	Weightings of performance condition		Performance targets		Performance outcome	
Performance conditions	**Tim Steiner**	**Stephen Daintith**	Threshold	Maximum	Actual performance	Percentage of maximum performance achieved
Financial metrics						
OSP direct operating costs as a % of client sales capacity	**20.0%**	**19.0%**	(1.85)%	(1.65)%	(1.60)%	100%
Improvement in underlying cash flowⒶ	**20.0%**	**24.0%**	£140m	£200m	£216m	100%
Tech Solutions EBITDAⒶ (incl. OIA)	**15.0%**	**15.5%**	£49m	£79m	£81m	100%
ORL EBITDAⒶ	**10.0%**	**12.0%**	£16m	£36m	£45m	100%
Growth metrics						
International site utilisation growth	**15.0%**	**10.5%**	See page 134	See page 134	See page 134	27.4%
OIA value of new ASRS deals signed	**5.0%**	**3.5%**	£50m	£80m	-	-
ORL orders per week	**5.0%**	**3.5%**	455,000	480,000	510,000	100%
ESG metrics						
Environment	**5.0%**	**8.5%**		EV fleet roll-out Improved ESG reporting	Not met Met	50%
People – Diversity (targets met)	**2.5%**	**1.75%**	6	9	4	-
People – eNPS	**2.5%**	**1.75%**	25	33	23	-
Performance outcome						
Total achieved (% of maximum)	**76.6%**	**81.1%**				
Total payout (£'000)[1]	**1,737**	**1,246**				

1. The applicable salary used for calculating the bonus payment under the rules of the FY24 AIP is the applicable base salary on the date of payment.

Directors' Remuneration Report continued

Performance under the FY24 AIP was measured against 10 performance measures. Of the 10 measures, all except measure 8 have quantifiable performance targets with "minimum" and "maximum" conditions. 25% of an award vests for minimum performance rising on a straight-line basis to 100% for maximum performance.

Measure 2 (Improvement in underlying cash flowⒶ) – the Committee gave consideration to the achievement of this measure, noting that achievement had been adjusted down due to the exclusion of planned capital expenditure that had been deferred or cancelled.

Measure 5 (International site utilisation growth) – required an increase in site utilisation across our existing international grocery partners. While this measure met the performance target threshold, full details of the performance achieved has not been disclosed on the basis that this measure relates to our Partners' confidential utilisation data.

Measure 8 (Environment) – required management to meet a number of targets in relation to the electrification of the UK van fleet; and to improve ESG reporting including the accuracy and external assurance of ESG data. Whilst significant progress was made against the EV fleet roll-out, the targets were not met and this portion of the measure was treated as a zero payout. The improved ESG reporting measure was fully achieved and therefore an outcome of 50% of maximum was achieved for this measure.

Overall, this resulted in bonus payments to Executive Directors based on 76.6% to 81.1% of maximum achievement. The Committee carefully discussed the outcome of each AIP measure, assessing business factors and broader considerations outside the Company, and is confident that outcomes are consistent with the underlying performance of the business. Therefore, the Committee determined that no overriding discretion will be applied to the bonus outcome, except to the measures outlined above.

In agreeing to pay the bonus, the Committee applied the rules, which stipulate that 50% of the AIP achieved in the year will be deferred into shares for three years (subject to a two-year holding period on vesting).

Value Creation Plan (Audited)

The VCP ceased following the final Measurement Date on 30 March 2024. No nil-cost options were banked under any of Tranches 1, 2 or 3 at the fifth Measurement Date, nor did any vest.

The initial price for the VCP was £13.97 for Tranche 1 (being the average price over the 30-day period prior to the 2019 annual general meeting), £19.60 for Tranche 2 (being the price at which equity was raised by the Company on 10 June 2020) and £7.95 for Tranche 3 (being the price at which equity was raised by the Company on 20 June 2022). At the end of each year of the performance period, the participating Executive Directors received the right to share awards with a value proportionate to the difference between the Company's TSR ("Measurement TSR") and the Threshold TSR at the relevant Measurement Date.

The Threshold TSR or hurdle, which had to be exceeded before share awards could be earned by the Executive Directors, was the higher of:

- the highest previous Measurement TSR at which the individual banked awards; and
- the Initial Price (£13.97 for Tranche 1; £19.60 for Tranche 2; and £7.95 for Tranche 3) compounded by 10% per annum.

If the value created at the end of a given year did not exceed the Threshold TSR, nothing would accrue in that year under the VCP.

The vesting schedule for the original five-year VCP provided that 50% of the cumulative number of share awards would vest following the third Measurement Date and 50% of the cumulative balance following the fourth Measurement Date, with 100% of the cumulative number of share awards vesting following the fifth Measurement Date. The VCP extension was not utilised for any Executive Director; however, for information, the revised vesting schedule for the extended VCP allowed for 50% of the cumulative number of share awards to vest following the third to seventh Measurement Dates (inclusive), with 100% of the cumulative number of share awards vesting following the eighth Measurement Date in 2027. At each vesting date, vesting of awards was subject to:

- a minimum TSR underpin of 10% Compound Annual Growth Rate ("CAGR") being maintained;
- any shares vesting could not be sold prior to the fifth anniversary from grant;
- an annual cap on vesting of £20m for the CEO and £5m for the CFO; and
- Committee discretion (as set out in the current Policy) to adjust the formulaic vesting outcome if it was not a fair and accurate reflection of performance.

Measurement Dates

The first, second, third, fourth and fifth VCP Measurement Dates were 12 March 2020, 11 March 2021, 10 March 2022, 30 March 2023 and 30 March 2024, 30 days after the publication of the FY19, FY20, FY21, FY22 and FY23 financial results respectively.

Following the capital raise that was undertaken by the Company in June 2020, a new Tranche of award under the VCP was created. The newly issued equity (Tranche 2) was created at the date that the equity was raised and its Initial Price was the share price at which the equity was issued (£19.60).

A second capital raise was undertaken by the Company in June 2022 and, as a result, a third Tranche of awards under the VCP was created. The newly issued equity (Tranche 3) was also created at the date that the equity was raised and its Initial Price was the share price at which the equity was issued (£7.95).

Noting the price at which the Company raised equity in June 2022, when approving the creation of Tranche 3, the Committee agreed that it would review overall business performance at the point of any future banking or vesting of awards under Tranche 3. Specifically, the Committee would take into consideration factors such as (but not limited to):

- changes in Company shareholder value over the period;
- broader changes in the technology market; and
- underlying business performance as context for deciding whether any banking or vesting of awards under the new Tranche is appropriate.

For both Tranches 2 and 3, the newly issued equity needed to have grown at the same rates (10% per annum) at each corresponding Measurement Date as the initial equity (Tranche 1).

For all three Tranches, VCP participants were entitled to the same share of the new equity as the initial equity, above a Threshold TSR. Performance was tested for all Tranches at the same date. This approach ensured that any vesting under the VCP was fully attributable to management's performance in growing the value of shareholder funds provided and for delivering value to existing shareholders.

The following table sets out the number of nil-cost options ("NCOs") that were granted to Executive Directors in office at the first, second, third, fourth and fifth Measurement Dates under the VCP.

On the first vesting date under the plan in March 2022, the 10% CAGR TSR underpin was not met for either Tranches 1 or 2 and therefore no vesting occurred. Additionally, on the second and third vesting dates in March 2023 and March 2024 respectively, the 10% CAGR TSR underpin was not met for any of Tranches 1, 2 or 3 and therefore no vesting occurred. For the avoidance of doubt, the Committee did not apply discretion to these outcomes. As the fifth Measurement Date was the final Measurement Date at which these shares could have vested, these shares have now lapsed.

Year	Year 1	Year 2		Year 3		Year 4			Year 5			
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3	Cumulative total
Measurement Date	12 March 2020	11 March 2021	11 March 2021	10 March 2022	10 March 2022	30 March 2023	30 March 2023	30 March 2023	30 March 2024	30 March 2024	30 March 2024	–
Threshold TSR (per share)	£10.6 bn £(15.16)	£11.9 bn £(16.68)	£0.71 bn £(21.06)	Group 1: £16.7 bn £(23.28)	Group 1: £0.78 bn £(23.28)	Group 1: £16.8 bn £(23.28)	Group 1: £0.86 bn £(25.61)	Group 1: £0.62 bn £(8.56)	Group 1: £16.8 bn £(23.28)	Group 1: £0.94 bn £(28.17)	Group 1: £0.68 bn £(9.42)	
				Group 2: £13.2 bn £(18.34)	Group 2: £0.78 bn £(23.16)	Group 2: £14.6 bn £(20.28)	Group 2: £0.86 bn £(25.61)	Group 2: £0.62 bn £(8.56)	Group 2: £16.1 bn £(22.31)	Group 2: £0.84 bn £(28.17)	Group 2: £0.68 bn £(9.42)	
Measurement TSR (Measurement Price)	£7.9 bn £(11.23)	£16.6 bn £(23.28)	£0.78 bn £(23.28)	£9.2 bn £(12.86)	£0.4 bn £(12.86)	£3.4 bn £(4.68)	£0.16 bn £(4.68)	£0.34 bn £(4.68)	£3.3 bn £(4.60)	£0.15 bn £(4.60)	£0.33 bn £(4.60)	
Aggregate number of NCOs granted to Executive Directors	–	3,547,602	55,861	–	–	–	–	–				3,603,463
Tim Steiner (NCOs granted)	–	2,027,202	31,921	–	–	–	–	–				2,059,123
Stephen Daintith (NCOs granted)	–	–	–	–	–	–	–	–				–

1. The Measurement Price is the 30-day average closing share price for the 30 days following the announcement of the results for the relevant financial year. This is £11.23, £23.28, £12.86, £4.68 and £4.60 for the first, second, third, fourth and fifth Measurement Dates respectively.
2. For Tranche 1, the Threshold TSR is the higher of the highest previous Measurement Price at which the individual banked awards under this Tranche and the Initial Price compounded by 10% p.a. between 1 May 2019 and 30 March 2024, being the start of the VCP performance period and the fifth Measurement Date. For Tranche 2, the Threshold TSR is the higher of the highest previous Measurement Price at which the individual banked awards under this Tranche and the Placing Price (£19.60) compounded by 10% p.a. between 10 June 2020 and 30 March 2024, being the date of the capital raise and the fifth Measurement Date. For Tranche 3, the Threshold TSR is the higher of the highest previous Measurement Price at which the individual banked awards under this Tranche and the Placing Price (£7.95) compounded by 10% p.a. between 20 June 2022 and 30 March 2024, being the date of the capital raise and the fifth Measurement Date.
3. Tim Steiner is a 'Group 1' participants, as he joined the VCP prior to the second Measurement Date. As Stephen Daintith joined the Board in March 2021, following the second Measurement Date, he joined the VCP as a Group 2 participant. The threshold TSR for Group 1 participants is the second Measurement Price of £23.28 at which they banked awards in March 2021. Group 2 participants are not subject to the threshold of £23.28 at which Group 1 participants banked awards in the second year of the VCP.

Directors' Remuneration Report continued

Performance Share Plan (audited)

During the year, the Committee granted the first Performance Share Plan ("PSP") award under the 2024 Policy to Executive Directors on 16 May 2024. The CEO's and CFO's base award had a face value of 400% and 350% of base salary respectively with a maximum multiplier of 4.5x and 1.5x respectively such that the overall maximum awards were 1,800% and 525% of salary respectively.

The normal vesting date of the PSP awards will be 16 May 2027, being the third anniversary of the award date. Once vested, the PSP award will normally be exercisable until the day before the 10th anniversary of the award date and is subject to a two-year holding period commencing on vesting.

The awards are subject to the following performance targets:

Measure	Weighting	Threshold (25% of maximum vesting)	Maximum (100% of maximum vesting)
Absolute improvement in adjusted EPS, FY26 vs FY23 (pence per share)	50%	7 pence per share improvement	21 pence per share improvement
Underlying cash flowⒶ pre-growth capital expenditure in FY26 (£m)	50%	£65m	£240m

1. Targets are based on Ocado Retail being equity accounted for as a joint venture.
2. Adjusted EPS is defined as the adjusted earnings after tax attributable to owners divided by the weighted average number of shares in issue during the year.
3. Underlying cash flowⒶ pre-growth capital expenditure is defined as the movement in cash and cash equivalents before any investment in growth capital expenditure. This includes capital expenditure in relation to installing MHE for a new CFC, installing incremental MHE to increase the number of live modules in a CFC or for new products, replacement, advance purchases for future CFC construction and any preparatory material for new CFCs, revisits and retrofits. Underlying cash flowⒶ excludes the impact of any adjusting (exceptional) items, transaction costs of any refinancing activities, any mergers and acquisitions activity, and any foreign exchange movements.

Relative TSR multiplier

The relative TSR multiplier will be assessed based on Ocado's relative TSR against the FTSE 100 (excluding investment trusts) over the three-year performance period, as follows:

- up to and including upper quartile performance = 1x base award outcome;
- upper decile performance or above = 1.5x base award outcome; and
- straight-line vesting in between these points.

The FTSE 100 was considered the most appropriate peer group when the PSP was awarded, being the index in which Ocado sat at the time. Further details are set out on page 189 of the 2023 Annual Report.

Enhanced multiplier (FY24 award for CEO only)

Additionally, for the CEO's FY24 PSP award only, an "enhanced multiplier" will operate which delivers a similar payout to what the VCP would have delivered on the achievement of the same exceptional share price growth hurdle that Tranche 1 would have required in 2027. Specifically, if the share price hits £29.69 (which is the 2027 hurdle under Tranche 1 of the VCP) in March 2027, an enhanced multiplier of 4.5x of the base award (of up to 400% of salary, tested against the base performance conditions) will apply. For the avoidance of doubt, if upper decile relative TSR is achieved but the share price at the end of the performance period is below £29.69 then only the 1.5x relative TSR multiplier will apply – the enhanced multiplier only comes into effect if the target share price is hit.

If the enhanced multiplier is triggered, vesting of the award will be in three equal Tranches (in 2027, 2028 and 2029) and holding periods will apply such that, in normal circumstances, no awards will be released prior to the fifth anniversary of the grant.

Share Incentive Plan ("SIP") (Audited)

The 2021 awards of Free Shares made under the SIP became unrestricted during the period on 26 April 2024 and 25 October 2024. Certain Matching Shares also became unrestricted during the period. Free Shares and Matching Shares awarded under the SIP are subject to a three-year forfeiture period starting from the date of grant. This means that if an Executive Director ceases to be employed by the Group during the three-year period, the Free Shares and Matching Shares will be forfeited. Partnership Shares purchased under the SIP are not included in the total remuneration table as these are purchased by the Executive Directors from their salary, rather than granted by the Company as an element of remuneration. Only the value of Free Shares and Matching Shares that became unrestricted during the period are shown in the total remuneration table. The value shown is the value of the shares on the date that they became unrestricted. Unrestricted shares can be held in trust under the SIP for as long as the Executive Director remains an employee of the Company.

Recovery of sums paid (Audited)

No sums paid or payable to the Executive Directors were sought to be recovered by the Group.

Non-Executive Directors

Total fees (Audited)

The fees paid to the Non-Executive Directors and the Chair of the Board during the period ended 1 December 2024 and the period ended 3 December 2023 are set out in the table below.

	Fees		Taxable benefits		Pension entitlements		Annual bonus		Long-term incentives		Recovery of sums paid		Total remuneration	
Non-Executive Director	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000	**FY24 £'000**	FY23 £'000
Rick Haythornthwaite[1]	**414**	398	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**414**	398
Jörn Rausing	**82**	79	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**82**	79
Andrew Harrison	**142**	143	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**142**	143
Emma Lloyd	**90**	87	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**90**	87
Julie Southern	**112**	108	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**112**	108
Nadia Shouraboura	**90**	87	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**90**	87
Julia M. Brown[2]	**90**	85	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**90**	85
Rachel Osborne	**103**	25	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**103**	25
Gavin Patterson[3]	**46**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**46**	–
Adam Warby[4]	**7**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**7**	–
Total	**1,176**	1,012	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,176**	1,012

1. Rick Haythornthwaite stepped down from the Board with effect from 30 November 2024.
2. Julia M. Brown received an additional £4,550 in respect of FY23 and £7,800 in respect of FY24 in error, with the overpayment being recovered in FY25.
3. Gavin Patterson joined the Board with effect from 1 June 2024.
4. Adam Warby joined the Board with effect from 1 November 2024.

Non-Executive Directors receive a basic fee and additional fees for chairing the People Committee, Remuneration Committee or Audit Committee, for being a member of the Remuneration Committee or Audit Committee, or holding the position of Senior Independent Director ("SID"). There is currently no additional fee payable to the DNED.

The remuneration arrangements for the Non-Executive Directors (except the Chair of the Board) were reviewed by the Executive Directors and the Chair of the Board during the period and the basic fees for Non-Executive Directors were increased in FY24 to £82,690 (FY23: £79,664), whilst the fee for chairing a Committee was increased to £22,346 (FY23: £21,528). The fee for the role of SID was also increased to £22,346 (FY23: £21,528) and the fee for being a member of the Remuneration Committee or the Audit Committee was increased to £8,420 (FY23: £8,112).

The Remuneration Committee reviewed Rick Haythornthwaite's Chair fees during the period, increasing the annual fee to £418,988 (FY23: £403,650). In addition, he was entitled to receive an expense allowance of £55,865 (FY23: £53,820) per annum in respect of office support costs.

On appointment as Chair of the Board, Adam Warby's fees were set at £400,000.

Additional context on Executive Director pay

Overall link to remuneration and equity of the Executive Directors

The table below sets out, for each Executive Director, the single figure for FY24, the number of shares held by the Director at the beginning and end of the financial year and the impact on the value of these shares taking the opening price and closing price for the year. It is the Committee's view that the total exposure of the Executive Directors to the Company is more relevant to their focus on the long-term sustainable performance of the Company than the single figure of remuneration for a particular year.

	FY24 single figure (£'000)	Shares held at start of year	**Shares held at end of year**	Value of shares at start of year (£'000)	**Value of shares at end of year (£'000)**	**Difference (£'000)**
Tim Steiner	**2,614**	19,833,282	**19,890,124**	117,850	**63,331**	**(54,519)**
Stephen Daintith	**1,900**	14,536	**15,168**	87	**49**	**(38)**

1. Stephen Daintith joined the Board with effect from 22 March 2021 and hence has had less time than the CEO to build up his shareholding. See page 145 for additional awards that will vest over the next three years.
2. Mark Richardson and Neill Abrams resigned from the Board with effect from 2 February 2024 and are therefore excluded from the table.

The closing market price of the Company's shares as of 29 November 2024, being the last trading day in the period ended 1 December 2024, was 318.4 pence per ordinary share (FY23: 594.2 pence) and the share price range applicable during the period was 281 pence to 789 pence per ordinary share.

Directors’ Remuneration Report continued

Wider workforce considerations and our approach to fairness

When making decisions on executive remuneration, the Committee considers a number of factors related to the wider workforce, including policies and practices throughout the Company, as well as feedback from our DNED on workforce remuneration and our all-employee remuneration report.

We are committed to ensuring that our people are rewarded fairly and competitively for their contribution to our success. In Ocado Logistics, in FY24, we made significant investments in pay, with settlements ranging from 4.1% to 8.8% for our warehouse and Customer Service Team Members (“CSTM”). We have also continued to invest in pay for our Technology Solutions business, with average increases in employee salaries of 4% in FY24 (compared to increases of 3.8% for Executive Directors).

With the majority of our workforce in the UK working in Ocado Logistics, we continue to focus on delivering a relevant package and experience based on the following principles:

- **Holistic approach**. We believe that the value of the whole Total Reward package is more important than focusing solely on base pay. This is a key element of our philosophy and is echoed in employee sentiment towards reward and benefits.
- **Flexibility**. We believe that what differentiates us from other employers is the flexibility that we offer, which we are focused on continuing to improve. Ocado also offers various flexible options around shift patterns, giving all employees the opportunity to earn above the Real Living Wage with further extension of these options planned for this year.
- **Independence**. We want flexibility to set pay in all of our locations in order to attract and retain the appropriate talent. The rates offered locally are negotiated alongside the recognised union, Usdaw, and with strong investment in pay over recent years, we are confident that these rates are robust.

With our guiding principle of taking a holistic view, in Ocado Logistics, this year, we launched the total 360 health and wellbeing application, Help@hand. Employees can access a range of high-quality, tried and tested health and wellbeing services such as:

- 24/7, unlimited remote GP appointments;
- free physiotherapy sessions;
- on-demand wellness content – podcasts, articles, webinars and more; and
- a fully integrated Employee Assistance Programme, including a 24/7 helpline for emotional and practical support, as well as financial and legal support.

Across both Ocado Logistics and Technology Solutions, we continue to offer various health and financial wellbeing tools. Our core benefits include life and sickness protection, retirement advice and a mental health support service. Our benefits platform, Benefits+, is now available in 80% of our countries and allows employees to select benefits that matter most to them. Discounts+ offers retail savings and is live in 65% of our countries, enabling our employees to save money on everything from bills to household necessities and lifestyle products. We continue to promote our retail discount in the UK on Ocado.com.

Group-wide remuneration report

A regular report from management on Group-wide remuneration is reviewed by the Committee. This review covers changes to pay, benefits, pensions and share schemes for all employees in the Group, including the percentage increases in base pay for monthly- and hourly-paid employees. Andrew Harrison, as DNED, advocates and directly represents the employee voice during Board and Committee discussions. The DNED reports to the Committee on insights from activities undertaken across the year with regard to DNED responsibilities. For more details of what Andrew Harrison has done in FY24, see page 100. The Committee carefully considers the relevant parts of these reports when making decisions on executive remuneration.

Share schemes

A key remuneration principle for the Group is that share awards be used to recognise and reward good performance, and attract and retain employees.

To help support alignment across the Group with the interests of shareholders and reward for Company performance, all employees in the Group receive share incentives. All UK employees are eligible to participate in the Group’s SIP and Sharesave Scheme, and employees located outside the UK are eligible to participate in the international equivalent share schemes.

Cascade of remuneration through the Company

All UK staff in the Company are eligible to participate in the Company’s all-employee share schemes, pension scheme and life assurance arrangements. In line with the UK Corporate Governance Code (the “Code”), the current Policy ensures that pension contributions for existing and any future Executive Directors are fully aligned with the level currently offered to all employees to ensure greater fairness across the Company.

For employees below Board level, the components and levels of remuneration reflect the seniority of the role, skills, competence and contribution. The Group operates some tailored bonus and long-term incentive arrangements for certain groups of employees.

The all-employee remuneration report is considered by the Committee when making decisions on pay for both Executive Directors and the wider workforce population.

Employment at Ocado

Ocado Group believes a diverse and inclusive workforce is a key factor in being a successful business. Our Equal Opportunities Policy is dedicated to creating an environment for our employees that is free from discrimination, harassment and victimisation, which reflects our commitment to create a diverse workforce, environment and pay strategy that support all individuals irrespective of their gender, age, race, disability, sexual orientation or religion.

Gender pay gap

We are committed to pay parity and aim to ensure we provide equal opportunity for all. We are proud of the work we have done around diversity and inclusion during the year, and want to continue to improve retention and attract the best female talent as well as other under-represented groups.

The Company reports specific information about the difference in average pay for its male and female employees as required by gender pay gap legislation. The Company's gender pay gap metrics are submitted by the Group's main employing entity, Ocado Central Services Limited, and the headline gender pay metric is the difference in the median hourly pay received by men and women. Our FY24 results continue to show a balanced position between the genders, with the headline metric (median pay gap) slightly favouring women by 0.8%, having slightly favoured men in FY23. The mean gender pay gap continues to favour female employees, with a pay gap of 11%.

We are committed to paying fairly and we are focused on providing an equal opportunity for all employees. For more information and to view the full metrics, see the Government gender pay gap service portal or our website, www.ocadogroup.com.

Chief Executive Officer pay ratio

The tables below set out the total pay of the CEO and UK employee population as a whole at median, lower quartile and upper quartile using the methodology applied to the single figure of remuneration at the end of the period.

The CEO pay ratio, when calculated in line with the regulations, has grown versus the figures for 2023 (87:1 versus 72:1 last year). The widening of our CEO pay ratio reflects an increase in CEO remuneration, due to the AIP award, while the comparator group remained stable.

Executive Director pay is more at risk than wider employee pay due to the use of variable pay, resulting in a total pay ratio that can change significantly from year-on-year. Details on the differences between the remuneration of Executive Directors and the wider workforce can be found on page 141. The Committee is satisfied that its policies on reward drive the right behaviours at Ocado and ensure that our employees are rewarded fairly and competitively for their contribution to our success. Therefore, the Committee believes that the median pay ratio is consistent with the Group's pay, reward and progression policies.

Year	Method	CEO remuneration (£'000)	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY24 – reported figures	**Option B**	**2,614**	**101:1**	**87:1**	**85:1**
FY23 – reported figures	Option B	1,957	75:1	72:1	60:1
FY22 – reported figures	Option B	2,004	85:1	80:1	68:1
FY21 – reported figures	Option B	1,968	88:1	82:1	67:1
FY20 – reported figures – restated	Option B	6,211	283:1	278:1	217:1
FY19 – reported figures – restated	Option B	59,038	2,834:1	2,619:1	2,349:1

1. Option B was selected to calculate CEO pay ratios as a proportionate, sustainable and repeatable approach given the size and structure of the Ocado workforce.
2. From the information used to calculate the most recent gender pay gap at each of the 25th, 50th and 75th percentiles, 20 employees were identified as comparators and their remuneration calculated (the remuneration figures for each employee were determined with reference to the financial year ended 1 December 2024). The median remuneration for each group of 20 employees is reported as the comparator value for CEO pay ratio calculations. Using the median value from groups of employees at each of the 25th, 50th and 75th percentiles provides a more representative estimate than if based on an individual employee, reducing the influence of an outlier value.
3. No components of pay have been omitted and no estimates or adjustments were made.

			UK employees (full-time equivalents)					
	CEO		Total pay and benefits (£'000)			Salary (£'000)		
Year	Total pay and benefits (£'000)	Salary (£'000)	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
FY24	**2,614**	**815**	**25.8**	**29.9**	**30.6**	**24.6**	**28.0**	**29.7**

Directors' Remuneration Report continued

CEO historical remuneration

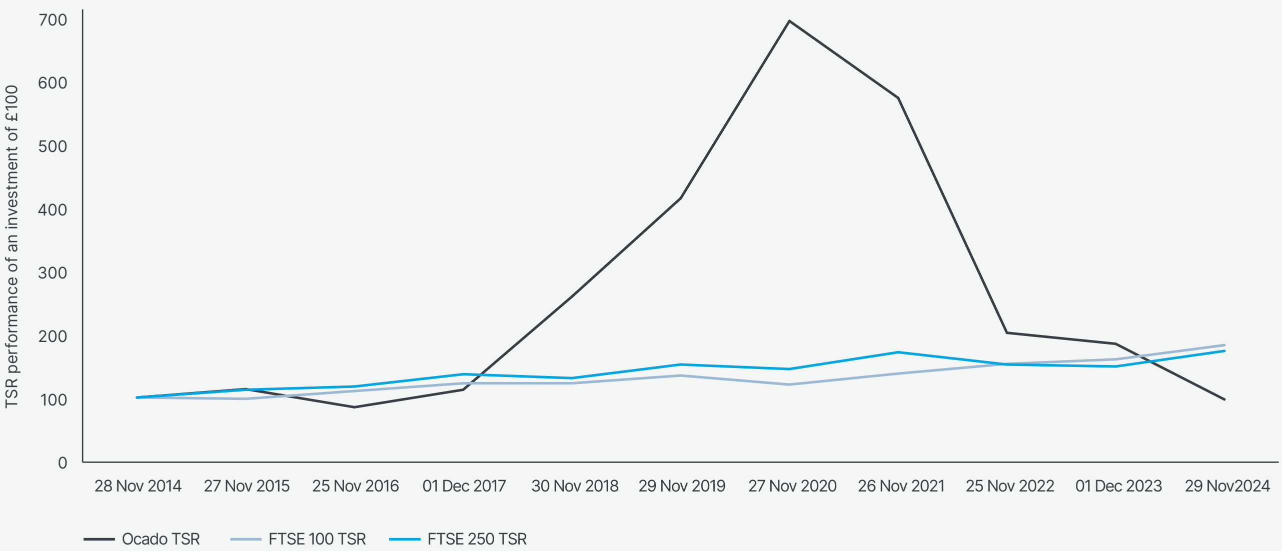
The table below summarises, in respect of the CEO, the single figure of total remuneration, the AIP or bonus plan payment as a percentage of maximum opportunity, and the long-term incentive payout as a percentage of maximum opportunity for the current period and the previous 10 financial years.

Year	CEO total remuneration (£'000)	AIP or bonus payment as a percentage of maximum target achievement (% of maximum)	Long-term incentives as a percentage of maximum opportunity (% of maximum)
2024	2,614	76.6	-
2023	1,957	50.6	–
2022	2,004	56.7	–
2021	1,968	57.9	–
2020	6,211	94.2	79.9
2019	59,038	57.0	94.5
2018	3,996	70.5	50
2017	1,337	41.8	33.4
2016	1,141	43.6	43.2
2015	5,098	65.0	90.8

1. From 2010, the Company had the Joint Share Ownership Scheme ("JSOS") as the main form of long-term incentive plan. The LTIP was implemented in 2013 and the first award had a performance period ending in 2015 and a vesting date in 2016. The Growth Incentive Plan ("GIP") and SIP were both implemented in 2014, but had vesting dates in 2019 and 2017 respectively. From 2019 to 2024, the VCP was the main form of long-term incentive plan.
2. The 2017 LTIP vested at 46.1% of maximum and the GIP vested at 100% of maximum. The 2019 long-term incentive value is a weighted average of the 2017 LTIP and the GIP.
3. The 2018 LTIP vested at 79.9% of maximum. There was no vesting in the first year of the VCP; therefore, the 2020 long-term incentive value is the same as the 2018 LTIP vesting percentage.
4. There was no vesting capable of occurring in the second year of the VCP in March 2021 and the 2018 LTIP was the last award under this scheme; therefore, the 2021 long-term incentive value is N/A.
5. Vesting was capable of occurring during the third, fourth and fifth years of the VCP in March 2022, March 2023 and March 2024 respectively. However, the minimum TSR underpin was not met in any of these years and therefore no nil-cost options vested in 2022, 2023 or 2024.

Total Shareholder Return

The following graph shows the TSR performance of an investment of £100 in Ocado shares compared with an equivalent investment in the FTSE 100 and FTSE 250 Indices over the past 10 years. These Indices were chosen as Ocado has historically been a constituent of the FTSE 250 Index and entered the FTSE 100 in 2018. Both represent a broad equity market index against which the Company can be compared historically. The Company has not paid a dividend since its Admission so the Company's TSR does not factor in dividends reinvested in shares.



Director salary/fee percentage change versus employees of Group

The table below shows how the percentage change in each Director's salary/fees, taxable benefits and Annual Incentive Plan between FY23 and FY24 compares with the average percentage increase in each of those components of pay for the UK-based employees of the Group as a whole on a full-time equivalent basis. For the fifth year, disclosure for all Directors in addition to the CEO is included. Ocado Group plc has no employees and therefore a subset of the Group's employees, that being the Group's UK employees, has been used.

Year-on-year increase in pay for Directors compared with the average employee increase:

	2023/24			2022/23			2021/22			2020/21			2019/20		
Director (on a full time equivalent basis)	**Salary/ Fees**	**Taxable benefits**	**AIP**	Salary/ Fees	Taxable benefits	AIP	Salary/ Fees	Taxable benefits	AIP	Salary/ Fees	Taxable benefits	AIP	Salary/ Fees	Taxable benefits	AIP
Tim Steiner	**3.8%**	**16%**	**57.1%**	4%	–	(7)%	3.5%	(35.6)%	1%	2.5%	(83)%	(37)%	7%	(33)%	74%
Stephen Daintith	**3.8%**	**14%**	**42.9%**	4%	–	10%	3.5%	(20.1)%	69%	N/A	N/A	N/A	N/A	N/A	N/A
Adam Warby[6]															
Rick Haythornthwaite[6]	**3.8%**			4%	–	–	2.3%	–	–	N/A	N/A	N/A	N/A	N/A	N/A
Jörn Rausing	**3.8%**			3%	–	–	5.2%	–	–	7%	–	–	10%	–	–
Andrew Harrison	**3.8%**			8%	–	–	12.6%	–	–	12.5%	–	–	21%	–	–
Emma Lloyd	**3.8%**			(2)%	–	–	4.6%	–	–	21%	–	–	15%	–	–
Julie Southern	**3.8%**			4%	–	–	6%	–	–	30%	–	–	6%	–	–
Nadia Shouraboura	**3.8%**			10%	–	–	9%	–	–	N/A	N/A	N/A	N/A	N/A	N/A
Julia M. Brown	**3.8%**			–	–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rachel Osborne	**3.8%**			–	–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gavin Patterson[6]															
Average percentage increase for UK employees[1]	**5.1%**	**21.6%**	**33.6%**	6.1%	(0.3)%	(3.7)%	5.7%	(3.1)%	–	2.5%	(2.1)%	(27.8)%	3%	5%	100%

1. The change in salary data for the Group's employees is on a per capita basis. The increase of 5.1% is the change in average percentage increase for UK employees as at 1 April 2024 to allow a direct comparison with the Executive Directors at a single point in time. It is not the year-on-year change in base pay.
2. The change in salary for the Executive Directors is based on the base salary review set out on page 132.
3. The change in taxable benefits for the Executive Directors is set out on page 132.
4. The change in fees for the Non-Executive Directors is based on the change in total fees during the period, as set out on page 139; where a Director has not served a full prior year, the comparison is based on an annualised monthly fee.
5. UK employees have been chosen as the majority of our workforce is UK based.
6. Gavin Patterson and Adam Warby were appointed to the Board on 1 June 2024 and 1 November 2024 respectively. Rick Haythornthwaite stepped down from the Board with effect from 30 November 2024.

The Committee monitors the changes year-on-year between our Director pay and the average employee increase, shown in the table. For FY24, salary increases for the Executive Directors were below those received by the wider workforce.

Relative importance of spend on pay

The following table shows the Company's loss and total Group-wide expenditure on pay for all employees for the period and last financial year. The Company has not paid a dividend or carried out a share buyback in the current year or previous year. The information shown in this table is:

- (loss) – Group loss before tax from continuing operations as set out in the Consolidated Income Statement on page 166; and
- total gross employee pay – total gross employment costs for the Group (including pension, variable pay, share-based payments and social security) as set out in Note 2.4 to the Consolidated Financial Statements on page 180.

	1 December 2024 (£m)	3 December 2023 (£m)
(Loss) before tax from continuing operations	**(339.8)**	(279.7)
Total gross employee pay	**992.0**	967.2

Directors’ Remuneration Report continued

Director retirement arrangements and payments for loss of office (Audited)

It was determined in accordance with the current Policy that the arrangements set out below should apply in relation to the remuneration on retirement of Neill Abrams and Mark Richardson.

Mark Richardson and Neill Abrams stepped down from their positions as Executive Directors on 2 February 2024. They remain employees of the Group.

Element of remuneration	Treatment	
Neill Abrams		
Remuneration payments	All outstanding salary, benefits and pension entitlements were paid to Neill Abrams up to 2 February 2024, in accordance with the terms of his Service Agreement.	
Payment for loss of office	No payment for loss of office or other remuneration payment was made or is expected to be made to Neill Abrams.	
Post-cessation shareholding requirement	In accordance with the requirements of the current Directors’ Remuneration Policy, Mr Abrams will retain the full amount of his pre-cessation shareholding requirement of 300% of final salary for a period of 24 months from his retirement date.	
Incentive Schemes	The Remuneration Committee has determined that the following arrangements should apply in relation to Mr Abrams’ outstanding awards:	
	2020 AIP	Mr Abrams was awarded a payment of £395,428 pursuant to the 2020 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Abrams retains his 19,237 deferred 2020 AIP shares.
	2021 AIP	Mr Abrams was awarded a payment of £283,332 pursuant to the 2021 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Abrams retains his 23,699 deferred 2021 AIP shares.
	2022 AIP	Mr Abrams was awarded a payment of £349,505 pursuant to the 2022 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Abrams retains his 76,939 deferred 2022 AIP shares.
	2023 AIP	Mr Abrams was awarded a payment of £373,778 pursuant to the 2023 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Abrams retains his 80,434 deferred 2023 AIP shares.
	VCP	Mr Abrams retains no interests in the VCP.

Element of remuneration	Treatment	
	SIP: Free Shares, Partnership and Matching Shares	Will be treated in accordance with the rules as determined by HMRC.
Mark Richardson		
Remuneration payments	All outstanding salary, benefits and pension entitlements up to 2 February 2024 were paid to Mark Richardson in accordance with his Service Agreement.	
Payment for loss of office	No payment for loss of office or other remuneration payment was made or is expected to be made.	
Post-cessation shareholding requirement	In accordance with the requirements of the current Directors' Remuneration Policy, Mr Richardson will retain the full amount of his pre-cessation shareholding requirement of 300% of final salary for a period of 24 months from his retirement date.	
Incentive Schemes	The Remuneration Committee has determined that the following arrangements should apply in relation to Mr Richardson's outstanding awards:	
	2020 AIP	Mr Richardson was awarded a payment of £440,000 pursuant to the 2020 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Richardson retains his 22,591 deferred 2020 AIP shares.
	2021 AIP	Mr Richardson was awarded a payment of £277,902 pursuant to the 2021 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Richardson retains his 23,245 deferred 2021 AIP shares.
	2022 AIP	Mr Richardson was awarded a payment of £334,918 pursuant to the 2022 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Richardson retains his 73,646 deferred 2022 AIP shares.
	2023 AIP	Mr Richardson was awarded a payment of £293,375 pursuant to the 2023 Annual Incentive Plan. 50% of the AIP achieved was deferred into shares for three years with a further two-year holding period on vesting. Mr Richardson retains his 63,132 deferred 2023 AIP shares.
	VCP	Mr Richardson retains no interests in the VCP.
	SIP: Free Shares, Partnership and Matching Shares	Will be treated in accordance with the rules as determined by HMRC.

Director appointment arrangements (Audited)

As announced on 9 May 2024, Gavin Patterson was appointed to the Board as a Non-Executive Director with effect from 1 June 2024. Gavin Patterson's remuneration was agreed by the Board in line with the current Policy. On appointment, the Board approved an annual fee for Gavin Patterson of £91,110, which was in line with the other Non-Executive Directors. Gavin Patterson was appointed as a member of the Remuneration Committee on assumption of his role and is therefore additionally paid the fee to be a member of that committee. Gavin Patterson will not receive any other benefits or payments, in line with the current Policy.

As announced on 31 October 2024, Adam Warby was appointed to the Board as a Non-Executive Director with effect from 1 November 2024 and Non-Executive Chair with effect from 1 December 2024. Adam Warby's remuneration was agreed by the Committee in line with the current Policy. On appointment, the Board approved an annual fee for Adam Warby of £82,690, in line with the other Non-Executive Directors. On commencement of his role as Non-Executive Chair, the Board approved an annual fee for Adam Warby of £400,000. Adam Warby will not receive any other benefits or payments, in line with the current Policy.

Payments to past Directors (Audited)

None.

External appointments for Executive Directors

As at 1 December 2024, in addition to his role as Executive Director of the Company, Stephen Daintith is a non-executive director of 3i Group plc, listed on the Main Market of the London Stock Exchange.

Directors’ Remuneration Report continued

Director shareholdings (Audited)

The table below shows the beneficial interests in the Company’s shares of Directors serving during the period and their connected persons, as shareholders and as discretionary beneficiaries under trusts. The table also shows compliance with the Director shareholding requirements in the current Policy as at 1 December 2024.

	Shares held at 1 December 2024		Shares held at 3 December 2023			
Name	**Direct holding**	**Indirect holding**	Direct holding	Indirect holding	**Minimum shareholding requirement (% of base salary or fee)**	**Met minimum shareholding requirement?**
Executive Directors						
Tim Steiner[1]	**19,785,746**	**104,378**	19,822,993	10,289	400	Yes
Stephen Daintith[2]	**12,579**	**2,589**	12,579	1,957	300	Yes
Non-Executive Directors						
Adam Warby	**–**	**–**	n/a	n/a	100	Yes
Jörn Rausing[3]	**–**	**83,879,642**	–	83,879,642	100	Yes
Andrew Harrison	**25,000**	**–**	25,000	–	100	No
Emma Lloyd	**17,300**	**–**	17,300	–	100	No
Julie Southern	**6,493**	**–**	6,493	–	100	No
Nadia Shouraboura	**–**	**–**	–	–	100	No
Julia M. Brown[4]	**–**	**–**	–	–	100	Yes
Rachel Osborne[4]	**–**	**–**	–	–	100	Yes
Gavin Patterson[4]	**–**	**–**	n/a	n/a	100	Yes

1. Tim Steiner entered into various contracts for the transfer of shares on 21 June 2010, as described on page 238 of the Prospectus issued by the Company on 6 July 2010. As previously reported on 24 July 2024, the parties agreed again to extend the date for completion for the third contract to 24 July 2025 and the remaining contracts to 24 July 2026, or other such date as the parties may agree.
2. Stephen Daintith was appointed on 22 March 2021. Executive Directors (excluding the CEO) are expected to hold shares equivalent to 300% of salary. This holding can be built up over five years from appointment. Therefore, while Stephen Daintith does not hold the requisite number of shares to comply with the shareholding requirement currently, he is compliant with the current Policy. Please see page 145 for additional awards that will vest over the next three years.
3. Jörn Rausing is a beneficiary of the Apple III Trust, which owns Apple III Limited (together, “Apple”), a significant (approximately 10%) shareholder of the Company. Jörn is not a representative of Apple, nor does Apple have any right to appoint a Director to the Board of the Company.
4. Julia M. Brown, Rachel Osborne,Gavin Patterson and Adam Warby were appointed on 1 January 2023, 1 September 2023, 1 June 2024 and 1 November 2024 respectively. Non-Executive Directors are expected to hold shares equivalent to one year’s annual fee. This holding can be built up over three years from appointment. Therefore, while Julia M. Brown, Rachel Osborne, Gavin Patterson and Adam Warby do not hold the requisite number of shares to comply with the shareholding requirement currently, they are compliant with the 2024 Policy.
5. Neill Abrams and Mark Richardson stepped down from the Board with effect from 2 February 2024. Neill Abrams and Mark Richardson were compliant with the minimum shareholding requirement throughout the period.
6. The assessment for shareholding compliance is based on the current annualised salary or fee (as set out on pages 128 and 137 which applied on 1 December 2024 and the higher of the original purchase price(s) or the current market price (being 318.4 pence per share on 1 December 2024) of the relevant shareholdings.
7. Where applicable, the above indirect holdings include SIP Partnership and Free Shares held under the SIP, which are held in trust.
8. No Director had an interest in any of the Company’s subsidiaries at the beginning or end of the period.
9. There have been no changes in the Directors’ interests in the shares issued or options granted by the Company and its subsidiaries between the end of the period and the date of this Annual Report, except shares held pursuant to the SIP, as set out on page 145.

Director interests in share schemes (Audited)

Annual Incentive Plan (Audited)

At least 50% of the AIP payout is deferred into shares. At the end of the period, interests in shares held by the Executive Directors under the AIP were as follows:

Director	Type of interest	Date of grant	Number of share options	Face value (£'000)	Date of vest	Share price used for grant calculations
Tim Steiner	Deferred bonus	20/03/20	37,107	590	20/03/23	£15.89
		19/03/21	55,711	1,145	19/03/24	£20.56
		17/03/22	49,128	587	17/03/25	£11.96
		29/03/23	134,507	596	29/03/26	£4.43
		27/04/24	119,023	553	27/03/27	£4.647
Stephen Daintith	Deferred bonus	17/03/22	19,512	233	17/03/25	£11.96
		29/03/23	88,954	394	29/03/26	£4.43
		27/04/24	93,751	436	27/03/27	£4.647

Performance Share Plan (Audited)

At the end of the period, interests in shares held by the Executive Directors under the PSP were as follows:

Executive Director	Type of interest	Date of grant	Number of share options	Face value (£'000)	Date of vest	Share price used for grant calculations
Tim Steiner	2024 PSP award	16/05/2024	3,990,760	14,490	16/05/2027	£3.56
Stephen Daintith	2024 PSP award	16/05/2024	872,534	3,108	16/05/2027	£3.56

Share Incentive Plan (Audited)

At the end of the period, interests in shares held by the Executive Directors under the SIP were as follows:

Director	Partnership Shares acquired in the year	Matching Shares awarded in the year	Free Shares awarded in the year	Total SIP shares held as at 1/12/2024	SIP shares that became unrestricted in the year	Total unrestricted SIP shares held as at 1/12/2024
Tim Steiner	439	63	1,028	12,254	174	11,957
Stephen Daintith	439	62	877	3,335	155	1,333

1. Unrestricted shares are those which have been held beyond the three-year forfeiture period.
2. The value of the share awards made under the SIP is based on the middle market quotation of a share on the trading day immediately preceding the date of grant.

The Directors continued their SIP participation during the period. The SIP scheme is made available to all employees. The SIP allows for the grant of a number of different forms of awards. An award of Free Shares was made to the Executive Directors in April and October 2024 under the terms of the SIP and the current Policy. Free Shares of up to £3,600 of ordinary shares may be allocated to any employee in any year. Free Shares are allocated to employees equally on the basis of salary, as permitted by the relevant legislation.

An award of Matching Shares was made to those Executive Directors who purchased Partnership Shares (using deductions taken from their gross basic pay) under the terms of the SIP and in accordance with the 2024 Policy.

The Executive Directors continued their membership in the SIP after the end of the period and were, therefore, awarded further Matching Shares pursuant to the SIP rules. Between the end of the period and 18 February 2025, being the last practicable date prior to the publication of this Annual Report, the Executive Directors acquired or were awarded further shares under the SIP as set out in the table below:

Director	Partnership Shares acquired	Matching Shares awarded	Free Shares awarded	Total SIP shares held at 18/02/2025
Tim Steiner	147	21	-	12,422
Stephen Daintith	147	21	-	3,503

1. The value of the share awards made under the SIP is based on the middle market quotation of a share on the trading day immediately preceding the date of grant.

Vested: For details of Free Shares and Matching Shares that became unrestricted in the period, see page 136.

Sharesave Scheme (Audited)

At the end of the period, the Executive Directors' option interests in the Sharesave Scheme were as follows:

Director	Type of interest	Date of grant	Number of share options	Exercise price (£)	Face value (£)	Exercise period
Tim Steiner	Options	29/03/23	4,043	4.45	17,991	01/05/26 – 01/10/26
Stephen Daintith	Options	27/03/24	4,613	4.0211	18,549	01/05/27 – 01/10/27

Directors’ Remuneration Report continued

Dilution

Dilution limits

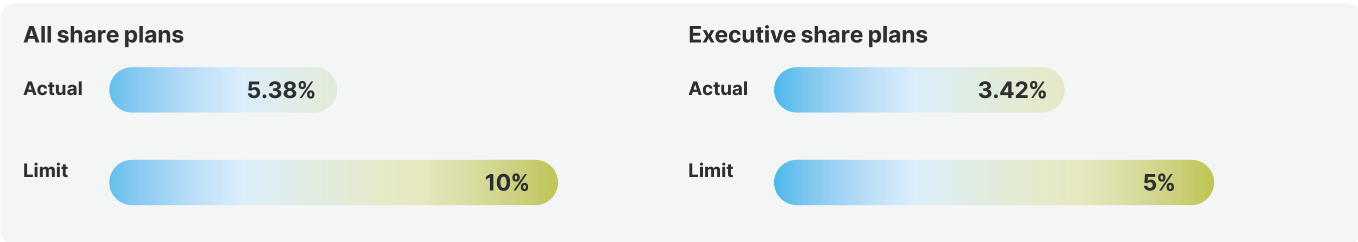
Awards granted under the Company’s Sharesave and SIP schemes are met by the issue of new shares when the options are exercised or shares granted. Awards granted under the VCP may be met by the issue of new shares, the transfer of shares from treasury, or the purchase or transfer of existing shares by the Employee Benefit Trust (where available).

There are limits on the number of shares that may be allocated under the Company’s share plans. These dilution limits were recommended by the Committee and incorporated into the rules of the various share schemes, which have been approved by the Company’s shareholders.

The dilution limits restrict the commitment to issue new ordinary shares or reissue treasury shares under all share schemes of the Group to 10% of the nominal amount of the Company’s issued share capital and under the LTIP and the VCP (and any other selective share scheme) to 5% of the nominal amount of the issued share capital of the Company in any rolling 10-year period. These limits are consistent with the guidelines of institutional shareholders.

Impact on dilution

The Company monitors the number of shares issued under these schemes and their impact on dilution. The charts below show the Company’s commitment, as at the last practicable date prior to the publication date of this Annual Report being 18 February 2025, to issue new shares in respect of its share schemes assuming all performance conditions are met, all award holders remain in employment to the vesting date and all awards are settled in newly issued shares. For these purposes, no account is taken of ordinary shares allocated prior to the Company’s Admission.



Shareholder approval and votes at the AGM

The 2024 Directors' Remuneration Report will be subject to a shareholder vote at the AGM on 29 April 2025.

The table below sets out the actual voting in respect of the resolutions regarding the Remuneration Report and Policy at the 2024 annual general meeting.

	Votes for	% for	Votes against	% against	Total votes	Votes withheld
2024 annual general meeting – Approves the 2023 Directors' Remuneration Report	654,618,469	98.86	7,568,632	1.14	662,187,101	111,880
2024 annual general meeting – Approves the 2024 Directors' Remuneration Policy	533,525,459	80.57	128,698,258	19.43	662,223,717	85,264

1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Basis of preparation and audit

This report is a Directors' Remuneration Report for the 52 weeks ended 1 December 2024, prepared for the purposes of satisfying Section 420(1) and Section 421(2A) of the Companies Act 2006. It has been drawn up in accordance with the Companies Act 2006 and the Code, the Regulations and the UK Listing Rules.

In accordance with Section 497 of the Companies Act 2006 and the Regulations, certain parts of this Directors' Remuneration Report (where indicated) have been audited by the Company's external auditor, Deloitte LLP.

A copy of this Directors' Remuneration Report will be available on our website, www.ocadogroup.com. This Directors' Remuneration Report is approved by the Board and signed on its behalf by:

Julie Southern
Committee Chair

27 February 2025

Directors' Report

Directors' Report disclosures

This Directors' Report should be read in conjunction with the Strategic Report, which includes the Sustainability Report and the Corporate Governance Report, which are incorporated by reference into the Directors' Report.

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 to provide disclosures and information in relation to a number of matters which are covered elsewhere in this Annual Report. These matters, together with those required under the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, are cross-referenced in the table below.

Index

Topic	Page
Fair review of the Company's business	154
Principal risks and uncertainties	80-85
Strategy	14
Business model	10-13
Diversity statistics (gender and ethnicity)	64, 66, 104 and 112
Important events impacting the business	1-89
Likely future developments	1-89
Financial Key Performance Indicators	16
Non-financial Key Performance Indicators	16
Financial instruments	210-214
Profit/loss and dividends	166-167
Post-Balance Sheet events	238
Environmental matters	48-67
Employees with disabilities	153
Employee engagement	44, 46 and 65
Engagement with our stakeholders	44-47
Social, community and human rights issues	48-67
Natural resources	55
Board of Directors	92-95
Directors' interests	144
Board activity and culture	96, 100 and 101
Board diversity	104 and 110
Directors' induction and training	106
Statement by the external auditor on its reporting responsibilities (Independent Auditor's Report)	156-165

Information required by Listing Rules

Listing Rule requirement	Topic	Page
UKLR 6.6.1	• Directors' interests in shares	144
	• Going Concern and Viability Statements	86-88
	• Long-term incentive schemes	124-147
UKLR 6.6.6 (8)	• Climate-related financial disclosures	68-75
UKLR 6.6.6 (9)	• Provisions on diversity and inclusion	64, 66, 104 and 113
UKLR 6.6.6 (10)	• Diversity numerical data	112
UKLR 6.6.6 (11)	• Statement on approach to collecting data	112

Information required by Disclosure Guidance and Transparency Rule 7.2

Topic	Page
Corporate Governance Statement	155

Other disclosures

Topic	Page
In accordance with Provision 31 of the UK Corporate Governance Code 2018 – Long-term viability	86-88

Information required by the Disclosure Guidance and Transparency Rule 4.1.8

The Strategic Report and the Directors' Report (or parts thereof), together with sections of this Annual Report incorporated by reference, are the "Management Report" for the purposes of DTR 4.1.8.

Powers of the Directors

Subject to the Company's Articles of Association (the "Articles"), the Companies Act 2006 and any special resolution of the Company, the business of the Company is managed by the Board, which may exercise all the powers of the Company. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Articles, the UK Corporate Governance Code 2018 (the "Code"), the Companies Act 2006 and related legislation.

Appointment of Directors: A Director may be appointed by the Company by ordinary resolution of the shareholders or by the Board. The Board or any Committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment. A Director appointed by the Board holds office only until the next annual general meeting of the Company and is then eligible for re-appointment.

Retirement of Directors: At every annual general meeting of the Company, each Director shall retire from office and may offer themselves for re-appointment by the members.

Removal of Directors by special resolution: The Company may, by special resolution, remove any Director before the expiration of their period of office.

Vacation of office: The office of a Director shall be vacated if: (i) they resign; (ii) their resignation is requested by the other Directors (not fewer than three in number); (iii) they have been suffering from mental or physical ill health and the Board resolves that their office be vacated; (iv) they are absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by them attends) for six consecutive months and the Board resolves that their office is vacated; (v) they become bankrupt; (vi) they are prohibited by law from being a Director; (vii) they cease to be a Director by virtue of the Companies Act 2006; or (viii) they are removed from office pursuant to the Articles.

Directors' insurance and indemnities

The Company maintains directors' and officers' liability insurance cover for its Directors and officers as permitted under the Articles and the Companies Act 2006. Such insurance policies were renewed during the period and remain in force as at the date of this Annual Report. The Company also agrees to indemnify the Directors under an indemnity deed with each Director, which contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Articles. An indemnity deed is usually entered into by a Director at the time of their appointment to the Board. There were no qualifying pension scheme indemnity provisions in force during the year for the benefit of Directors of the Company or directors of associated companies.

There were no qualifying third-party indemnity provisions in force during the year.

Share capital

The Company's authorised and issued ordinary share capital as at 1 December 2024 comprised a single class of ordinary shares which are listed on the London Stock Exchange. The shares have a nominal value of 2 pence each. The ISIN of the shares is GB00B3MBS747. The LEI of the Company is 213800LO8F61YB8MBC74.

As at 18 February 2025, being the last practicable date prior to publication of this Report, the Company's issued share capital consisted of 833,861,956 issued ordinary shares. Details of movements in the Company's issued share capital can be found in Note 4.6 to the Consolidated Financial Statements.

During the period, shares in the Company were issued to satisfy options and awards under the Company's share and incentive schemes, as set out in Note 4.7 to the Consolidated Financial Statements.

Rights attached to shares

The Company's shares when issued are credited as fully paid and free from all liens, equities, charges, encumbrances and other interests. All shares have the same rights (including voting and dividend rights, and rights on a return of capital) and restrictions as set out in the Articles, described below.

Except in relation to dividends that may have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company.

The Company's shares are not redeemable. However, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules, as described below.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Joint Share Ownership Scheme ("JSOS"), where share interests can be transferred to a spouse, civil partner or lineal descendant of a participant in the JSOS or certain trusts under the rules of the JSOS (as noted below).

Voting rights

Each ordinary share carries one right to vote at a general meeting of the Company. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of no less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

No shareholder shall be entitled to vote in respect of a share held by themselves if any call or sum then payable by themselves in respect of such share remains unpaid or if a member has been served a restriction notice, described on the following page.

JSOS voting rights: Of the issued ordinary shares, as at 1 December 2024, 536,438 (FY23: 563,738) are held by Wealth Nominees Limited and 9,975,137 (FY23: 9,917,035) are held by Winterflood Client Nominees Limited, both on behalf of Ocorian Limited (formerly known as Estera Trust (Jersey) Limited), the independent company which is the trustee of Ocado's Employee Benefit Trust (the "EBT Trustee"). The EBT Trustee has waived its right to exercise its voting rights in respect of 9,975,137 of these ordinary shares, although it may at the request of a participant vote in respect of 536,438 ordinary shares which have vested under the JSOS and remain in the trust at period end. The total of 10,511,575 ordinary shares held by the EBT Trustee are treated as treasury shares in the Group's Consolidated Balance Sheet in accordance with IAS 32 "Financial Instruments: Presentation". As such, calculations of earnings per share for Ocado exclude the ordinary shares held by the EBT Trustee. Note 4.6 to the Consolidated Financial Statements provides more information on the Group's accounting treatment of treasury shares.

Restrictions on transfer of securities

The Company's shares are freely transferable, save as set out below. The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register. The Board can decline to register any transfer of any share that is not a fully paid share. The Company does not currently have any partially paid shares.

The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to be exempt from stamp duty and is accompanied by the relevant share certificate; (ii) is in respect of only one class of share;

and (iii) if transferred to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

Restriction on transfer of JSOS interests: Participants' interests under the JSOS are generally non-transferable during the period beginning on acquisition of the interest and ending at the expiry of the relevant restricted period as set out in the JSOS rules. However, interests can be transferred to a spouse, civil partner or lineal descendant of a participant; a trust under which no person other than the participant or their spouse, civil partner or lineal descendant has a vested beneficial interest; or any other person approved by the EBT Trustee. If a participant purports to transfer, assign or charge their interest other than as set out above, the EBT Trustee may acquire the participant's interest for a total price of £1.

Other than as described above and on page 144 with respect to agreements concerning the Directors' shareholdings, the Company is not aware of any agreements existing at the end of the period between holders of securities that may result in restrictions on the transfer of securities or that may result in restrictions on voting rights.

Powers for the Company to buy back its shares

The Company was authorised by shareholders at the 2024 AGM to purchase in the market up to 10% of its issued ordinary shares (excluding any treasury shares), subject to certain conditions laid out in the authorising resolution. This standard authority is renewable annually; the Directors will seek to renew this authority at the 2025 AGM. The Directors did not exercise their authority to buy back any shares during the period.

Powers for the Company to issue its shares

The Directors were granted authority at the 2024 AGM to allot shares in the Company under two separate resolutions: (i) up to one-third of the Company's issued share capital; and (ii) up to two-thirds of the Company's issued share capital in connection with a pre-emptive offer only.

The Directors were also granted authority at the 2024 AGM to disapply pre-emption rights. This includes the authority to disapply pre-emption rights up to 10% of the Company's issued ordinary share capital; and a further authority to disapply pre-emption rights for no more than an additional 10% for certain acquisitions or specified capital investments, plus a further authority of up to an aggregate nominal amount equal to 20% of any allotments or sales made under each authority to disapply pre-emption rights, as allowed in accordance with the guidance issued by the Pre-Emption Group.

These authorities apply until the earlier of the close of the 2025 AGM or 15 months from the passing of the resolutions.

These standard authorities are renewable annually; the Directors will seek to renew them at the 2025 AGM, in line with the guidance issued by the Pre-Emption Group.

Significant shareholders

During the period, the following shareholders notified an interest in the issued ordinary shares of the Company in accordance with DTR 5.1.2R, of interests in 3% or more of the voting rights attaching to the Company's issued share capital:

Topic	Number of ordinary shares/ voting rights	Percentage of issued share capital	Date of notification of interest
The London & Amsterdam Trust Company Limited	124,450,259	15%	12 April 2024
Baillie Gifford & Co	91,298,655	10.98%	20 August 2024

Changes were disclosed in accordance with DTR 5.1.2R in the period between 1 December 2024 and 18 February 2025 and are outlined in the table below

Topic	Number of ordinary shares/ voting rights	Percentage of issued share capital	Date of notification of interest
Lingotto Investment Management LLP	92,200,199	11.06%	14 January 2025

American Depositary Receipt programme

The Company has a sponsored level 1 American Depositary Receipt ("ADR") programme, with The Bank of New York Mellon as the depositary bank. Each ADR represents two ordinary shares of the Company. The ADRs trade on the over-the-counter ("OTC") market in the USA. The CUSIP number for the ADRs is 674488101, the ISIN is US6744881011 and the symbol is OCDDY. An ADR is a security that has been created to permit US investors to hold shares in non-US companies and, in a level 1 programme, to trade them on the OTC market in the USA. In contrast to underlying ordinary shares, ADRs permit US investors to trade securities denominated in US dollars in the US OTC market with US securities dealers. Were the Company to pay a dividend on its ordinary shares, ADR holders would receive dividend payments in respect of their ADRs in US dollars.

Convertible bonds due 2025 listed on the unregulated open market of the Frankfurt Stock Exchange (Freiverkehr)

The Company issued £600m of guaranteed senior unsecured convertible bonds due 2025 (the "2025 Bonds") on 9 December 2019. The net proceeds of the 2025 Bonds were used by the Company to fund capital expenditure in relation to Ocado Solutions' commitments and general corporate purposes. The 2025 Bonds are guaranteed by certain members of Ocado Group.

The 2025 Bonds were issued at par and carry a coupon of 0.875% per annum payable semi-annually in arrear in equal instalments on 9 June and 9 December, with the first payment on 9 June 2020. The 2025 Bonds are convertible into ordinary shares of the Company (the "Ordinary Shares").

The initial conversion price was £17.9308, representing a premium of 45.0% above the reference price of £12.3661, being the volume weighted average price of an Ordinary Share on the London Stock Exchange between the opening and pricing of the offering on 2 December 2019. The conversion price will be subject to adjustment in certain circumstances in line with market practice.

The conversion period commenced on 19 January 2020 and shall end on the 10th calendar day prior to the maturity date or, if earlier, on the 10th calendar day prior to any earlier date fixed for redemption of the 2025 Bonds. Unless previously redeemed, or purchased and cancelled, the 2025 Bonds will be convertible at the option of the bondholders on any day during the conversion period. The Company has the option to redeem all, but not some only, of the 2025 Bonds at par plus accrued but unpaid interest if the parity value (as described in the Terms and Conditions relating to the 2025 Bonds) on each of at least 20 dealing days in a period of 30 consecutive dealing days shall have exceeded 130% of the principal amount. The Company also has the option to redeem all outstanding 2025 Bonds, at par plus any accrued but unpaid interest, at any time if 85% or more of the principal amount of the 2025 Bonds has been previously converted, or repurchased and cancelled.

On 13 August 2024, the Company repurchased 2025 Bonds, along with the 2026 Notes (as defined below), with an aggregate principal amount of £427,200,000, leaving an outstanding principal amount of £172,800,000, pursuant to a tender offer (the "Tender Offer").

Senior unsecured notes due 2026 listed on the Irish Stock Exchange (Euronext Dublin)

On 8 October 2021, the Company issued £500m of senior unsecured notes due 2026 (the "2026 Notes") listed on the Irish Stock Exchange and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The ISIN of the 2026 Notes under Reg. S is XS2393761692 and under 144A is XS2393969170. Interest on the 2026 Notes is payable semi-annually in arrear. The 2026 Notes will mature on 8 October 2026. In addition to funding the redemption of the 2024 senior secured notes, the net proceeds of the 2026 Notes were used by the Company to fund capital expenditure in relation to Ocado Solutions' commitments and general corporate purposes. The 2026 Notes are guaranteed by certain members of Ocado Group.

The Company has been able to redeem the 2026 Notes in whole or in part at any time since 8 October 2023, in each case, at the redemption prices set out as part of the offering.

On 13 August 2024, the Company repurchased 2026 Notes, along with the 2025 Bonds, with an aggregate principal amount of £276,316,000, leaving an outstanding principal amount of £223,684,000, pursuant to the Tender Offer.

Convertible bonds due 2027 listed on the unregulated open market of the Frankfurt Stock Exchange (formerly the Freiverkehr)

The Company issued £350m of guaranteed senior unsecured convertible bonds due 2027 (the "2027 Bonds") on 18 June 2020. The net proceeds of the 2027 Bonds were used by the Company to capitalise on opportunities arising from the significant acceleration in online adoption and to grow faster over the medium term. The 2027 Bonds are guaranteed by certain members of Ocado Group.

The 2027 Bonds were issued at par and carry a coupon of 0.75% per annum payable semi-annually in arrear in equal instalments on 18 January and 18 July, with the first payment on 18 January 2021. The 2027 Bonds are convertible into Ordinary Shares. The initial conversion price was £26.46, representing a premium of 35% above the reference price of £19.60, being the placing price determined in the concurrent placing bookbuild. The conversion price will be subject to adjustment in certain circumstances in line with market practice. The conversion period commenced on 29 July 2020 and shall end on the 10th calendar day prior to the maturity date or, if earlier, on the 10th calendar day prior to any earlier date fixed for the redemption of the 2027 Bonds. Unless previously redeemed, or purchased and cancelled, the 2027 Bonds will be convertible at the option of the bondholders on any day during the conversion period. The Company has the option to redeem all, but not some only, of the 2027 Bonds at par plus accrued interest if the parity value (as described in the Terms and Conditions relating to the 2027 Bonds) on each of at least 20 dealing days in a period of 30 consecutive dealing days shall have exceeded 130% of the principal amount. The Company also has the option to redeem all outstanding 2027 Bonds, at par plus accrued interest, at any time if 85% or more of the principal amount of the 2027 Bonds has been previously converted, or repurchased and cancelled.

Senior unsecured notes due 2029 listed on the Irish Stock Exchange (Euronext Dublin)

On 8 August 2024, the Company issued £450m of senior unsecured notes due 2029 (the "2029 Notes") listed on the Irish Stock Exchange and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The ISIN of the 2029 Notes under Reg. S is XS2871478058 and under 144A is XS2871478132. Interest on the 2029 Notes is payable semi-annually in arrear. The 2029 Notes will mature on 8 August 2029. The net proceeds of the 2029 Notes, together with the net proceeds of the 2029 Bonds (as defined below) were used by the Company to fund the Tender Offer. The 2029 Notes are guaranteed by certain members of Ocado Group.

The Company has the option to redeem the 2029 Notes in whole or in part at any time, including on or after 8 August 2026, in each case, at the redemption prices set out as part of the offering.

Convertible bonds due 2029 listed on the unregulated open market of the Frankfurt Stock Exchange (formerly the Freiverkehr)

The Company issued £250m of guaranteed senior unsecured convertible bonds due 2029 (the "2029 Bonds") on 6 August 2024.

The net proceeds of the 2029 Bonds, together with the net proceeds of the 2029 Notes, were used by the Company to fund the Tender Offer. The 2029 Bonds are guaranteed by certain members of Ocado Group.

The 2029 Bonds were issued at par and carry a coupon of 6.25% per annum payable semi-annually in arrear in equal instalments on 6 February and 6 August, with the first payment on 6 February 2025. The 2029 Bonds are convertible into Ordinary Shares.

Directors' Report continued

The initial conversion price was £6.105, representing a premium of 50% above the reference price of £4.07, being the clearing price of an Ordinary Share as determined in the concurrent placing bookbuild. The conversion price will be subject to adjustment in certain circumstances in line with market practice. The conversion period commenced on 16 September 2024 and shall end on the 10th calendar day prior to the maturity date or, if earlier, on the 10th calendar day prior to any earlier date fixed for the redemption of the 2029 Bonds. Unless previously redeemed, or purchased and cancelled, the 2029 Bonds will be convertible at the option of the bondholders on any day during the conversion period. The Company has the option to redeem all, but not some only, of the 2029 Bonds on or after 27 August 2027, at par plus accrued interest, if the parity value (as described in the Terms and Conditions relating to the 2029 Bonds) on each of at least 20 dealing days in a period of 30 consecutive dealing days shall have exceeded 130% of the principal amount. The Company also has the option to redeem all outstanding 2029 Bonds, at par plus accrued interest, at any time if 85% or more of the principal amount of the 2029 Bonds has been previously converted, or repurchased and cancelled.

Revolving credit facility

On 20 June 2022, the Company entered into a £300m committed, multi-currency revolving credit facility (the "RCF"), provided by a syndicate of leading international banks. The RCF has subsequently been the subject of a series of amendments.

Interest is payable on loans made pursuant to the RCF at a rate of SONIA (or EURIBOR or SOFR, for EUR or USD) plus a margin.

During the current period, the Group extended the maturity of the RCF to August 2027 (subject to certain criteria).

The RCF is guaranteed by certain members of Ocado Group.

As at 1 December 2024, the RCF was undrawn.

Significant related party agreements

There were no contracts of significance during the period between the Company or any Group company and: (i) a Director of the Company; (ii) a close member of a Director's family; or (iii) a controlling shareholder of the Company.

Change of control

The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover bid except that it should be noted that: (i) provisions of the Company's share schemes may cause options and awards granted to employees under such schemes to vest on a takeover; and (ii) certain members of senior management (not including the Directors) who were employed prior to 2010 are entitled to a payment contingent on a change of control of the Company or merger of the Company (irrespective of loss of employment) as set out in their respective employment contracts.

Significant agreements

There are a number of key agreements to which the Group is a party that contain certain rights triggered on the change of control of the Company. Details of the change of control provisions of these agreements are summarised below.

Solutions agreements: The Group has a number of agreements to provide retailers with access to OSP (comprising Ocado Group's proprietary Material Handling Equipment ("MHE") and end-to-end software platform). The key Solutions agreements are those with Aeon, Alcampo, Auchan Poland, Bon Preu, Coles, Groupe Casino, ICA, Kroger, Lotte Shopping, Morrisons, ORL, Panda and Sobeys.

Under those agreements (save for those with Morrisons, ORL, Panda and Kroger), the partner is generally entitled to terminate for convenience at any time following the commencement date of the relevant services. On termination in these circumstances, the partner would be obliged to pay Ocado termination fees calculated relative to the length of time that the service has been live. However, such termination fees are not payable should the partner terminate within a certain period following the Company coming under the control of certain of the partner's competitors (or certain controllers with which the partner has a strategic conflict) or if there is a marked deterioration in service levels following the Company coming under the control of any person.

Morrisons agreements: The Group has a number of commercial arrangements with Morrisons. If certain competitors of Morrisons acquire more than 50% of the voting rights in the Company's shares or take control of the composition of the Board, or acquire all or substantially all of the Group's business and undertakings, then Morrisons would be entitled to give notice to terminate the agreements by giving not less than four (but not more than four and a half) years' notice. Following Morrisons giving such a notice, Morrisons would be entitled to procure equivalent services from third parties, with the Company losing its remaining exclusivity rights to be Morrisons' supplier of online grocery fulfilment services. Similarly, all restrictions within those agreements on the Company's ability to provide certain services to other UK retail grocers would cease to apply. At the end of the four to four and a half years' notice period, the Company would be required to purchase Morrisons' shares in MHE JVCo Limited (the owner of the MHE in the Dordon CFC).

Ocado Intelligent Automation ("OIA") agreements: OIA and certain Ocado Group entities have signed the first agreement to provide warehouse automation products and services to non-grocery customers. This OIA agreement is with McKesson Canada Corporation (the "customer"). Under this agreement, neither party is able to terminate for convenience. The agreement includes the supply of certain equipment (including MHE) to the customer and will largely expire following successful acceptance testing and handover of that equipment. Subject to payment by the customer, we will continue to provide a licence to our software and provide Software as a Service ("SaaS") services and maintenance and support services unless the customer chooses to terminate on expiry of the natural term of each service. We have the ability to buy back the equipment in the event of termination or expiry (subject to certain conditions). Ocado can also terminate the agreements for a change of control of the customer to an Ocado competitor.

Convertible bonds due 2025: Following a change of control of the Company, the holder of each 2025 Bond will have the right to require the Company to redeem that 2025 Bond at its principal amount, together with accrued and unpaid interest, or the bondholders may exercise their conversion right using the formula as described in the Terms and Conditions relating to the 2025 Bonds.

Senior unsecured notes due 2026: Following a change of control of the Company, holders of the 2026 Notes may require the Company to repurchase all or part of their holding at a purchase price in cash equal to 101% of the aggregate principal amount of their holding, plus accrued and unpaid interest.

Convertible bonds due 2027: Following a change of control of the Company, the holder of each 2027 Bond will have the right to require the Company to redeem that 2027 Bond at its principal amount, together with accrued and unpaid interest, or the bondholders may exercise their conversion right using the formula as described in the Terms and Conditions relating to the 2027 Bonds.

Convertible bonds due 2029: Following a change of control of the Company, the holder of each 2029 Bond will have the right to require the Company to redeem that 2029 Bond at its principal amount, together with accrued and unpaid interest or the bondholders may exercise their conversion right using the formula as described in the Terms and Conditions relating to the 2029 Bonds.

Senior unsecured notes due 2029: Following a change of control of the Company, holders of the 2029 Notes may require the Company to repurchase all or part of their holding at a purchase price in cash equal to 101% of the aggregate principal amount of their holding, plus accrued and unpaid interest.

Revolving credit facility: Following a change of control of the Company, no lender under the RCF is obliged to fund further utilisations of the facility. Each lender will have the right to cancel its commitment and declare its participation in all loans and accrued interest pursuant to the facility immediately due and repayable.

Shareholders' agreement relating to ORL: If there is a change of control of Ocado Holdings and/or the Company where the person having control following the change of control is a competitor of M&S, this would amount to an event of default and M&S could elect to purchase all shares held in ORL at a price prescribed in the agreement.

Solutions and third-party logistics agreement with ORL: If there is a competitor change of control of Ocado Operating Limited, ORL may terminate the third-party logistics agreement by giving six months' written notice within three months of the competitor change of control becoming effective. In addition, if there is a change of control (whether or not a competitor change of control) and there is a marked deterioration in the service levels thereafter, ORL may terminate the third-party logistics agreement and the Solutions agreement.

Research and development activities

The Group has dedicated in-house software, logistics and engineering design and development teams with primary focus on IT and improvements to the customer interfaces, the CFCs and the automation equipment used in them. Costs relating to the development of computer software are capitalised if it is probable that the future economic benefits that are attributable to the asset will accrue to the entity and the costs can be measured reliably. The Company is carrying out a number of IT and engineering design and build projects with the intention of developing new and improved automation equipment and processes for its warehouses.

Greenhouse gas emissions methodology

We have disclosed our methodology in multiple places throughout this Annual Report. See pages 50, 68-75, and our separately published basis of reporting on our website at: https://www.ocadogroup.com/sustainability/policies-and-disclosures.

Employees with disabilities

Applications for employment by people with disabilities are given full and fair consideration bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and the work environment. In the event of existing employees becoming disabled, all reasonable effort is made to ensure that appropriate training is given and their employment within the Group continues. Training, career development and promotion of a disabled person are, as far as possible, identical to those of a non-disabled person.

Branches

There are no branches of the Company.

Political donations

No donations were made by the Group to any political party, organisation or candidate during the period (FY23: nil).

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each Director who held office at the date of the approval of this Directors' Report (included in the biographies of the Directors on pages 92-95) confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all of the relevant steps that they ought to have taken as a Director to ascertain any relevant audit information and ensure the auditor is aware of such information.

How the Directors formally report to shareholders and take responsibility for this Annual Report

Communication and shareholder engagement are important to the Board. Therefore, the Group follows a regular reporting and announcement agenda, including the formal regulatory news service announcements, in accordance with the Group's reporting obligations. During the year, the Group reported trading performance, including information on the growth of the ORL revenue and average order numbers and size, on a quarterly basis, recognising that it is important to regularly update the market due to the emphasis shareholders place on receiving regular communications about sales and the current competitive pressures in the market.

Other announcements include the Half-Year Report, the preliminary announcement of annual results, the Annual Report, and investor presentation slides and videos. These documents are available on our website. Shareholders can choose to receive the annual report in paper or electronic form.

Directors' Report continued

The Directors take responsibility for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. The Statement of Directors' Responsibilities below is made at the conclusion of a robust and effective process undertaken by the Group for the preparation and review of this Annual Report.

The Directors believe that these well-established arrangements enable them to ensure that the information presented in this Annual Report complies with regulatory requirements, including those in the Companies Act 2006, and is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. In addition to this Annual Report, the Group's internal processes cover (to the extent necessary) the preliminary announcement, the Half-Year Report, Trading Statements and other financial reporting.

Strategic Report

The Directors are required under the Companies Act 2006 to prepare a Strategic Report for the Company and Group. The Strategic Report contains the Directors' explanation of the basis on which the Group preserves and creates value over the longer term and the strategy for delivering the objectives of the Group. The Companies Act 2006 requires that the Strategic Report must:

- contain a fair review of the Group's business and contain a description of the principal risks and uncertainties facing the Group; and
- be a balanced and comprehensive analysis of the development and performance of the Group's business during the financial year and the position of the Group's business at the end of that year, consistent with the size and complexity of the business.

The information that fulfils the Strategic Report requirements is set out in the Strategic Report on pages 1-89. The Strategic Report and the Directors' Report, together with the sections of this Annual Report incorporated by reference, have been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the Group Financial Statements and the company Financial Statements in accordance with applicable law and regulations.

The Directors are responsible for preparing this Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with UK-adopted International Financial Reporting Standards ("UK-adopted IFRSs"). The Directors have also chosen to prepare the company Financial Statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the results of the Company and the Group for that period. In preparing these Financial Statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the UK-adopted IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted IFRSs. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Directors who held office at the date of the approval of this Annual Report (see pages 92-95) confirms, to the best of their knowledge, that:

- the Financial Statements, prepared in accordance with UK-adopted IFRSs, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Directors' Report is approved by the Board and signed on its behalf by:

Neill Abrams
Group General Counsel and Company Secretary

27 February 2025

Ocado Group plc

Registered Number: 07098618

Report preparation

The Group's internal processes in the preparation and review of this Annual Report (and other financial reporting) include:

- a governance framework with a Working Group reporting to a Steering Group provided the appropriate direction and decision-making;
- review of and feedback on iterations of this Annual Report by the Executive Committee, Board and key management throughout the business;
- reviews of specific sections by the relevant Board Committees;
- Audit Committee review of management reports on accounting judgements and estimates, auditor and management reports on internal controls and risk management, accounting and reporting matters and a management representation letter concerning accounting and reporting matters;
- tone of voice and balanced messaging review undertaken by external copywriter and our engaged external communications agency;
- a paper from management highlighting how reporting, regulatory and governance issues have been addressed in this Annual Report;
- a Strategic Report which includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces;
- detailed debates and discussions concerning the principal risks and uncertainties;
- Board and Audit Committee review of management reports on assessments on going concern and viability;
- the Board Committees regularly reporting to the Board on the discharge of their responsibilities;
- input from both internal and external legal advisers and other advisers to cover relevant regulatory, governance and disclosure obligations;
- discussions between contributors and management to identify relevant and material information;
- a new approach to verification of material statements and data validation, resulting in a more proactive approach to ensuring these are factually accurate;
- collaboration with the external auditor, Deloitte on the verification approach to provide comfort that information provided is true and correct;
- checking of report and electronic tagging; and
- specific Board review of Directors' belief statements and key statements; and approval by the Group General Counsel and Company Secretary, the Board Committees and the Board.

The Group receives reporting and information from the ORL joint venture. The ORL board and audit committee review and approve financial information and reporting regarding ORL, which is then consolidated into the Group.

In addition to this Annual Report, the Group provides other statements to its shareholders regarding the Group and its operations, including the Modern Slavery Act Statement, Tax Strategy Statement, Gender Pay Gap Statement and supplier payments.

Corporate Governance Statement

Ocado Group was subject to the UK Corporate Governance Code 2018 (the "Code") for the year ended 1 December 2024. This Corporate Governance Statement as required by the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTR") forms part of the Directors' Report, and has been prepared in accordance with the principles of the Code. A copy of the Code and further information on the Code can be found on the Financial Reporting Council's website, www.frc.org.uk.

This Corporate Governance Statement, together with the rest of the Corporate Governance Report (see pages 96-108 and the Committee Reports (pages 109-147), provide information on how the Group applied and complied with the principles and provisions of the Code and meets other relevant requirements, including provisions of the Listing Rules and the DTR of the FCA.

Board approval

This separate Corporate Governance Statement 2024 is approved by the Board and signed on behalf of the Board by its Chair and the Group General Counsel and Company Secretary.

Adam Warby
Chair

Neill Abrams
Group General Counsel and Company Secretary

27 February 2025

Ocado Group plc

Registered Number: 07098618

Independent Auditor’s Report to the members of Ocado Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ocado Group plc (the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 1 December 2024 and of the group’s loss for the 52-week period then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

- We have audited the financial statements which comprise:
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 5.5 and parent company notes 1 to 5.1.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 2.3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Capitalisation of labour costs; and • Ocado Retail: accounting for promotional allowances. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £27.0m (FY23: £27.0m) which was determined on the basis of an asset metric equating to 0.7% (FY23: 0.6%) of total assets excluding goodwill. We also applied a lower materiality threshold of £9.9m (FY23: £8.1m) when auditing revenue from Technology Solutions business, equivalent 2.0% (FY23: 1.9%) of its amount.
Scoping	The results of the Retail segment ("Ocado Retail") have been presented as a discontinued operation. The revenue earned by the group from Ocado Retail was previously eliminated on consolidation but is now included in revenue from continuing operations. Nevertheless, as Ocado Retail remained a subsidiary of the group for the period, and a full scope audit of Ocado Retail was conducted, consistent with the prior period. Components subject to full-scope audit contribute 97.0% of revenue from continuing operations and 97.9% of the group's property, plant and equipment, right-of-use assets and intangible assets excluding goodwill. With the inclusion of Ocado Retail Limited, a discontinued operation in the year, components contribute 98.0% of the group's revenue (including the discontinued operation for Ocado Retail) and 97.8% of the group's property, plant and equipment, right-of-use assets and intangible assets excluding goodwill. We performed analytical procedures on residual balances.
Significant changes in our approach	For the current period, we did not identify a key audit matter regarding the valuation of contingent consideration receivable from Marks and Spencer Group plc ("M&S") in light of the fair value being determined as £nil (FY23: £28.0m).

Independent Auditor's Report to the members of Ocado Group plc continued

4. Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding the detailed steps of the forecasting process through enquiries with management and inspection of the underlying models, including obtaining a detailed understanding of key controls over the budget and forecast;
- assessing the arithmetic accuracy of the models used to prepare the group's base case forecast and related scenarios;
- challenging the reasonableness of the detailed assumptions underpinning the group's forecasts including considering the current economic environment;
- comparing and assessing the historical accuracy of forecasts against previous performance;
- assessing management's considerations of reasonably possible scenarios and their impact on the group's forecasts and performing additional sensitivity scenario analysis;
- considering the timing of repayments of the group's borrowings;
- considering the impact of mitigating actions available, such as reducing capital expenditure; and
- assessing the appropriateness of the group's disclosure concerning going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Capitalisation of labour costs

Key audit matter description	The group continues to invest in the development of the Ocado Smart Platform and associated software, as well as in establishing Customer Fulfilment Centres (“CFCs”) for Technology Solutions customers. In doing so, significant internal labour costs are incurred which are capitalised as internally-generated intangible assets or as a component of property, plant and equipment as directly attributable costs. As described in note 3.2 and 3.3 of the financial statements, £177.8m (FY23: £167.8m) and £23.6m (FY23: £32.7m) of internal labour costs were capitalised in the period as intangible assets and property, plant and equipment, respectively. Determining whether a particular project or activity meets capitalisation criteria involves judgement based on the requirements of IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment. The amount being capitalised is largely due to the development of new technologies and the continued construction of CFCs for customers. In addition, Adjusted EBITDAⒶ is an alternative performance measure of interest to the users of the financial statements. There is therefore a potential incentive for management to exhibit bias in considering whether to capitalise internal labour costs given that the amortisation and depreciation of such costs are excluded from its calculation, whereas items which are not capital in nature must be expensed as costs are incurred. We therefore consider the inappropriate capitalisation of labour costs to be a potential fraud risk as well as a key audit matter. Further information related to this area is set out in the Audit Committee report on page 116, and in notes 3.2 and 3.3 to the group financial statements.
How the scope of our audit responded to the key audit matter	To address the risk of inappropriate capitalisation of labour costs, our audit procedures included: • obtaining a detailed understanding of relevant controls, such as those which are designed to ensure that only projects and associated labour costs that meet capitalisation criteria under IAS 16 or IAS 38 are approved as capital in nature; • selecting a sample of time entries charged to internal projects representing capitalised labour costs and, for each, querying the worker to understand the nature of their activities and assessing the entry against the capitalisation criteria of IAS 16 or IAS 38; • obtaining a detailed understanding of each selected project’s purpose and future economic benefits in order to challenge its eligibility for capitalisation and considering whether the worker’s time was directly attributable; • assessing the status of each selected project, challenging management for potential impairment of delayed projects and evaluating whether completed projects indicated obsolescence or impairment of other assets; • making enquiry of individuals outside finance to corroborate or contradict our understanding of projects and time allocations; and • challenging and corroborating the methods and calculations adopted in determining the labour costs to be capitalised as directly attributable costs as defined in IAS 16 or IAS 38.
Key observations	We are satisfied that capitalised internal labour costs are fairly stated. We reported to the Audit Committee a weakness in the control for assessing whether time spent on certain types of projects meets capitalisation criteria.

Independent Auditor's Report to the members of Ocado Group plc continued

5.2. Ocado Retail: accounting for promotional allowance

Key audit matter description	As described in note 2.9 of the financial statements, the group has agreements with suppliers where amounts are received to fund of the sale of certain groceries items on promotion ("promotional allowances"). The group received £145.1m (FY23: £124.9m) of such promotional allowances during the period, which was recorded as a deduction to operating costs. The timing of recognising these amounts is based on when the corresponding promotional activity has taken place. For most of the year there is limited judgement as each individual promotional campaign has completed, amounts have been invoiced to suppliers and sufficient time has elapsed for there to have been any revisions based on supplier enquiry. However, in the final months of the year there is a greater risk and opportunity for bias and manipulation considering the typical time lag between the issuance of an invoice and enquiry from a supplier. There is therefore a potential risk that amounts are recognised during the year but subsequently revised after approval of the financial statements. Given this, we considered the recognition of promotional allowances in the final four months of the year to be a potential fraud risk.
How the scope of our audit responded to the key audit matter	To address the risk that promotional allowances have not been appropriately and accurately recorded, our procedures included: • obtaining an understanding of controls relevant to the accounting for promotional allowances; • requesting a sample of supplier confirmations to validate the amounts recorded throughout the period and on the balance sheet at period end, with additional samples for the final four months of the period; • making independent enquiries with the in-house buying team to understand the rationale for any variances in confirmation responses; • evaluating a sample of credit notes and disputes during and after the period to search for contradictory evidence of the occurrence of promotions and recognition of related income; and • assessing the recoverability of a sample of unsettled balances included on the balance sheet for valuation and allocation.
Key observations	We are satisfied that the accounting for promotional allowances during the period is appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£27.0m (FY23: £27.0m)	£24.3m (FY23: £24.3m)
Basis for determining materiality	We determined materiality primarily based on an asset metric equating to 0.6% (FY23: 0.6%) of total assets excluding goodwill. We also considered revenue (including discontinued operations) as a supporting benchmark (FY24: 0.9%, FY23: 1.0%)	Parent company materiality is determined as a percentage of net assets, capped at 90% (FY23: 90%) of group materiality.
Rationale for the benchmark applied	We consider an asset metric to be the most relevant proxy for the development of the Technology Solutions business and the associated scale of deployment at customer sites. Revenue was also considered as a supporting benchmark as this metric is a group KPI and reflects group performance, including discontinued operations for Ocado Retail	The principal activities of the parent company include holding investments in other group companies and incurring costs and liabilities on behalf of the group, including borrowings. As a result, we considered net assets to be the most relevant benchmark on which to base materiality.

As revenue from the Technology Solutions business remains an area of investor focus, we have exercised professional judgment in applying a lower level of materiality of £9.9m (FY23: £8.1m), which represents 2% of the reported amount.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (FY23: 70%) of group materiality	70% (FY23: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the quality, consistency and timeliness of the financial reporting and closing processes; • the continuity of key management personnel; • our risk assessment, built on our understanding of the group and its environment; and • management's continued willingness to investigate and correct misstatements identified in the audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.35m (FY23: £1.35m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent Auditor's Report to the members of Ocado Group plc continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group and at Ocado Retail, which is controlled and consolidated by the group.

We identified components based on common IT and control environments. Two significant components were identified: the group component on a single common IT environment; and Ocado Retail. Both components were subject to full-scope audit procedures performed by the group and Ocado Retail audit teams respectively based in London using a performance materiality of £16.0m (85% of group performance materiality). To ensure appropriate direction and supervision of the component audit work, there was extensive interaction between the group and component audit team. The group audit team issued the Ocado Retail component audit team with detailed instructions and reviewed their audit file and related reporting.

In the current year, revenue earned by the Technology Solutions and Logistics businesses from Ocado Retail was scoped in, as it is no longer eliminated as part of continuing operations. However, as Ocado Retail was a subsidiary for the full period, we have treated it as a component, which has been subject to full scope audit procedures.

Components subject to full-scope audit contribute 98% (FY23: 99%) of the group's revenue and 98% (FY23: 99%) of the group's property, plant and equipment, right-of-use assets and intangible assets excluding goodwill.

At the group level, we tested the consolidation and performed analytical procedures over residual balances.

The parent company was audited by the group engagement team.

7.2. Our consideration of the control environment

The group has continued its plan to evolve and improve the financial control environment through the Evolve programme, which we have considered in our audit plan.

We involved IT specialists to obtain an understanding of relevant general IT controls across the group and Ocado Retail audits, which included Oracle Fusion, Webshop and key warehouse management systems. Members of the Ocado Retail component audit team visited three CFCs and one General Merchandise Distribution Centre ("GMDC") to test controls relevant to the existence of grocery inventory. Our IT specialists assisted in evaluating controls over the key warehouse IT systems as well as relevant automated controls. Members of the group audit team also visited CFCs in the UK during the period.

We tested the operating effectiveness of controls in certain business processes, for example Technology Solutions revenue, and obtained an understanding of certain IT systems, applications and databases, to provide feedback to management with a view of relying on these controls in future periods.

7.3. Our consideration of climate-related risks

As set out in management's TCFD report on pages 68-75 and the principal risks on pages 76-85, the group is exposed to the impacts of climate change. As part of our audit planning procedures, we obtained management's climate-related risk assessment and, together with our climate change specialists, held discussions with management to understand the process of identifying climate-related risks and determining their potential impact on the operations of the group and its financial statements. We also read the related disclosures in note 1.4 to the financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change on the group financial statements, this included performing an audit team climate risk brainstorming session. We did not identify a risk of material misstatement.

We have further involved climate change specialists in reading the climate-related disclosures within the Annual Report to consider whether they are materially consistent with the financial statements and our knowledge from our audit.

Our responsibility over other information is further described in the "Other information" section of our report. We have not been engaged to provide assurance over the accuracy of these disclosures.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board including the final assessment on 26 February 2025;
- results of our enquiries of management, internal audit, the legal function including the group's General Counsel and Chief Compliance Officer, the Chief Executive Officer and Chief Financial Officer of the group and Ocado Retail, the directors and the Audit Committees of the group and Ocado Retail about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including our component audit team and relevant internal specialists, including tax, valuations, IT and impairment regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's Report to the members of Ocado Group plc continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: inappropriate capitalisation of labour costs and the accounting for promotional allowances. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Groceries Supply Code of Practice.

11.2. Audit response to risks identified

As a result of performing the above, we identified the capitalisation of labour costs and the accounting for promotional allowances as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and our component audit team, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 88;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 86-88;
- the directors' statement on fair, balanced and understandable set out on page 154;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 76-85;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 120; and
- the section describing the work of the audit committee set out on page 118.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 3 May 2017 to audit the financial statements for the 52-week period ending 3 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the 52-week period ending 3 December 2017 to the 52-week period ending 1 December 2024.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

David Griffin FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 February 2025

Consolidated Income Statement

for the 52 weeks ended 1 December 2024

		52 weeks ended 1 December 2024			53 weeks ended 3 December 2023 (restated[1])		
	Notes	**Results before adjusting items £m**	**Adjusting items (Note 2.5) £m**	**Total £m**	Results before adjusting items £m	Adjusting items (Note 2.5) £m	Total £m
Continuing operations							
Revenue	2.1	**1,214.5**	**0.1**	**1,214.6**	1,109.7	12.4	1,122.1
Insurance and legal settlement proceeds	2.5	**–**	**–**	**–**	–	180.4	180.4
Operating costs		**(1,516.7)**	**(34.8)**	**(1,551.5)**	(1,408.9)	(115.0)	(1,523.9)
Operating (loss)/profit before results of joint ventures and associate		**(302.2)**	**(34.7)**	**(336.9)**	(299.2)	77.8	(221.4)
Share of results of joint venture and associate	3.5	**0.3**	**–**	**0.3**	(0.9)	–	(0.9)
Operating (loss)/profit		**(301.9)**	**(34.7)**	**(336.6)**	(300.1)	77.8	(222.3)
Finance income	2.6	**30.4**	**11.4**	**41.8**	39.9	6.1	46.0
Finance costs	2.6	**(98.6)**	**–**	**(98.6)**	(83.6)	–	(83.6)
Other finance gains and losses	2.6	**10.0**	**43.6**	**53.6**	(19.8)	–	(19.8)
(Loss)/profit before tax from continuing operations		**(360.1)**	**20.3**	**(339.8)**	(363.6)	83.9	(279.7)
Income tax credit	2.7	**0.2**	**–**	**0.2**	16.9	–	16.9
(Loss)/profit for the period from continuing operations		**(359.9)**	**20.3**	**(339.6)**	(346.7)	83.9	(262.8)
Discontinued operations[2]							
(Loss)/profit after tax from discontinued operations	2.9	**(19.2)**	**(15.5)**	**(34.7)**	(64.2)	(60.0)	(124.2)
(Loss)/profit for the period		**(379.1)**	**4.8**	**(374.3)**	(410.9)	23.9	(387.0)
Attributable to:							
Owners of Ocado Group plc				**(336.2)**			(314.0)
Non-controlling interests	5.2			**(38.1)**			(73.0)
				(374.3)			(387.0)

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.
2. As previously disclosed, it is the Group's intention to transfer control of Ocado Retail Limited ("ORL") to Marks & Spencer plc ("M&S") in 2025 under the terms of the Shareholder Agreement. Since this change of control will result in the Group no longer consolidating ORL, the results of ORL (and relevant inter-segment eliminations) have been reported as discontinued operations in the Income Statement in order to present the Income Statement on a basis consistent with the future state of the Group. Other than the proposed transfer of control between the two shareholders, there has been no other change to the economic interest held in ORL or the shareholder agreement.

Loss per share		**pence**	pence
From continuing operations:			
Basic and diluted loss per share	2.8	**(40.69)**	(31.76)
From continuing and discontinued operations:			
Basic and diluted loss per share	2.8	**(41.00)**	(38.44)

Refer to Alternative Performance Measures on pages 239 and 241 for a reconciliation of operating loss to adjusted earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items (Adjusted EBITDA®).

Consolidated Statement of Comprehensive Income
for the 52 weeks ended 1 December 2024

	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Loss for the period		**(374.3)**	(387.0)
Other comprehensive income			
Items that may be reclassified to continuing operations profit or loss in subsequent periods:			
Fair value movements in cash flow hedges	4.3	**(0.6)**	(0.4)
Items reclassified from cash flow hedge reserve	4.3	**0.1**	1.1
Foreign exchange loss on translation of foreign subsidiaries	4.6	**(20.6)**	(53.0)
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods		**(21.1)**	(52.3)
Items that will not be reclassified to continuing operations profit or loss in subsequent periods:			
Loss on equity investments designated as at fair value through other comprehensive income	4.4	**(3.1)**	(16.5)
Income tax relating to items that will not be reclassified subsequently to profit or loss	2.7	**(3.1)**	(4.6)
Net other comprehensive expense that will not be reclassified to profit and loss in subsequent periods		**(6.2)**	(21.1)
Other comprehensive expense for the period from continuing operations, net of income tax		**(27.3)**	(73.4)
Total comprehensive expense for the period		**(401.6)**	(460.4)
Attributable to:			
Owners of Ocado Group plc		**(363.5)**	(387.4)
Non-controlling interests	5.2	**(38.1)**	(73.0)
		(401.6)	(460.4)

Consolidated Balance Sheet

as at 1 December 2024

	Notes	**1 December 2024 £m**	3 December 2023 £m
Non-current assets			
Goodwill	3.1	**158.2**	158.6
Other intangible assets	3.2	**496.5**	461.3
Property, plant and equipment	3.3	**1,555.4**	1,794.9
Right-of-use assets	3.4	**264.8**	428.1
Investment in joint venture and associate	3.5	**7.0**	9.5
Other financial assets	3.6	**100.8**	84.0
Trade and other receivables	3.9	**–**	50.9
Deferred tax assets	2.7	**4.7**	0.9
Derivative financial assets	4.3	**3.4**	3.3
		2,590.8	2,991.5
Current assets			
Other financial assets	3.6	**12.9**	43.7
Inventories	3.8	**39.8**	127.1
Trade and other receivables	3.9	**186.4**	375.4
Current tax assets	2.7	**7.5**	1.5
Cash and cash equivalents	3.10	**732.5**	884.8
Derivative financial assets	4.3	**0.1**	0.1
		979.2	1,432.6
Assets classified as held for sale	2.9	**586.5**	4.9
		1,565.7	1,437.5
Total assets		**4,156.5**	4,429.0
Current liabilities			
Contract liabilities	2.1	**(38.1)**	(38.6)
Trade and other payables	3.11	**(246.6)**	(468.4)
Current tax liabilities	2.7	**(1.4)**	(0.9)
Borrowings	4.1	**(0.2)**	(2.6)
Provisions	3.12	**(7.6)**	(13.2)
Lease liabilities	3.4	**(30.3)**	(52.9)
Derivative financial liabilities	4.3	**(0.7)**	(0.2)
		(324.9)	(576.8)

Consolidated Balance Sheet continued

as at 1 December 2024

	Notes	1 December 2024 £m	3 December 2023 £m
Net current assets		**1,240.8**	860.7
Non-current liabilities			
Contract liabilities	2.1	**(468.5)**	(408.1)
Provisions	3.12	**(15.9)**	(27.6)
Borrowings	4.1	**(1,386.5)**	(1,459.5)
Lease liabilities	3.4	**(281.4)**	(444.9)
Trade and other payables	3.11	**(1.1)**	(1.1)
Deferred tax liabilities	2.7	**(0.6)**	–
		(2,154.0)	(2,341.2)
Liabilities directly associated with assets classified as held for sale	2.9	**(506.4)**	–
		(2,660.4)	(2,341.2)
Net assets		**1,171.2**	1,511.0
Equity			
Share capital	4.6	**16.7**	16.6
Share premium	4.6	**1,947.5**	1,942.9
Treasury shares reserve	4.6	**(112.9)**	(112.9)
Other reserves	4.6	**83.2**	90.6
Retained earnings		**(748.8)**	(449.8)
Equity attributable to owners of Ocado Group plc		**1,185.7**	1,487.4
Non-controlling interests	5.2	**(14.5)**	23.6
Total equity		**1,171.2**	1,511.0

The Consolidated Financial Statements on pages 166-231 were authorised for issue by the Board of Directors and signed on its behalf by:

Tim Steiner
Chief Executive Officer

Stephen Daintith
Chief Financial Officer

27 February 2025

Consolidated Statement of Changes in Equity

for the 52 weeks ended 1 December 2024

	Notes	Equity attributable to owners of Ocado Group plc						Non-controlling interests £m	Total equity £m
		Share capital £m	Share premium £m	Treasury shares reserve £m	Other reserves £m	Retained earnings £m	Total £m		
Balance at 27 November 2022		16.5	1,939.3	(112.9)	164.0	(169.0)	1,837.9	96.4	1,934.3
Loss for the period		–	–	–	–	(314.0)	(314.0)	(73.0)	(387.0)
Other comprehensive expense		–	–	–	(73.4)	–	(73.4)	–	(73.4)
Total comprehensive expense for the period		–	–	–	(73.4)	(314.0)	(387.4)	(73.0)	(460.4)
Transactions with owners									
Issue of ordinary shares	4.6	0.1	2.1	–	–	–	2.2	–	2.2
Allotted in respect of share option schemes	4.6	–	1.5	–	–	–	1.5	–	1.5
Share-based payments charge	4.7	–	–	–	–	33.3	33.3	–	33.3
Tax on share-based payments charge	2.7	–	–	–	–	0.1	0.1	–	0.1
Additional investment in Jones Food Company Limited	5.2	–	–	–	–	(0.2)	(0.2)	0.2	–
Total transactions with owners		0.1	3.6	–	–	33.2	36.9	0.2	37.1
Balance at 3 December 2023		16.6	1,942.9	(112.9)	90.6	(449.8)	1,487.4	23.6	1,511.0
Loss for the period		**–**	**–**	**–**	**–**	**(336.2)**	**(336.2)**	**(38.1)**	**(374.3)**
Other comprehensive expense		**–**	**–**	**–**	**(27.3)**	**–**	**(27.3)**	**–**	**(27.3)**
Total comprehensive expense for the period		**–**	**–**	**–**	**(27.3)**	**(336.2)**	**(363.5)**	**(38.1)**	**(401.6)**
Transactions with owners									
Issue of ordinary shares	4.6	**0.1**	**1.7**	**–**	**–**	**–**	**1.8**	**–**	**1.8**
Allotted in respect of share option schemes	4.6	**–**	**2.9**	**–**	**–**	**–**	**2.9**	**–**	**2.9**
Share-based payments charge	4.7	**–**	**–**	**–**	**–**	**37.2**	**37.2**	**–**	**37.2**
Issue of convertible bonds	4.1	**–**	**–**	**–**	**37.6**	**–**	**37.6**	**–**	**37.6**
Redemption of convertible bonds	4.1	**–**	**–**	**–**	**(17.7)**	**–**	**(17.7)**	**–**	**(17.7)**
Total transactions with owners		**0.1**	**4.6**	**–**	**19.9**	**37.2**	**61.8**	**–**	**61.8**
Balance at 1 December 2024		**16.7**	**1,947.5**	**(112.9)**	**83.2**	**(748.8)**	**1,185.7**	**(14.5)**	**1,171.2**

Consolidated Statement of Cash Flows
for the 52 weeks ended 1 December 2024

	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Cash generated from operations	4.9	**232.5**	86.9
Cash received from the AutoStore settlement	2.5	**100.0**	41.7
Corporation tax (paid)/received		**(7.7)**	9.9
Interest paid		**(55.9)**	(56.3)
Net cash flow from operating activities		**268.9**	82.2
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**–**	(11.4)
Purchase of intangible assets		**(202.6)**	(205.1)
Purchase of property, plant and equipment		**(196.8)**	(331.3)
Dividend received from joint venture	3.5	**2.8**	5.1
Purchase of unlisted equity investments	3.6	**(10.0)**	(10.0)
Proceeds from loans to joint ventures, associates and investee companies		**2.3**	–
Proceeds from disposal of asset held for sale	2.5	**18.5**	9.4
Cash received in respect of contingent consideration receivable	3.6	**1.6**	1.5
Interest received		**30.5**	41.7
Net cash flow used in investing activities		**(353.7)**	(500.1)
Cash flows from/(used in) financing activities			
Proceeds from issue of ordinary share capital		**4.4**	2.1
Proceeds from allotment of share options		**0.2**	0.5
Proceeds from borrowings	4.2	**720.0**	64.4
Transaction costs on issue of borrowings		**(18.9)**	–
Repayment of borrowings	4.2	**(674.3)**	(10.3)
Repayment of principal element of lease liabilities	4.2	**(55.7)**	(66.8)
Net cash flow (used in) financing activities		**(24.3)**	(10.1)
Net decrease in cash and cash equivalents		**(109.1)**	(428.0)
Cash and cash equivalents at beginning of period		**884.8**	1,328.0
Effect of changes in foreign exchange rates		**(4.2)**	(15.2)
Cash and cash equivalents at end of period	3.10	**771.5**	884.8

The cash flow statement above includes the entire Group. Cash flows from discontinued operations are disclosed in Note 2.9.

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 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") (see Note 5.1 for a full list of the subsidiaries). The financial period represents the 52 weeks ended 1 December 2024. The prior financial period represents the 53 weeks ended 3 December 2023. The principal activities of the Group are described in the Strategic Report on pages 1-89.

1.2 Basis of preparation

The Consolidated 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 ("IASs") in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards ("IFRSs"), including the interpretations issued by IFRS Interpretations Committee ("IFRIC"). Unless otherwise stated, the accounting policies have been applied consistently to all periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements are presented in pounds sterling, rounded to the nearest hundred thousand unless otherwise stated, and 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 Consolidated Financial Statements of the Group. See Note 1.5 for further details.

New standards, amendments and interpretations adopted by the Group

The Group has considered the following new standards, interpretations and amendments to published standards that are effective for the Group for the period beginning 4 December 2023 and concluded either that they are not relevant to the Group nor would they have a significant effect on the Group's Consolidated Financial Statements other than on disclosures:

		Effective date
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1	Disclosure of Accounting Policies (amendments)	1 January 2023
IAS 8	Disclosure of Accounting Estimates (amendments)	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)	1 January 2023
IAS 12	Income taxes – International Tax Reform – Pillar Two Model Rules (amendments)	1 January 2023

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

The following new standards, interpretations and amendments to published standards and interpretations that are relevant to the Group have been issued but are not effective for the period beginning 4 December 2023 and have not been adopted early:

		Effective date
IAS 1	Non-current Liabilities with Covenants	1 January 2024
IAS 7	Statement of Cash Flows (amendments)	1 January 2027
IFRS 7	Amendments regarding classification of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures (amendments)	1 January 2027
IAS 28	Investments in Associates and Joint Ventures (amendments)	Deferred
IFRS 10	Consolidated Financial Statements (amendments)	Deferred

With the exception of IFRS 18, the adoption of the above standards, interpretations and amendments is not expected to have a material effect on the Group's Consolidated Financial Statements. The impact of IFRS 18 on the Group is currently being assessed and it is not yet practicable to quantify the effect on the Group's Consolidated Financial Statements

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities in relation to the IAS 12 amendment.

Discontinued operations

It is the Group's intention to transfer control of ORL to M&S in 2025 under the terms of the Shareholder Agreement. As such, the net results of ORL are presented as a discontinued operation in the Group Income Statement, for which the comparatives have been restated. The assets and liabilities of the disposal group are presented separately in the Group Balance Sheet as held for sale. For further details, refer to Note 2.9.

1.3 Basis of consolidation

The Group's Consolidated Financial statements consist of the accounts of the Company, all entities controlled by the Company (its subsidiaries) and the Group's share of its interests in joint ventures and associates.

Subsidiaries

The accounts of subsidiaries are included in the Consolidated Financial Statements from the date on which the Company obtains control and excluded when the Company loses control over them. Control is achieved when the Company has power over a subsidiary, exposure or rights to variable returns from it and the ability to use its power to affect these returns. This ability enables the Company to affect the amount of economic benefit generated from the entity's activities.

All subsidiaries have a reporting date of 1 December 2024 except for the following:

	Reporting date
JFC Hydroponics Ltd	30 April
Jones Food Company Limited	30 April
Haddington Dynamics II, LLC	31 December
Kindred, Inc.	31 December
Kindred Systems II Inc.	31 December
Myrmex, Inc.	31 December
Ocado Bulgaria EOOD	31 December
Ocado Solutions (US) ProCo LLC	31 December
Ocado Solutions USA Inc.	31 December
Ocado Solutions Spain, S.L	31 December
Ocado Spain, S.L.U.	31 December
Ocado US Holdings, Inc.	31 December
6 River Systems LLC	31 December
6 River Systems Ltd.	31 December
6 River Systems GmbH	31 December

All these companies have prepared additional financial information for the 52 weeks ended 1 December 2024 to enable consolidation.

All intercompany balances and transactions, including recognised gains arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as the recognised gains.

The Group allocates the total comprehensive income or expense of subsidiaries to the owners of the Company and non-controlling interests, based on their respective ownership interests.

Joint ventures and associates

The Group's share of the results of joint ventures and associates is included in the Consolidated Income Statement using the equity method of accounting. Investments in joint ventures and associates are held on the Consolidated Balance Sheet at cost, plus post-acquisition changes in the Group's share of the net assets of the entities, less any impairment in value and dividends received. The carrying values of the investments in joint ventures and associates include implicit goodwill.

If the Group's share of losses in a joint venture or associate equals or exceeds its initial investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or associate. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

Accounting policies

The principal accounting policies adopted in the preparation of these Consolidated Financial Statements are set out in the relevant notes. Accounting policies not specifically attributable to a note are set out below. These policies have been applied consistently to all the periods presented unless stated otherwise.

Functional and presentational currency

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The pound sterling is the Company's functional and the Group's presentational currency.

1.3 Basis of consolidation continued

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange quoted at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Transactions in foreign currencies are recorded in the functional currency at an average rate for the period in which those transactions take place, which is used as a reasonable approximation to the exchange rates prevailing at the dates of the transactions. Translation differences on monetary items are taken to the Consolidated Income Statement.

A number of subsidiaries within the Group have a non-sterling functional currency. The financial performance and end position of these entities are translated into sterling in the Consolidated Financial Statements. Balance sheet items are translated at the closing rate at the balance sheet date. Income and expenses are translated using an average rate for the month in which they occur.

Exchange differences arising on the translation of the net investment in overseas subsidiaries are recorded through other comprehensive income. On disposal of the net investment, the cumulative exchange difference is reclassified from equity to the Income Statement. All other currency gains and losses are dealt with in the Income Statement.

1.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's Consolidated Financial Statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are evaluated regularly, and represent management's best estimates based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, events or actions may mean that actual results ultimately differ from those estimates, and the differences may be material.

Critical accounting judgements

Critical accounting judgements are those that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Area	Judgement	Notes
Consolidation of Ocado Retail Limited ("Ocado Retail")	Management has applied judgement in considering whether the Group continues to have control over Ocado Retail at the balance sheet date in accordance with IFRS 10. Management has concluded that the Group controls Ocado Retail, since it holds 50.0% of the voting rights of the company, and an agreement signed by the shareholders grants the Group determinative rights, after agreed dispute-resolution procedures, in relation to the approval of Ocado Retail's business plan and budget, and the appointment and removal of Ocado Retail's Chief Executive Officer, who is responsible for directing the relevant activities of the business. As the transfer of the determinative rights from the Group to M&S is highly probable within 12 months, management has concluded that ORL meets the requirements of being a disposal group held for sale and a discontinued operation. For further details, refer to Note 2.9.	2.9 5.1 5.2
Revenue from contracts with customers	The Group's Technology Solutions' contracts are complex and contain a number of critical contractual milestones and components. Management considers each contract on a case by case basis and applies judgement in the application of IFRS 15 to the contracts when: • identifying distinct performance obligations that the customer can benefit from independently; and • assessing the period over which to recognise revenue, given contracts typically have no end date. This requires management to determine the expected customer life. Alternative judgements in relation to either the identification of distinct performance obligations or the expected customer life would result in a different revenue recognition profile. Further details on how these judgements have been applied are set out in Note 2.1.	2.1
Capitalisation of internal development costs	The Group capitalises internal costs directly attributable to the development of both intangible and tangible assets. Management judgement is exercised in determining whether the projects meet the criteria for capitalisation in accordance with IAS 16 and IAS 38. During the period, the Group has capitalised internal development costs amounting to £177.8m (FY23: £167.8m) and £23.6m (FY23: £32.7m) on intangible and tangible assets respectively.	3.2 3.3
Adjusting items	Management believes that separate presentation of the adjusting items provides useful information in the understanding of the financial performance of the Group and its businesses. Management exercises judgement in determining the classification of certain transactions as adjusting items by considering the nature, occurrence and materiality of the amounts involved in those transactions. Note 2.5 provides information on amounts disclosed as adjusting items in the current and comparative financial periods together with the Group's definition of adjusting items. These definitions have been applied consistently over the periods.	2.5

Key estimation uncertainties

Key areas of estimation uncertainty are the key assumptions concerning the future and other data points at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period.

Area	Estimation uncertainty	Notes
Impairment assessment – customer level CGUs	The performance of the Group's impairment assessments requires management to make judgements in determining whether an asset or cash-generating unit ("CGU") shows any indicators of impairment that would require an impairment test to be carried out, as well as identifying the relevant CGUs to be assessed. The Group has determined that assets directly associated with individual Solutions contracts (i.e. partner by partner) represent the lowest-level group of assets at which impairment can be assessed, i.e. the CGU. The performance of impairment testing requires management to make a number of estimates and assumptions in determining the recoverable amount of the CGUs. These include forecast future cash flows estimated based on management-approved financial budgets and plans, long-term growth rates and post-tax discount rates, as well as an assessment of the expected growth profile of the respective CGU. Key estimates used in the impairment test and sensitivities are disclosed in Note 3.3.	3.3

Climate-related risks

The Group has considered the impact of climate change, particularly in the context of the climate-related risks identified in the TCFD disclosures as set out on pages 68-75, on its financial performance and position. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Group considered the impact of climate change in respect of going concern and viability of the Group over the next three years, forecast cash flows for the purposes of impairment assessments of non-current assets and the useful lives of certain assets. Whilst there is currently little short to medium-term impact expected from climate change, the Directors are aware of the changing nature of risks associated with climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's Consolidated Financial Statements.

1.5 Going concern basis

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude on whether or not it is appropriate to prepare financial statements on the going concern basis. The Directors have assessed the Group's prospects as a going concern covering a period to the end of May 2026.

In assessing going concern, the Directors take into account the financial position of the Group, its cash flows, liquidity position and borrowing facilities, which are set out in the Financial Review on pages 26-43. In addition, the Directors consider the Group's business activities, together with factors that are likely to affect its future development and position, as set out in the Strategic Report on pages 1-89, and the Group's principal risks and the likely effectiveness of any mitigating actions and controls available to the Directors as set out on pages 76-85.

At the reporting date, the Group had cash and cash equivalents of £732.5m (FY23: £884.8m), external gross debt[Ⓐ] of £1,959.3m (FY23: £1,943.4m) (excluding lease liabilities payable to MHE JVCo Limited of £12.4m (FY23: £16.5m)) and net current assets of £1,240.8m (FY23: £860.7m). The Group has a mixture of financing arrangements, including £172.8m of senior unsecured convertible bonds due in 2025, £223.7m of senior unsecured notes due in 2026, £350.0m of senior unsecured convertible bonds due in 2027, £250.0m of senior unsecured convertible bonds due in 2029 and £450.0m of senior unsecured notes due in 2029. The Group forecasts its liquidity and working capital requirements, and ensures it maintains sufficient headroom so as not to breach any financial covenants in its borrowing facilities, as well as maintaining sufficient liquidity over the forecast period.

Having had consideration for these areas, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements. Further details of the Group's considerations are provided in the Viability Statement and Going Concern Statement on page 88.

Notes to the consolidated financial statements continued

Section 2 – Results for the period

2.1 Revenue

Accounting policies

Revenue represents the transaction prices to which the Group expects to be entitled in return for delivering goods or services to its customers. The amount of revenue recognised in any period is based on a judgement of when the customer is able to benefit from the goods or services provided, and an assessment of the progress made towards completely satisfying each performance obligation. The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies for each of the reportable segments. For information about reportable segments, see Note 2.2.

Logistics segment

Revenues in the Logistics segment relate to the operation of automated warehouses and provision of associated supply chain and delivery services to our UK partners, Wm Morrison Supermarkets Limited ("Morrisons") and Ocado Retail.

Revenue is earned from cost recharges, which are the recharges of variable and fixed costs incurred to provide fulfilment and delivery services. Additionally, a management fee is earned on the rechargeable costs. The business also generates revenue from capital recharges relating to certain material handling equipment ("MHE") assets used to provide logistics services to Ocado Retail.

There is a single performance obligation, which is the provision of fulfilment and delivery services, and the total transaction price is allocated to the performance obligation.

Revenue is recognised as the services are provided to the UK partners.

Technology Solutions segment

Revenues in the Technology Solutions segment relate to the provision of the Ocado Smart Platform ("OSP") as a managed service to the Group's grocery retail partners and the provision of Automated Storage Retrieval Systems ("ASRSs") to non-grocery partners.

Identification of performance obligations

Each contract is considered on a case-by-case basis. A typical contract includes several obligations including, but not limited to, the design of the Customer Fulfilment Centre ("CFC"), the provision of MHE and the provision of software. The Group has concluded that the customer is unable to derive any benefit from these individual elements independently from the other and as such are not separate performance obligations but represent a single performance obligation – to provide the partner with use of the Ocado Smart Platform, enabling them to establish an online grocery business fulfilling customer orders from a CFC from the go-live date.

Some contracts contain additional components, for example the addition of In-Store Fulfilment ("ISF") services or additional CFCs and in such cases management uses its judgement to determine whether there are separable performance obligations from which the customer is able to benefit independently.

Determining transaction prices

At the inception of a contract, the total transaction price is estimated, being the amount to which the Group expects to be entitled over the expected duration of the contract, based on the rights it has under the present contract. Such expected amounts are only included to the extent that it is highly probable that no revenue reversal will occur.

Typically, contracts include both upfront fees, which are non-recurring and paid by the customer in the period prior to the solution going live, and subsequent periodic amounts that are either recurring or variable.

Variable amounts are fees whereby typically the variability relates to the volume of sales transactions processed or variable costs associated with providing the service to the customer.

For each contract an assessment has been made by the Group as to whether there is a significant finance benefit arising from the timing of payments required from the customer. Judgement is required to choose an appropriate interest rate used in the assessment and to set a reasonable threshold for determining whether any finance benefit is significant.

Allocation of transaction prices to performance obligations

Single component contracts have a single performance obligation and the whole transaction price is assigned to that single deliverable. Multiple component contracts will have more than one performance obligation, each with its own contract duration as adjudged by management. Each contract clearly states the fees relating to each component. This provides management with a basis for allocation of the calculated transaction price to each performance obligation based on the standalone selling price.

Revenue recognition

For each performance obligation and its allocated transaction price, revenue is recognised from the point at which the customer starts to benefit from the services and over the period the services are provided.

The nature of the services provided, that is the ability to fulfil online grocery orders, represents equal value to the customer every day that the service is provided. This uniformity of value to the customer over time has led the Group to determine that the most appropriate way of measuring the satisfaction of obligations is by using a straight-line, time-elapsed basis.

For upfront fees, the period over which services are provided is the expected customer life. Determining the expected customer life requires judgement since typically contracts have no end date. The Group considers both qualitative and quantitative information such as market evidence and certain clauses contained within Solutions contracts when making such judgments.

For recurring and variable fees, revenue is recognised in the period in which they arise, because they relate to the services provided in that period.

Contract modifications
The Group's contracts may be amended for changes to specifications and requirements. Contract modifications exist when the amendment creates new, or changes existing, enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates is recognised as an adjustment to revenue in one of the following ways:

a. Prospectively as an additional separate contract;
b. Prospectively as a termination of the existing contract and creation of a new contract;
c. As part of the original contract using a cumulative catch-up; or
d. As a combination of b and c.

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under a or b.

Contract-related assets and liabilities
As a result of the contracts into which the Group enters with its customers, a number of different assets and liabilities are recognised on the Consolidated Balance Sheet. These include contract assets and liabilities.

Contract assets and liabilities
The Group's contracts with customers include a diverse range of payment schedules, depending upon the nature and type of goods and services being provided. The Group often agrees payment schedules at the inception of long-term contracts under which it receives payments throughout the terms of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be made at the delivery dates, in arrears or through part-payments in advance. Where cumulative payments made (or when the Group has an unconditional right to payment) at the reporting date are greater than the cumulative revenues recognised, the Group recognises the differences as contract liabilities. Where cumulative payments made at the reporting date are less than the cumulative revenues recognised, and the Group has an unconditional right to payment, the Group recognises the differences as contract assets or accrued income.

For the summary of revenue recognised by segment, refer to Note 2.2.

Below is a summary of timing of revenue recognition:

Continuing operations	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 (restated[1]) £m
At a point in time	**5.3**	1.6
Over time	**1,209.2**	1,108.1
	1,214.5	1,109.7

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.

Revenue split by geographical area:

Continuing operations	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 (restated) £m
UK	**943.4**	870.6
Europe (excluding UK)	**32.9**	38.1
North America	**214.1**	191.1
Asia Pacific	**24.1**	9.9
	1,214.5	1,109.7

Revenue from the UK region accounted for 77.7% of total revenue (FY23: 78.5%), while the North American region contributed 17.6% (FY23: 17.2%).

Notes to the consolidated financial statements continued

2.1 Revenue continued

Contract balances

	1 December 2024 £m	3 December 2023 £m
Trade receivables	**47.9**	62.7
Accrued income	**6.4**	4.4
Contract liabilities – current	**(38.1)**	(38.6)
Contract liabilities – non-current	**(468.5)**	(408.1)

Contract liabilities

The contract liabilities relate primarily to consideration received from Solutions customers in advance, for which revenue is recognised as the performance obligation is satisfied. The movement in contract liabilities during the current and prior periods is:

	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m[1]
Balance at beginning of period		**(446.7)**	(422.9)
Recognised on acquisition of subsidiaries	3.1	**–**	(9.2)
Amount reclassified as deferred income		**9.6**	–
Amount invoiced		**(103.9)**	(47.6)
Amount recognised as revenue		**34.7**	33.0
Effects of changes in foreign exchange rates		**(0.3)**	–
Balance at end of period		**(506.6)**	(446.7)

1. In the prior period, amounts of £9.6m were included in contract liabilities. These amounts have been reclassified to deferred income in the current year.

£34.7m (FY23: £28.6m) of revenue recognised during the period was included in contract liabilities at the beginning of the period and £nil relates to revenue recognised from an acquisition (FY23: £4.4m).

Future transaction price

As well as the amounts currently held as contract liabilities, the Group anticipates receiving £122.8m (FY23: £172.2m) over the next four years in respect of upfront fees that are contracted but not yet due. These amounts represent the aggregate amount of contracted transaction price allocated to the committed performance obligations that are unsatisfied or partially satisfied as at the period end. The amounts received and to be received in respect of these performance obligations will be recognised in revenue from the go-live date over the estimated customer life. The total transaction price that the Group will earn over the estimated customer life also includes ongoing fees. These fees have been excluded from the disclosure as the Group has taken the practical expedient under IFRS 15.121(b) for revenues recognised in line with the invoicing.

2.2 Segmental reporting

In accordance with IFRS 8 "Operating Segments", an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker ("CODM"), for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board assesses the performance of all operating segments on the basis of Adjusted EBITDAⒶ.

The Group reports its operating segments to align with the three underlying business models: Technology Solutions, Logistics and Retail:

- The Technology Solutions segment provides end-to-end online retail and automated storage and retrieval solutions for general merchandise to corporate customers both in and outside of the United Kingdom.
- The Logistics segment provides the CFCs and logistics services for customers in the United Kingdom (Wm Morrison Supermarkets Limited and Ocado Retail Limited).
- The Retail segment (discontinued operation) provides online grocery and general merchandise offerings to customers within the United Kingdom, and relates entirely to the Ocado Retail joint venture.

It is the Group's intention to transfer control of ORL to M&S in 2025 under the terms of the Shareholder Agreement. As such, the Retail segment has been classified as a discontinued operation. The remaining Technology Solutions and Logistics segments are included within continuing operations.

Group eliminations relate to revenues and costs arising from inter-segment transactions, and are required to reconcile segmental results to the consolidated Group results. Group eliminations have been reported within discontinued operations.

Any transactions between the segments are subject to normal commercial terms and market conditions. Segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's continuing operations are reliant on three major customers which individually contribute more than 10% of revenue. This includes £313.0m (FY23: £289.8m) in the Technology Solutions segment and £718.0m (FY23: £680.7m) in the Logistics segment.

The following table presents revenue and Adjusted EBITDA[Ⓐ] for each of the operating segments.

	Technology Solutions £m	Logistics £m	Continuing operations £m	Retail £m	Group eliminations £m	Total Group[Ⓐ] £m
52 weeks ended 1 December 2024						
Revenue	**496.5**	**718.0**	**1,214.5**	**2,685.8**	**(744.4)**	**3,155.9**
Adjusted EBITDA[Ⓐ]	**80.9**	**31.1**	**112.0**	**44.6**	**(3.3)**	**153.3**
53 weeks ended 3 December 2023 (restated[1])						
Revenue	429.0	680.7	1,109.7	2,408.8	(693.5)	2,825.0
Adjusted EBITDA[Ⓐ]	15.6	30.8	46.4	12.1	(4.3)	54.2

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.
Ⓐ See Alternative Performance Measures on pages 239-241 for further information.

Non-current assets split by geographical area:

Continuing operations	1 December 2024 £m	3 December 2023 £m
UK	**1,386.9**	1,781.9
Europe (excluding UK)	**109.2**	104.0
North America	**598.6**	591.1
Asia Pacific	**222.0**	207.3
	2,316.7	2,684.3

Non-current assets exclude financial instruments, deferred tax assets and goodwill.

No measure of total assets and total liabilities is reported for each reportable segment, as such amounts are not provided to the CODM.

2.3 Operating costs

Operating costs include:

Continuing operations	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 (restated[1]) £m
Cost of inventories recognised as an expense		**2.4**	0.7
Employment costs	2.4	**735.4**	720.5
Amortisation of intangible assets	3.2	**145.9**	123.5
Impairment of intangible assets[2]	3.2	**5.9**	0.2
Depreciation of property, plant and equipment	3.3	**195.6**	166.0
Impairment of property, plant and equipment[2]	3.3	**38.4**	27.5
Gain on disposal of asset held for sale	3.7	**(11.0)**	(5.0)
Depreciation of right-of-use assets	3.4	**28.7**	35.3
Impairment of right-of-use assets[2]	3.4	**1.0**	–
Decrease in expected credit loss of trade receivables	3.9	**(0.8)**	(0.1)
Expense relating to short-term leases and leases of low-value assets	3.4	**2.4**	2.8
Net foreign exchange gain		**(0.5)**	(0.3)
Rental income		**(3.9)**	(6.8)

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.
2. The amount disclosed include impairment charges in respect of other intangible assets of £nil (FY23: £nil), property, plant and equipment of £1.6m (FY23: £5.9m) which are included in adjusting items.

Notes to the consolidated financial statements continued

2.3 Operating costs continued

During the period, the Group paid the following to its auditor:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Audit of the Company's annual financial statements	**0.1**	0.1
Audit of the Company's subsidiaries	**2.4**	2.1
Total audit fees	**2.5**	2.2
Audit-related assurance services	**0.2**	0.2
Other assurance services	**0.4**	0.1
Total non-audit fees	**0.6**	0.3
Total fees	**3.1**	2.5

2.4 Employee information

Accounting policies

The Group contributes to the personal pension plans of its employees through Group Personal Pension Plans administered by Legal & General. Contributions are charged to the Consolidated Income Statement in the period to which they relate. The Group has no further payment obligations once its contributions have been paid.

	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Wages and salaries		**852.8**	830.9
Social security costs		**77.7**	76.0
Defined contribution pension costs		**23.8**	24.6
Share-based payment charge[1]	4.7	**37.7**	35.7
Gross employment costs		**992.0**	967.2
Staff costs capitalised as intangible assets	3.2	**(177.8)**	(167.8)
Staff costs capitalised as property, plant and equipment	3.3	**(23.6)**	(32.7)
Total employment costs		**790.6**	766.7
Less: Discontinued operations		**(55.2)**	(46.2)
Total continuing operations		**735.4**	720.5

1. Included in the share-based payment charge is an equity-settled charge of £37.2m (FY23: £33.3m) and a net increase of provisions of £0.5m (FY23: £2.4m net release in provisions) for the payment of employer social security contributions on taxable employee incentive schemes.

Average monthly number of employees (including discontinued operations) by function, including Executive Directors		
Operational staff	**16,578**	16,483
Support staff	**4,578**	4,769
	21,156	21,252

2.5 Adjusting items[Ⓐ]

Accounting policies

Adjusting items, as disclosed on the face of the Consolidated Income Statement, are items that are considered to be significant due to their size/nature, not in the normal course of business or are consistent with items that were treated as adjusting in the prior periods or that may span multiple financial periods. They have been classified separately in order to draw them to the attention of the readers of the Financial Statements and facilitate comparison with prior periods to assess trends in the financial performance more readily. The Group applies judgement in identifying the items of income and expense that are recognised as adjusting.

	Ref.	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 £m
Litigation costs net of recoveries	A	**–**	(5.0)
Litigation settlement income and unwind of discount	A	**11.4**	186.5
Ocado Group Finance transformation	B	**(2.6)**	(7.6)
Ocado Retail IT and Finance systems transformation	C	**(11.9)**	(2.6)
Change of fair value of contingent consideration receivable and related costs	D	**(29.1)**	(68.1)
Organisational restructure	E	**(5.0)**	(15.5)
UK network capacity review	F	**(3.6)**	(32.2)
Zoom by Ocado network capacity and strategy review	G	**(1.9)**	(27.4)
Ocado Group HR system transformation	H	**(8.5)**	(2.0)
Acquisition costs of 6 River Systems LLC (“6RS”)	I	**–**	(2.2)
Gain on disposal of asset held for sale	J	**12.4**	
Gain on partial redemption of bonds	K	**43.6**	–
Total adjusting items		**4.8**	23.9
Exclude net adjusting expense relating to discontinued operations (Note 2.9)		**(15.5)**	(60.0)
Net adjusting income from continuing operations		**20.3**	83.9

Ⓐ Adjusting items are alternative performance measures. See Alternative Performance Measures on pages 239-241.

2.5 Adjusting items[A] continued

A. Litigation costs and litigation settlement

Litigation costs are costs incurred on patent infringement litigation between the Group and AutoStore Technology AS ("AutoStore"). The gross costs incurred in the prior period amounted to £11.7m and were offset by £6.7m received in relation to cost recovery as a result of favourable court judgements.

On 22 July 2023, the Group reached an agreement with AutoStore to settle all patent litigation and cross-licence pre-2020 patents, for which AutoStore undertook to pay the Group a total of £200m in 24 monthly instalments, beginning in July 2023. The settlement was recorded as a receivable measured initially at fair value and subsequently at amortised cost. The settlement receivable initially recognised was £180.4m. The unwinding of the discount over the life of the receivable is recorded as finance income, with £11.4m recorded in the current period (FY23: £6.1m). During the period, payments totalling £100.0m (FY23: £41.7m) have been received. All amounts are classified as adjusting items, in line with the Group's adjusting items policy, as the amounts are material and represent income unrelated to operating activities of the Group.

B. Ocado Group Finance transformation

Subsequent to the Group's implementation of various Software as a Service ("SaaS") solutions in FY21, the Group undertook a multi-year programme which focused on optimising and enhancing the existing SaaS solutions and related finance processes to improve efficiency across the business. This programme completed in FY24. The total cumulative finance transformation costs expensed were £12.2m and included £2.6m in FY24 (FY23: £7.6m) which largely related to spend on external consultants and contractors. These amounts have been disclosed as adjusting items because the total costs associated with this programme are significant and arise from a strategic project that is not considered by the Group to be part of the normal operating costs of the business.

C. Ocado Retail IT and Finance systems transformation

In FY21, Ocado Retail initiated its IT Roadmap programme, which focuses on delivering IT systems and services that will enable Ocado Retail to meet its obligation to transition away from Ocado Group IT services, tools and support. This includes ORL's transition to the Ocado Solutions Platform ("OSP") to provide an end-to-end solution for operating online in the grocery market. The IT Roadmap programme, which is expected to run until FY26, includes the development of both on-premises and SaaS solutions. The costs incurred during the current period amount to £10.1m (FY23: £1.5m) and cumulative costs expensed to date total to £11.6m.

Ocado Retail is undergoing a wide-scale Finance Transformation project. In FY23, this included replacement of the Enterprise Resource Planning ("ERP") system with Oracle Fusion. In FY24, costs relate to the wider obligations of Ocado Retail in light of the expected change to the controlling shareholder. The costs incurred during the current period amount to £1.8m (FY23: £1.1m) and cumulative costs expensed to date total to £2.9m.

These costs have been classified as adjusting because they are expected to be significant and result from a transformational activity which is considered only incremental to the core activities of the Group.

D. Change in fair value of contingent consideration receivable and related costs

In 2019, the Group sold Marie Claire Beauty Limited ("Fabled") to Next plc and 50% of Ocado Retail to Marks & Spencer Holdings Limited ("M&S"). Part of the consideration for these transactions was contingent on future events. The Group holds contingent consideration at fair value through profit or loss ("FVTPL") and revalues it at each reporting date.

During the period, the consideration for the sale of Fabled has been settled in full, with the Group recognising a £0.2m increase in fair value (FY23: £0.4m) and receiving cash consideration of £1.6m (FY23: £1.6m). The value of the contingent consideration receivable from M&S was written down to nil and a loss of £28.0m (FY23: £67.0m loss) is reported through adjusting items. Refer to Note 3.6 for details.

The Group has engaged specialists in order to support the identification and quantification of proposed adjustments to the contingent consideration Target, incurring costs during the period of £1.3m (FY23: £0.7m). As these costs have been incurred in the process of securing an adjusting income, these costs have been classified as adjusting.

E. Organisational restructure

During the period, the Group undertook a final partial reorganisation of its head office and support functions resulting in redundancy and related costs of £1.6m. This followed an initial reorganisation in 2H22 which incurred costs of £3.0m, and a further partial reorganisation of its head office and support functions in the prior period resulting in redundancies and related costs of £15.5m, with net cumulative costs to date of £20.1m.

The Group initiated the restructure of its product and engineering functions in 2H24 and recognised £3.4m in redundancy and related costs.

These costs have been classified as adjusting on the basis that the aggregate costs are considered to be significant and resulted from a strategic restructuring which is not part of the normal operating activities of the Group.

F. UK network capacity review
On 25 April 2023, the Group announced the plan to cease operations at its CFC in Hatfield as part of a wider review of UK network capacity.

As a result, in the prior period the Group recorded impairment charges of £20.3m, of which £7.0m related to property, plant and equipment, £13.2m to right-of-use assets and £0.1m to other intangible assets. Total costs recorded also included restructuring costs of £6.8m and other related costs of closure of £5.1m which were provided for. During the period a further impairment charge of £3.6m to right-of-use assets was recognised for a one year rent free period expected on sublease of the site. Refer to Note 3.12 for further details.

These costs have been classified as adjusting on the basis that they are material and relate primarily to a site where no ongoing trading activities will take place.

G. Zoom by Ocado network capacity and strategy review
During 2023, Ocado Retail undertook a strategy and capacity review for the Zoom network, which resulted in the Group recording impairment charges totalling £27.4m, of which £12.5m relates to property, plant and equipment, £14.5m to right-of-use assets and £0.2m to other intangible assets, and other costs of £0.2m.

In the current period the Group has recognised an additional impairment of £1.6m relating to property, plant and equipment and other costs of £0.3m.

These costs have been classified as adjusting on the basis that they are material and part of a significant strategic review.

H. Ocado Group HR system transformation
Following a review of the Group's Human Capital Management ("HCM") and payroll systems in FY23 the Group has commenced a plan to implement new HCM and payroll systems for its Logistics business and to optimise and enhance its existing payroll solutions for the Technology Solutions business.

This programme is expected to complete in 1H25. The cumulative HR systems transformation costs expensed to date amount to £10.5m and includes £8.5m in the period (FY23: £2.0m), which largely relate to spend on external consultants and contractors. These amounts have been disclosed as adjusting items because the total costs associated with this programme are expected to be in the region of £15.0m and arise from a strategic project that is not considered by the Group to be part of the normal operating costs of the business.

I. Acquisition costs of 6 River Systems LLC
On 4 May 2023, the Group announced that it has reached an agreement with Shopify Inc. to acquire 6RS, a collaborative autonomous mobile robot ("AMR") fulfilment solutions provider to the logistics and non-grocery retail sectors, based in the USA. The acquisition was completed on 30 June 2023 for consideration of US$12.7m (£10.0m).

A total of £2.2m acquisition-related costs were incurred and treated as adjusting as they are significant and resulted from a strategic investment that is not part of the normal operating costs of the business. The costs were recognised within operating costs in the Consolidated Income Statement during FY23.

J. Gain on disposal of assets held for sale
During the period the Group disposed of two spoke sites for net proceeds of £18.6m which resulted in a gain on disposal of £12.4m. One of the sites was held for sale as at FY23 and had a carrying value of £4.9m. The gain on disposal has been treated as an adjusting item because it is material and has arisen on a transaction that is considered to be outside the normal operations of the business.

K. Gain on partial redemption of bonds
Following the issue of £700.0m bonds, Ocado completed a tender process which resulted in an early partial redemption of some of its debt with a gain of £43.6m. Refer to Note 4.1 for further details.

Tax impacts on adjusting items
The change in fair value of contingent consideration is not subject to tax. The accounting gain on disposal of assets held for sale is not subject to tax, however the disposal will give rise to a chargeable gain for corporation tax purposes, resulting in a tax charge of £3.1m. The remaining continuing operations adjusting items are either taxable or tax deductible and give rise to a net tax charge of £9.3m. The total tax charge on continuing operations of £12.4m will be reduced to £nil when current period losses are considered. In the prior period, the adjusting items gave rise to a tax charge of £35.4m on continuing operations, of which £nil was recognised.

2.6 Finance income and costs

Accounting policies

Finance income and costs

Interest income is accounted for on an accruals basis using the effective interest method. Finance costs comprise interest expenses on borrowings, lease liabilities and provisions. The interest expense on borrowings is recognised using the effective interest method. The interest expense on lease liabilities is recognised over the lease periods so as to produce constant periodic rates of interest on the remaining balances of the liabilities.

Continuing operations	Notes	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 (restated[1]) £m
Interest income on cash balances		**29.5**	38.8
Interest income on loans receivable		**0.9**	1.0
Unwind of discount on AutoStore receivable	2.5, 3.9	**11.4**	6.1
Other finance income		**–**	0.1
Finance income		**41.8**	46.0
Interest expense on borrowings		**(76.2)**	(61.4)
Interest expense on lease liabilities		**(16.7)**	(17.0)
Interest expense on provisions		**(0.8)**	(0.7)
Other finance costs		**(4.9)**	(4.5)
Finance costs		**(98.6)**	(83.6)
Gain/(loss) on revaluation of financial instruments designated at FVTPL		**10.1**	(6.5)
Loss on foreign exchange		**(0.1)**	(13.3)
Gain on redemption of borrowings	2.5, 4.1	**43.6**	–
Other finance gains and losses		**53.6**	(19.8)
Net finance cost		**(3.2)**	(57.4)

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.

2.7 Income tax

Accounting policies

The tax charge for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the expected tax payable on the taxable income for the period, calculated using tax rates enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are based on management's best judgement.

Deferred tax

Deferred tax is recognised using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The recognition of deferred tax assets is supported by management's forecast of the future profitability of the relevant countries. Judgement is used when assessing the extent to which deferred tax assets should be recognised, and the final outcome of some of these judgements may give rise to material profit and loss and/or cash flow variances. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Factors that may affect future tax charges

Factors that may affect future tax charges include the level and mix of profitability in different countries, changes in tax legislation and tax rates and transfer pricing regulations.

Income tax – Consolidated Income Statement

The major components of income tax (credit)/charge are as follows:

	52 weeks ended 1 December 2024 £m			53 weeks ended 3 December 2023 (restated[1]) £m		
Continuing operations	United Kingdom	Rest of world	Total	United Kingdom	Rest of world	Total
Current tax						
Current year	**4.0**	**2.1**	**6.1**	3.2	1.5	4.7
Adjustment in respect of prior years	**–**	**–**	**–**	–	0.7	0.7
Total current tax	**4.0**	**2.1**	**6.1**	3.2	2.2	5.4
Deferred tax						
Origination and reversal of temporary differences	**(3.1)**	**(4.1)**	**(7.2)**	(4.6)	(18.1)	(22.7)
Effect of change in tax rate	**–**	**(0.1)**	**(0.1)**	–	–	–
Adjustments in respect of prior years	**–**	**1.0**	**1.0**	–	0.4	0.4
Total deferred tax	**(3.1)**	**(3.2)**	**(6.3)**	(4.6)	(17.7)	(22.3)
Total tax (credit)/charge	**0.9**	**(1.1)**	**(0.2)**	(1.4)	(15.5)	(16.9)

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the UK tax rate as follows:

Continuing operations	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 (restated[1]) £m
Loss before tax	**(339.8)**	(279.7)
Effective tax credit at United Kingdom tax rate of 25.0% (FY23: 23.0%)	**(84.9)**	(64.3)
Effect of:		
Differences in overseas tax rates	**(0.7)**	(3.2)
Losses arising in period on which no deferred tax is recognised	**36.8**	0.2
Temporary differences on which no deferred tax is recognised	**29.1**	26.8
Recognised tax losses from prior periods	**–**	–
Permanent differences	**18.7**	25.7
Impact of tax rate changes	**(0.1)**	(3.2)
Adjustments in respect of prior periods	**0.9**	1.1
Income tax credit	**(0.2)**	(16.9)

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.

The adjustments in respect of prior periods arise from revising the prior period's tax provision to reflect the tax returns subsequently filed.

Income tax – Consolidated Balance Sheet

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Deferred tax assets	**4.7**	0.9
Deferred tax liabilities	**(0.6)**	–
Net deferred tax assets	**4.1**	0.9

Presented in the Consolidated Balance Sheet, the Group reports a net current tax asset of £6.1m (FY23: £0.6m).

Notes to the consolidated financial statements continued

2.7 Income tax continued

The major deferred tax (liabilities)/assets recognised by the Group and movements thereon during the current and prior financial years in relation to continuing operations are as follows:

	Tax losses carried forward £m	Accelerated capital allowances £m	Intangibles £m	Share-based payments £m	Other short-term temporary differences £m	Total £m
Balance at 27 November 2022	43.8	(7.7)	(42.3)	2.1	(9.3)	(13.4)
Foreign exchange movements	(3.6)	2.6	0.8	–	0.1	(0.1)
Credited/(charged) to Consolidated Income Statement	44.2	(19.5)	(1.4)	(1.6)	0.6	22.3
Charged to Other Comprehensive Income	–	–	–	–	(4.6)	(4.6)
Credited to equity	–	–	–	0.1	–	0.1
Acquisition of subsidiaries	–	–	–	–	(3.4)	(3.4)
Balance at 3 December 2023	84.4	(24.6)	(42.9)	0.6	(16.6)	0.9
Foreign exchange movements	**(0.4)**	**0.4**	**–**	**–**	**(0.1)**	**(0.1)**
Credited/(charged) to Consolidated Income Statement	**23.8**	**(10.8)**	**(8.3)**	**(0.4)**	**2.9**	**7.2**
Charged to Other Comprehensive Income	**–**	**–**	**–**	**–**	**(3.1)**	**(3.1)**
Effect of change in rate of Corporation Tax	**(0.4)**	**(0.4)**	**–**	**–**	**–**	**(0.8)**
Balance at 1 December 2024	**107.4**	**(35.4)**	**(51.2)**	**0.2**	**(16.9)**	**4.1**

Other short-term timing differences include temporary differences in respect of provisions and fair value of investments.

Deferred tax has been recognised at 25%, as this is the rate of UK corporation tax with effect from 1 April 2023.

At the reporting date, the Group's continuing operations had £1,441.0m of unutilised tax losses (FY23: £1,382.5m) available to offset against future profits. Deferred tax assets of £107.4m (FY23: £84.4m) have been recognised in respect of £429.5m (FY23: £337.7m) of such losses, the recovery of which is supported by the expected level of future profits of the Group. The recognition of the deferred tax assets is based on forecast operating results calculated in approved business plans and a review of tax planning opportunities.

In addition, the Group had £565.1m (FY23: £403.3m) of other gross deductible temporary differences for which no deferred tax asset is recognised.

No deferred tax asset has been recognised in respect of the remaining losses on the basis that their future economic benefit is uncertain given the unpredictability of future profit streams. With the exception of £25.7m which are due to expire in 2041 and £15.2m which are due to expire in 2042, all tax losses, both recognised and unrecognised, can be carried forward indefinitely.

The Group's reported total tax credit in the Income Statement for the period was £0.2m (FY23: £16.9m).

Management has concluded that there is sufficient evidence for the recognition of the deferred tax assets of £4.7m (FY23: £0.9m).

Deferred tax assets of £0.1m (FY23: £0.3m) have been recognised in countries that reported a tax loss in either the current or preceding year. The majority arises overseas (FY23: the majority arose overseas).

Changes in tax law or its interpretation

The Group is aware of the upcoming GloBE model rules in relation to BEPS Pillar Two. To date, Ocado Group Plc has limited operations in low tax jurisdictions and will continue to monitor application of the rules and the potential impact on the Group. An initial review of the rules indicates that we would not expect a significant impact to the Group tax charge.

The Group has applied the exception under IAS 12 to recognising & disclosing information about deferred tax in relation to Pillar Two.

2.8 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 Ocado Group Value Creation Plan ("Group 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 five classes of instruments that are potentially dilutive: share options; share interests held pursuant to the Group's JSOS; linked JOE awards under the Group VCP; shares under the Group's staff incentive plans; and convertible bonds.

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 total number of shares in issue at the period end, as used in the calculation of the basic weighted average number of ordinary shares, were 820.1m (FY23: 816.5m).

The adjusted basic loss per share for continuing and discontinued operations has been calculated as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Loss attributable to owners of the Company (£m)		
Continuing operations[1]	**(333.7)**	(259.3)
Discontinuing operations (Note 2.9)[2]	**(2.5)**	(54.7)
Total	**(336.2)**	(314.0)
Basic and diluted weighted average number of shares (millions)	**820.1**	816.5
Losses per share (pence)		
Continuing operations	**(40.69)**	(31.76)
Discontinuing operations	**(0.31)**	(6.68)
Total	**(41.00)**	(38.44)

1. Excludes losses attributable to non-controlling interests (Jones Food Company) of £6.0m (FY23: £3.5m).
2. Excludes losses attributable to non-controlling interests (Ocado Retail) of £32.2m (FY23: £69.5m).

Adjusted loss per share

Total Group(A)	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 £m
Loss after tax attributable to owners of the Company (£m)	**(336.2)**	(314.0)
Exclude: Adjusting items attributable to owners of the Company (£m)	**(12.7)**	(54.0)
Adjusted loss after tax attributable to the owners of the Company (£m)	**(348.9)**	(368.0)
Basic and diluted weighted average number of shares (millions)	**820.1**	816.5
Adjusted loss per share (pence)	**(42.54)**	(45.07)

Reconciliation of Adjusted EPS to basic EPS

Total Group(A)	**52 weeks ended 1 December 2024 £m**	53 weeks ended 3 December 2023 £m
Adjusted loss per share (pence)	**(42.54)**	(45.07)
Add: Adjusting items attributable to owners of the Company	**1.54**	6.63
Basic and diluted loss per share (pence)	**(41.00)**	(38.44)

2.9 Discontinued operations

Accounting policies

The Group classifies non-current assets and assets and liabilities within disposal groups as held for sale if the assets are available immediately for sale in their present condition, management is committed to a plan to sell the assets under usual terms, it is highly probable that their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of the initial classification.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position and are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Where operations constitute a separately reportable segment and are classified as held for sale, the Group classifies such operations as discontinued.

Transactions between the Group's continuing and discontinued operations are eliminated in full in the Consolidated Income Statement. To the extent that the Group considers that the commercial relationships with discontinued operations will continue post-disposal, transactions are reflected within continuing operations with an opposite charge or credit reflected within the results of discontinued operations resulting in a net nil impact on the Group's Profit for the financial year for the years presented.

Transfer of control of Ocado Retail

At present, the results of Ocado Retail are consolidated into the results of Ocado Group plc as Ocado Group plc is deemed to be the controlling shareholder via certain determinative tie-breaking rights, after agreed dispute-resolution procedures, in relation to the approval of Ocado Retail's business plan and budget and the appointment and removal of Ocado Retail's Chief Executive Officer who is responsible for directing the relevant activities of the business.

The Group's current intention is to give up its tie-breaking rights to M&S in early April 2025, and would have to give up its tie-breaking rights in August 2025 under the terms of the shareholder agreement, in any event. As the transfer of the determinative rights from the Group to M&S is highly probable within 12 months, management has concluded that Ocado Retail meets the requirements of being reported as a disposal group held for sale and a discontinued operation.

There will be no change in economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by M&S, as a result of this proposed change. After giving up the tie-breaking rights the results of Ocado Retail Limited will cease to be consolidated into the results of Ocado Group plc and will instead be equity accounted for as an investment from the date control is lost.

Results and financial position of discontinued operations for the period:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Revenue	**1,941.4**	1,702.9
Operating costs	**(1,962.0)**	(1,813.8)
Operating loss	**(20.6)**	(110.9)
Finance costs	**(14.1)**	(12.6)
Loss before tax	**(34.7)**	(123.5)
Income tax charge	**–**	(0.7)
Loss for the period	**(34.7)**	(124.2)

Adjusting items charge of £15.5m in the current year comprises £11.9m IT and finance systems transformation cost and £3.6m impairment in respect of the existing leases to the CFC in Hatfield following its closure. Adjusting items of £60.0m charge in the prior period primarily relates to the Zoom and UK network capacity review. Refer to Note 2.5 for further details.

	52 weeks ended 1 December 2024 £m
Cash flows from/(used in) discontinued operations	
Net cash flows from operating activities	**4.2**
Net cash flows used in investing activities	**(2.7)**
Net cash flows used in financing activities	**(38.5)**
Net cash flows for the period	**(37.0)**

	52 weeks ended 1 December 2024 £m
Net assets of discontinued operations	**80.1**
Other intangible assets (Note 3.2)	12.9
Property, plant and equipment (Note 3.3)	156.7
Right-of-use assets (Note 3.4)	150.5
Inventories	87.6
Trade and other receivables	139.8
Cash and cash equivalents (Note 3.10)	39.0
Assets classified as held for sale	**586.5**
Trade and other payables	(212.9)
Borrowings	(98.1)
Provisions	(20.2)
Lease liabilities (Note 3.4)	(175.2)
Liabilities directly associated with assets classified as held for sale	**(506.4)**

Significant accounting policies in relation to the results and financial position of discontinued operations are set out below.

Revenue

Revenue from online grocery orders

Revenue from online grocery orders is recognised at a point in time when the customer obtains control of the goods. For deliveries performed by the Group, this usually occurs when the goods are delivered to and have been accepted at the customer's home. For goods that are delivered by third-party couriers, revenue is recognised when the items have been transferred to the third party for onward delivery to the customer. In both instances, there is a single performance obligation, which is the delivery of goods, and the total transaction price is allocated to the performance obligation.

Revenue from online grocery orders is presented net of returns, relevant marketing vouchers, offers and value added taxes. Relevant vouchers and offers include money-off coupons, conditional spend vouchers and offers such as buy three for the price of two. At the end of each reporting period, management reviews and adjusts the transaction price for elements of variable consideration such as expected refunds or expected voucher redemptions

Revenue from Ocado Smart Pass

Ocado Smart Pass, the Group's discounted pre-pay membership scheme, is a separate contract with a customer and has a separate single performance obligation, which is to provide delivery services for an agreed period of time. The Group applies the practical expedient allowed under IFRS 15 "Revenue from Contracts with Customers" to apply the standard requirements to a portfolio of contracts, rather than individual contracts, as it believes the characteristics of each sale are similar, and that doing so does not materially affect the financial statements.

Revenue from Ocado Smart Pass is recognised over the duration of the membership on a time-elapsed, straight-line basis.

Operating costs – Commercial income

The Group has agreements with suppliers whereby (i) promotional allowances and (ii) volume-related rebates are received in connection with the promotion or purchase of goods for resale from those suppliers. The allowances and rebates are included in the operating costs. For the period, promotional allowances are £145.1m or 87.% (FY23: £124.9m or 85%) of commercial income, with rebates of £21.1m or 13% (FY23: £22.6m or 15%).

(i) Promotional allowances

Operating costs includes monies received from suppliers in relation to the agreed funding of selected items that are sold by the Group on promotion, and these are recognised once the promotional activity has taken place in the period to which it relates on an accruals basis. The estimates required for this source of income are limited because the time periods of promotional activity, in most cases, are less than one month and the invoicing for the activity occurs on a regular basis shortly after the promotions have ended.

(ii) Volume-related rebates

At the reporting date, the Group is required to estimate supplier income due from annual agreements for volume-related rebates that cross the reporting date. Estimates are required since confirmation of some amounts due is often only received three to six months after the reporting date. Where estimates are required, these are based on current performance, historical data for prior periods and a review of significant supplier contracts.

Some of the media and other income which has been reassessed by management during the period relates to receipts of a volume discount.

(iii) Uncollected commercial income

Where commercial income has been earned, but not invoiced at the reporting date, the amount is recorded in accrued income.

Notes to the consolidated financial statements continued

Section 3 – Assets and liabilities

3.1 Goodwill

Accounting policies

Goodwill arises on the acquisition of a business when the fair value of the consideration exceeds the fair value attributed to the net assets acquired (including contingent liabilities). Goodwill is not amortised but subject to annual impairment reviews. Goodwill generated from an acquisition is allocated to and monitored at an operating segment level.

Following initial recognition, goodwill is stated at costs less any accumulated impairment losses. Goodwill is reviewed annually for impairment and the recoverability of goodwill is assessed by comparing the carrying amount of the CGU with the expected recoverable amount. Impairment is recognised where there is a difference between the carrying value of the CGU and the estimated recoverable amount of the CGU to which that goodwill has been allocated. Impairment is recognised immediately in the Income Statement and is not subsequently reversed.

Impairment loss is first allocated to the carrying value of the goodwill and then to the other assets within the CGU. Recoverable amount is defined as the higher of fair value less costs of disposal and value in use at the date the impairment review is undertaken. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Carrying amount of goodwill as at 1 December 2024 is as follows:

	Goodwill £m
Cost	
At 27 November 2022	164.7
Additions	0.8
Effect of changes in foreign exchange rates	(6.9)
At 3 December 2023	158.6
Effect of changes in foreign exchange rates	**(0.4)**
At 1 December 2024	**158.2**

Goodwill – Impairment testing

Goodwill generated from an acquisition is allocated to an operating segment level as this represents the lowest level at which goodwill is monitored by management. Management considers each segment to represent a group of CGUs. All goodwill is currently allocated to a single segment, Technology Solutions.

The recoverable amounts of the group of CGUs is the higher of fair value less costs of disposal ("FVLCD") and value in use. Management concluded that FVLCD was more appropriate for determining the recoverable amount of the group of CGUs because the Group's cash flows are based on future growth from CFC and module orders, capital investments and technology developments and the expansion of our Ocado Intelligent Automation business.

FVLCD has been estimated using present value techniques using a discounted cash flow method. The fair value method relies on unobservable inputs where there is little market activity for the asset and are therefore categorised at level 3 in the fair value hierarchy. However, those unobservable inputs are determined using market participants' view.

The key assumptions used by management in estimating FVLCD were:

Discount rates – based on the Weighted Average Cost of Capital ("WACC") of a typical market participant. The post-tax discount rate used was 12.8% (FY23: 11.7%). The discount rate has increased reflecting market volatility in risk-free rate and equity risk premium inputs.

Forecast cash flows – based on past experiences and adjusted for assumptions from the budget and 5-year plan, with projections extending to 10 years. Cash flows beyond the 5-year plan have been extrapolated to maintain growth but at a rate that trends towards the long-term terminal growth rate of 2%. Our growth assumptions for the OIA business are based on our experience of partner acquisition to date, our assessment of the market opportunity to leverage our technology outside the grocery sector, evaluation of our proposition compared to our competitors, and appropriate adjustments to reflect uncertainty. The projections incorporate the Directors' best estimates of future cash flows, taking into account future growth and price increases, and the Directors believe the estimates are appropriate

Long-term growth rates – A long-term growth rate of 2.0% (FY23: 2.0%) was used for cash flows outside the plan projections.

The impairment assessment resulted in headroom in the group of CGUs that comprise the Technology Solutions segment and no impairment has been recognised. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions for the CGUs that comprise the Technology Solutions segment for an increase in discount rate of 1ppt, a decrease in long-term growth rate of 1ppt and a 50% reduction in future cash flows relating to our OIA business, none of which would erode the headroom.

While there is no significant risk of an impairment over the next 12 months and assuming no change to assumptions for the Solutions business, an increase in discount rate of 1.7ppt would erode headroom in the group of CGUs that comprise the Technology Solutions segment.

3.2 Other intangible assets

Accounting policies

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost of other intangible assets less estimated residual value, on a straight-line basis over their estimated useful lives, is charged to operating costs and is calculated based on the useful lives indicated below:

Internally generated intangible assets	3 – 15 years
Other intangible assets	3 – 15 years

Estimated useful lives are reviewed annually and represent management's view of the expected period over which the Group will receive benefits from the asset based on historical experience with similar assets as well as anticipation of future events that may affect useful lives, such as changes in technology.

Cost capitalisation

The cost of an internally generated intangible asset is capitalised as an intangible asset where management determines that the ability to develop the asset is technically feasible, will be completed, and that the asset will generate economic benefit that outweighs its cost. Management determines whether the nature of the projects meets the recognition criteria to allow for the capitalisation of internal costs, which include the total cost of any external products or services and labour costs directly attributable to development. During the period, management has considered whether costs in relation to the time spent on specific software projects can be capitalised. Time spent that was eligible for capitalisation included time, which was intrinsic to the development of new assets, CFCs, and the enhancement and efficiency improvements of existing warehouse system capabilities to accommodate expanding capacity and scalable opportunities. Time has also been spent on the ongoing implementation and integration of the functionality of OSP used by the Group's partners/customers.

Other development costs that do not meet the above criteria are recognised as expenses as incurred. Development costs previously recognised as an expense are never capitalised in subsequent periods.

Research costs are recognised as expenses as incurred. These are costs that contribute to gaining new knowledge, which management assesses as not satisfying the capitalisation criteria. Examples of research costs include the following: salaries and benefits of employees assessing and analysing future technologies and their likely viability, and professional fees such as marketing costs and the cost of third-party consultancy.

Internally generated intangible assets consist primarily of costs relating to intangible assets that provide economic benefit independent of other assets, and intangible assets that are utilised in the operation of property, plant and equipment. These intangible assets are required for certain tangible assets to operate as intended by management. Management assesses each material addition of an internally generated intangible asset and considers whether it is integral to the successful operation of a related item of hardware, can be used across a number of applications and, therefore, whether the asset should be recognised as an intangible asset. If the asset could be used on other existing or future projects it will be recognised as an intangible asset. For example, should an internally generated intangible asset, such as the software code to enhance the operation of existing equipment in a CFC, be expected to form the foundation or a substantial element of future software development, it will be recognised as an intangible asset.

Impairment of intangible assets

For intangible assets the Group performs impairment testing where indicators of impairment are identified. Impairment testing is performed at the individual asset level. Where an asset does not generate cash flows that are separately identifiable from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised immediately in the Consolidated Income Statement.

When an impairment charge is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have existed had no impairment charge been recognised for the asset in prior periods.

3.2 Other intangible assets continued

Carrying amount of other intangible assets as at 1 December 2024 is as follows:

	Internally generated intangible assets £m	Other intangible assets £m	Total £m
Cost			
At 27 November 2022	590.9	91.5	682.4
Additions	16.4	21.8	38.2
Internal development costs capitalised	166.4	1.4	167.8
On acquisition of subsidiaries	2.0	–	2.0
Effect of changes in foreign exchange rates	0.1	0.6	0.7
At 3 December 2023	775.8	115.3	891.1
Additions	**14.5**	**12.1**	**26.6**
Internal development costs capitalised	**176.6**	**1.2**	**177.8**
Transfer to disposal group classified as held for sale (Note 2.9)	**(16.5)**	**(0.8)**	**(17.3)**
Reclassification	**(3.4)**	**–**	**(3.4)**
Effect of changes in foreign exchange rates	**0.9**	**(1.2)**	**(0.3)**
At 1 December 2024	**947.9**	**126.6**	**1,074.5**
Accumulated amortisation			
At 27 November 2022	(257.0)	(48.2)	(305.2)
Charge for the period	(109.9)	(15.1)	(125.0)
Impairment charge	(0.3)	(0.2)	(0.5)
Effects of changes in foreign exchange rates	0.1	0.8	0.9
At 3 December 2023	(367.1)	(62.7)	(429.8)
Charge for the period	**(129.1)**	**(18.2)**	**(147.3)**
Impairment charge	**(0.7)**	**(5.2)**	**(5.9)**
Transfer to disposal group classified as held for sale (Note 2.9)	**3.5**	**0.9**	**4.4**
Effect of changes in foreign exchange rates	**0.1**	**0.5**	**0.6**
At 1 December 2024	**(493.3)**	**(84.7)**	**(578.0)**
Net book value			
At 3 December 2023	408.7	52.6	461.3
At 1 December 2024	**454.6**	**41.9**	**496.5**

At the end of the period, included within intangible assets is capital work-in-progress for internally generated intangible assets of £240.7m (FY23: £153.3m) and £5.8m (FY23: £6.5m) for other intangible assets.

3.3 Property, plant and equipment

Accounting policies

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset, any costs attributable to bringing the asset to its working condition for its intended use, and major spares.

Depreciation is provided to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis over their estimated useful lives, is charged to operating costs and is calculated based on the useful lives indicated below:

Freehold land	not depreciated
Freehold buildings	up to 30 years
Fixtures and fittings	5 – 10 years
Plant and machinery	3 – 20 years
Motor vehicles	2 – 7 years

Residual values and estimated useful lives are reviewed annually and represent management's view of the expected period over which the Group will receive benefits from the asset based on historical experience with similar assets as well as anticipation of future events that may affect useful lives, such as changes in technology.

Assets in the course of construction are held at cost, less any recognised impairment charge. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other assets.

Gains and losses on disposal are determined by comparing net proceeds with the asset's carrying amount, and are recognised within operating profit.

Impairment of property, plant and equipment

For property, plant and equipment the Group performs impairment testing where indicators of impairment are identified. Impairment testing is performed at the individual asset level. Where an asset does not generate cash flows that are separately identifiable from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal, and value in use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised immediately in the Consolidated Income Statement within operating costs.

When an impairment charge is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have existed had no impairment charge been recognised for the asset in prior periods.

Notes to the consolidated financial statements continued

3.3 Property, plant and equipment continued

	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Total £m
Cost				
At 27 November 2022	212.8	2,022.8	11.3	2,246.9
Additions	19.1	261.3	1.2	281.6
Internal development costs capitalised	–	32.7	–	32.7
Recognised on acquisition of subsidiaries	–	5.2	–	5.2
Reclassification	–	(12.5)	–	(12.5)
Disposals	(2.4)	(6.3)	–	(8.7)
Reclassified to assets held for sale	(5.7)	–	–	(5.7)
Effect of changes in foreign exchange rates	–	(53.1)	–	(53.1)
At 3 December 2023	223.8	2,250.1	12.5	2,486.4
Additions	**3.2**	**160.5**	**0.3**	**164.0**
Internal development costs capitalised	**–**	**23.6**	**–**	**23.6**
Reclassification	**(1.9)**	**5.3**	**–**	**3.4**
Disposals	**(2.5)**	**(3.2)**	**–**	**(5.7)**
Transfer to disposal group classified as held for sale (Note 2.9)	**(122.1)**	**(86.9)**	**(2.5)**	**(211.5)**
Effect of changes in foreign exchange rates	**(0.1)**	**(19.4)**	**–**	**(19.5)**
At 1 December 2024	**100.4**	**2,330.0**	**10.3**	**2,440.7**
Accumulated depreciation				
At 27 November 2022	(15.3)	(445.6)	(8.2)	(469.1)
Charge for the period	(3.3)	(182.9)	(1.7)	(187.9)
Impairment charge	–	(41.2)	–	(41.2)
Disposals	0.8	–	–	0.8
Effects of changes in foreign exchange rates	–	5.9	–	5.9
At 3 December 2023	(17.8)	(663.8)	(9.9)	(691.5)
Charge for the period	**(7.5)**	**(207.8)**	**(0.5)**	**(215.8)**
Impairment charge	**–**	**(38.4)**	**–**	**(38.4)**
Disposals	**0.7**	**1.1**	**–**	**1.8**
Transfer to disposal group classified as held for sale (Note 2.9)	**21.3**	**32.3**	**1.2**	**54.8**
Effect of changes in foreign exchange rates	**0.1**	**3.7**	**–**	**3.8**
At 1 December 2024	**(3.2)**	**(872.9)**	**(9.2)**	**(885.3)**
Net book value				
At 3 December 2023	206.0	1,586.3	2.6	1,794.9
At 1 December 2024	**97.2**	**1,457.1**	**1.1**	**1,555.4**

At the end of the period, included within property, plant and equipment is capital work-in-progress for land and buildings of £37.0m (FY23: £36.3m), fixtures, fittings, plant and machinery of £214.7m (FY23: £347.7m) and motor vehicles of £0.9m (FY23: £1.4m).

The impairment charges during the prior period include amounts relating to the fixed assets held in the CFC in Hatfield of £7.0m and certain Ocado Retail Zoom sites of £12.5m. Refer to Note 2.5 for further details.

Impairment assessment – customer-level CGU
The Group has determined that assets directly associated with individual Technology Solutions contracts (i.e. partner by partner) represent the lowest-level group of assets at which impairment can be assessed, i.e. the CGU. The Group has undertaken a review for indicators of impairment for each Technology Solutions contract and, where indicators of impairment exist, a full asset impairment review was carried out comparing carrying value to fair value less cost to dispose ("FVLCD"). FVLCD has been estimated using present value techniques using a discounted cash flow method. The fair value method relies on unobservable inputs where there is little market activity for the asset and are therefore categorised at Level-3 in the fair value hierarchy. However, those unobservable inputs are determined using market participants' view.

The key inputs and assumptions in arriving at the FVLCD are:

- a probability-weighted approach of possible scenarios using the expected future cash flows from the contract based on management forecasts for a 10-year period, including an assessment of ramp-up of capacity, ongoing operating costs and associated increase in fees and capital expenditure;
- discount rate that specifically takes into account the risk pertaining to the customer specific cash flows – 11.2% to 12.2% (FY23: 10.7% to 11.5%); and
- long-term growth rate to reflect growth outside of the forecast period – 2.0% (FY23: 2.0%).

Based on the outcome of the assessment, an impairment of £9.8m (FY23: £15.2m) has been recognised for Groupe Casino CGU ("Casino"), which prior to this impairment had a carrying value of £26.0m as at the end of FY24 (FY23: £43.0m). An increase in discount rate of 1 percentage point ("ppt") or a decrease in long-term growth rate of 1 ppt will result in a further impairment of £0.6m and £0.1m, respectively.

Over recent years Casino has not invested in the marketing resources required to fulfil the full potential of their online grocery retail business, which has led to a slow module ramp in their CFC and so impacted our estimate of the fair value of the contract (the FVLCD). This has required the Group to record a partial impairment of the related assets as described above. Casino has undertaken a corporate restructuring, and there is a new majority owner of Casino. We continue to work with Casino management to determine how to best move forward together with their online grocery retail business.

For another CGU (a single partner contract with two live CFCs), whilst there are a number of factors that could impact the fair value assessment going forward, the impairment assessment resulted in no impairment being recognised. A 1.4 ppt increase in discount rate or a 3.7 ppt decrease in long-term growth rate would result in the headroom of £14.3m being fully eroded. The CGU currently has a carrying value of £110.6m (FY23: £121.6m).

3.4 Right-of-use assets and Lease liabilities

Accounting policies
The Group leases properties, vehicles and other items of equipment. The leases have varying terms, escalation clauses and renewal rights. At the commencement date of a lease, the Group recognises a right-of-use asset and a lease liability on the Consolidated Balance Sheet. The Group has elected to account for short-term leases and leases of low-value items using practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments relating to these leases are recognised as expenses in the Consolidated Income Statement on a straight-line basis over the lease term.

Right-of-use assets
Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the initial measurement of the lease liabilities, lease payments made at or before the commencement date, initial direct costs incurred and an estimate of costs to dismantle and remove the assets at the ends of the leases, less any lease incentives received. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the shorter of the assets estimated useful life and the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

Notes to the consolidated financial statements continued

3.4 Right-of-use assets and Lease liabilities continued

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease (if that rate is readily available) or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability is reduced for payments made, and increased for interest charged. In addition, the carrying amount of lease liabilities is re-measured if there is a modification or a change in the lease term.

An analysis of the Group's right-of-use assets and lease liabilities is as follows:

Right-of-use assets	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Total £m
At 27 November 2022	415.0	15.8	63.1	493.9
Additions	8.9	13.4	10.4	32.7
Recognised on acquisition of subsidiaries	0.3	–	–	0.3
Disposals	(0.1)	(0.1)	(0.3)	(0.5)
Impairment charge	(27.7)	–	–	(27.7)
Depreciation charge	(36.8)	(10.9)	(22.7)	(70.4)
Asset reclassification	0.5	(0.5)	–	–
Effect of changes in foreign exchange rates	(0.2)	–	–	(0.2)
At 3 December 2023	359.9	17.7	50.5	428.1
Additions	**2.0**	**2.5**	**25.0**	**29.5**
Disposals	**–**	**–**	**(0.4)**	**(0.4)**
Remeasurements	**11.3**	**(0.5)**	**5.7**	**16.5**
Impairment charge	**(4.6)**	**–**	**–**	**(4.6)**
Depreciation charge	**(31.6)**	**(5.0)**	**(16.9)**	**(53.5)**
Transfer to disposal group classified as held for sale (Note 2.9)	**(102.1)**	**–**	**(48.4)**	**(150.5)**
Effect of changes in foreign exchange rates	**(0.3)**	**–**	**–**	**(0.3)**
At 1 December 2024	**234.6**	**14.7**	**15.5**	**264.8**

During the period, the Group recognised impairment charges in respect of the existing leases held in the CFC in Hatfield following its closure and certain Ocado Retail zoom sites on the basis of the strategic review of the Zoom network. Refer to Note 2.5 further details.

Lease liabilities	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Total £m
At 27 November 2022	447.3	19.5	65.5	532.3
Additions	9.3	13.2	10.4	32.9
Recognised on acquisition of subsidiaries	0.3	–	–	0.3
Terminations	(0.1)	–	(0.6)	(0.7)
Interest	22.9	0.7	2.1	25.7
Payments	(52.6)	(14.1)	(25.8)	(92.5)
Effects of changes in foreign exchange rates	(0.2)	–	–	(0.2)
At 3 December 2023	426.9	19.3	51.6	497.8
Additions	**1.8**	**2.6**	**25.0**	**29.4**
Terminations	**–**	**–**	**(0.7)**	**(0.7)**
Remeasurements	**11.2**	**(0.5)**	**5.7**	**16.4**
Interest	**21.5**	**1.1**	**2.4**	**25.0**
Payments	**(51.3)**	**(7.5)**	**(21.8)**	**(80.6)**
Reclassified to liabilities of disposal group (Note 2.9)	**(128.7)**	**–**	**(46.5)**	**(175.2)**
Effects of changes in foreign exchange rates	**(0.3)**	**(0.1)**	**–**	**(0.4)**
At 1 December 2024	**281.1**	**14.9**	**15.7**	**311.7**

	1 December 2024 £m	3 December 2023 £m
Disclosed as:		
Current	**30.3**	52.9
Non-current	**281.4**	444.9
	311.7	497.8

External obligations under lease liabilities are £299.3m (FY23: £481.3m), excluding £12.4m (FY23: £16.5m) payable to MHE JVCo Limited, a company incorporated in England and Wales in which the Group holds a 50% interest.

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.

The expenses relating to short-term leases and leases of low-value items not included in the measurement of the lease liability are as follows:

Continuing operations	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 (restated[1]) £m
Short-term leases	**2.2**	2.4
Leases of low-value items	**0.2**	0.4
	2.4	2.8

1. Comparatives have been restated to reflect the presentation of the Retail segment and inter-segment eliminations as discontinued operations.

3.5 Investment in joint venture and associate

Accounting policies

The Group's share of the results of joint ventures and associates is included in the Consolidated Income Statement, and is accounted for using the equity method of accounting. Investments in joint ventures and associates are held on the Consolidated Balance Sheet at cost, plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value. On transfer of assets to joint ventures and associates, the Group recognises only its share of any profits or losses, namely that proportion sold outside the Group.

If the Group's share of losses of a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

Investment in joint venture and associate

The Group's principal joint ventures and associates are:

	Nature of relationship	Year end	Business activity	% of interest held (FY24)	% of interest held (FY23)	Country of incorporation	Principal area of operation
MHE JVCo Limited	Joint venture	1 Dec	Lessor of assets to the Group	50.0%	50.0%	United Kingdom	United Kingdom

The Group holds a 25% interest investment in Paneltex Limited that has not been treated as an associate since the Group does not have significant influence over the company. Further detail is disclosed in Note 3.6.

In the prior year, the Group held a 26.3% investment in Karakuri Limited. Karakuri appointed administrators in June 2023 and the £0.8m share of losses in the prior period resulted in the remaining investment of £0.8m being written down to £nil.

Notes to the consolidated financial statements continued

3.5 Investment in joint venture and associate continued

The carrying amounts of the investments at the beginning and end of the period can be reconciled as follows:

	MHE JVCo	
	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Investment at beginning of period	**9.5**	14.7
Allocation of initial acquisition price to warrants	**–**	–
Share of change in net assets through other comprehensive income	**–**	–
Share of total comprehensive income/(expense) attributable to Group	**0.3**	(0.1)
Dividend received	**(2.8)**	(5.1)
Investment at end of period	**7.0**	9.5

The tables below provide summarised financial information of the Group's joint ventures and associates. The information disclosed reconciles the amounts presented in the financial statements of the relevant joint ventures and associates with the Group's share of those amounts.

	MHE JVCo	
	1 December 2024 £m	3 December 2023 £m
Non-current assets	**11.3**	12.6
Current assets		
Cash and cash equivalents	**0.8**	1.0
Other current assets	**2.3**	5.9
Current liabilities		
Other current liabilities	**(0.6)**	(0.4)
Net assets	**13.8**	19.1
Share of net assets attributable to Group and investment at end of period	**7.0**	9.5

	MHE JVCo	
	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Administrative expenses	**–**	2.0
Depreciation, amortisation and impairment charges	**(0.3)**	(2.7)
Interest income	**0.9**	0.5
Loss and total comprehensive expense for the period	**0.6**	(0.2)
Share of total comprehensive expense attributable to Group	**0.3**	(0.1)
Dividends received	**2.8**	5.1

The joint ventures and associates have no significant contingent liabilities to which the Group is exposed. The Group does not have any commitments that have been made to the joint ventures or associates and not recognised at the reporting date.

There are no significant restrictions on the ability of joint ventures and associates to transfer funds to the owners, other than those imposed by the Companies Act 2006 or equivalent local regulations.

3.6 Other financial assets

Accounting policies

Other financial assets comprise contingent consideration receivable, unlisted equity investments, loans receivable and contributions towards dilapidations costs receivable.

Contingent consideration receivable is initially measured at the fair value at the date of disposal of the Group's shareholdings and is remeasured to fair value at each reporting date with the changes in fair value recognised in profit or loss.

Where unlisted equity investments represent strategic investments that the Group intends to hold indefinitely, they have been designated as at fair value through other comprehensive income ("FVTOCI"). They are held at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the investments; instead, they will be transferred directly to retained earnings. Dividends on these investments are recognised as other income in the Income Statement. All other unlisted equity investments are held at fair value through profit or loss ("FVTPL").

Loans receivable held at FVTPL were initially recognised at the amount of cash lent. Accrued interest is added to the carrying amount. They are held at fair value and revalued at each reporting date.

Loans receivable held at amortised cost were initially recognised at the fair value of the cash lent. Accrued interest is added to the carrying amount. They are held at amortised cost, reduced by the provision for expected credit losses. For the purposes of impairment assessment, loans receivable held at amortised cost are considered low credit risk and therefore, the Group measures the provision for expected credit losses at an amount equal to 12-month credit losses. The provision for expected credit losses in the current year is immaterial.

	1 December 2024 £m	3 December 2023 £m
Contingent consideration receivable	–	29.4
Unlisted equity investments held at FVTOCI	100.1	82.7
Loans receivable held at FVTPL	–	0.5
Loan receivable held at amortised cost	12.9	14.4
Contributions towards dilapidations costs receivable	0.7	0.7
Other financial assets	**113.7**	127.7
Disclosed as:		
Current	12.9	43.7
Non-current	100.8	84.0
	113.7	127.7

Contingent consideration receivable

Total contingent consideration receivable at the Balance Sheet date is £nil (FY23: £29.4m), and comprises £nil (FY23: £28.0m) due from Marks and Spencer Holdings Limited ("M&S") relating to the part-disposal of Ocado Retail Limited ("Ocado Retail") in August 2019; and £nil (FY23: £1.4m) due from Next Holdings Limited ("Next") relating to the disposal of Marie Claire Beauty Limited ("Fabled") in July 2019. Refer to Note 1.4 for details on the estimation uncertainty in relation to the fair value measurement of contingent consideration receivable and Note 4.4 for changes in the fair value during the period.

Contingent consideration due from M&S

Background

Under the terms of the disposal of 50% of Ocado Retail to M&S that took place during 2019, a final payment may become due from M&S to Ocado Group of £156.3m plus interest, dependent on certain contractually defined Ocado Retail performance measures (the "Target") being achieved for the FY23 financial year (the "Contingent Consideration").

The contractual outcome is binary, meaning if the Target is achieved, it will trigger the payment in full of the £156.3m plus interest accrued to the date of payment. Conversely, should the Target not be achieved, no consideration would be payable by M&S. There is no formal arrangement for a payment between zero and £156.3m plus interest.

The contractual arrangement with M&S expressly provides for the Target to be adjusted for certain decisions or actions taken by Ocado Retail management that differ from the assumptions used in the discounted cash flow model which underpinned the 2019 sale transaction.

While the Target for FY23 was not reached, we continue to believe that there were a number of significant decisions and actions taken by Ocado Retail management that require adjustment to the Target under the terms of the contractual agreement with M&S. The adoption of these adjustments, if established, would result in Ocado Retail achieving the Target (as adjusted) and the full payment of £156.3m plus interest.

Notes to the consolidated financial statements continued

3.6 Other financial assets continued

Accounting treatment

While the contractual outcome is a binary one, the Group is required to apply the principles of IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement in determining the fair value of the Contingent Consideration financial instrument recorded in the Group's financial statements at each reporting date. IFRS 13 requires that the characteristics of the contract be valued from the perspective of a 'market participant' who would not consider any broader facts, circumstances and commercial arrangements pertaining to the relationship with M&S at the measurement date.

The Group & M&S remain engaged in constructive discussions on a number of broad commercial issues, including discussions on the Contingent Consideration contractual adjustments.

In respect of the contractual asset, management undertook a valuation exercise which resulted in a range of values based on multiple different outcomes. Having considered the current facts and circumstances, and the inherent uncertainty around any of the potential outcomes, management has applied the maximum conservatism in its valuation and concluded to record a valuation of £nil at the balance sheet date (FY23: £28.0m).

Notwithstanding this valuation, management is committed to maximising the amount due, and believes we have a strong negotiating position in achieving some form of satisfactory settlement including both the Contingent Consideration and those other commercial issues.

Should a resolution of the Contingent Consideration not be reached as part of a settlement encompassing other matters, management would continue to look to use all contractual or legal means, available to us in order to maximise the Contingent Consideration due to the Group.

Contingent consideration due from Next

The consideration due from Next under the earn out arrangement, based on a percentage of the sales of Fabled for the period to July 2024 has been received in full. During the period, cash received totalled £1.6m (FY23: £1.5m).

Unlisted equity investments held at FVTOCI

			% of share capital held		Carrying amount	
Company	**Principal activity**	**Country of incorporation**	**1 December 2024**	3 December 2023	**1 December 2024**	3 December 2023
80 Acres Urban Agriculture Inc.	Vertical farming	United States of America	**2.1%**	2.0%	**11.3**	11.8
Inkbit Corporation	3D printing	United States of America	**4.5%**	5.0%	**2.5**	0.1
Oxa Autonomy Ltd	Autonomous vehicle technology	England and Wales	**12.2%**	12.2%	**37.4**	56.4
Paneltex Limited	Manufacturing refrigerated vehicles	England and Wales	**25.0%**	25.0%	**3.7**	2.5
Sanctuary Cognitive Systems Corporation	Artificial intelligence	Canada	**1.5%**	1.5%	**3.5**	1.8
Wayve Technologies Limited	Autonomous vehicle technology	England and Wales	**2.9%**	2.5%	**41.7**	10.1
Unlisted equity investments held at FVTOCI					**100.1**	82.7

During the period, the Group exercised warrants in Wayve Technologies Limited ("Wayve") to acquire 168,038 B-1 shares for £10.0m. The fair value of the warrants prior to the transaction was £10.0m, which together with the exercise cost of £10.0m resulted in a £20.0m increase in the Group's equity investment in Wayve. Following the exercise of warrants the Group now holds a 2.9% equity interest in Wayve.

During the period, Inkbit Corporation ("Inkbit") completed a qualifying fundraising that resulted in the conversion of the Group's convertible loan note into equity. Following the fundraise and conversion of the loan note the Group holds a 4.5% equity interest in Inkbit.

The investment in Paneltex Limited ("Paneltex") has not been treated as an associate since the Group does not have significant influence over the company. In arriving at this decision, the Board has reviewed the conditions set out in IAS 28 "Investments in Associates and Joint Ventures" and concluded that, despite the size of the Group's holding, it is unable to participate in the financial and operating policy decisions of Paneltex due to the position of the majority shareholder as Executive Managing Director. The relationship between the Group and the company is at arm's length.

Loans receivable held at FVTPL

Borrower	Principal amount	Coupon rate	Repayment due	Carrying amount 1 December 2024	Carrying amount 3 December 2023
Inkbit Corporation	US$0.6m	6%	November 2024	–	0.5
Loans receivable held at FVTPL				**–**	0.5

Loan receivable held at amortised cost
The loan receivable held at amortised cost is a US$15.0m loan to Infinite Acres Holding B.V. In October 2021, following the Group's divestment in Infinite Acres, 80 Acres Urban Agriculture, Inc. ("80 Acres") became a guarantor to the loan. Interest is chargeable on the US$15.0m principal at 5% per annum to December 2021, and 7% to September 2024. The original loan was due to mature in September 2024 but the Group has agreed to a repayment plan of US$1.0m per month with interest being charged on outstanding principal amounts at 12.5% per annum.

Contributions towards dilapidations costs receivable
Contributions towards dilapidation costs are due from the former tenant of two properties whose leases the Group took over in 2017, and will be paid when the dilapidations costs are incurred on expiry of the leases.

3.7 Asset held for sale

Accounting policies
Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where there are events or circumstances that extend the period to complete the sale beyond one year, and those events or circumstances are beyond the Group's control, the Group will continue to classify an asset or disposal group as held for sale where there is sufficient evidence that the Group remains committed to its plan to sell the asset or disposal group.

Asset held for sale
The asset held for sale at the end of FY23 (£4.9m) was a property, Dagenham Spoke site, in the United Kingdom, previously used in the Group's distribution network, which the Group was in the process of selling at the period end. During the current period, the asset was sold for net proceeds of £15.9m, resulting in a gain on disposal of £11.0m.

Refer to Note 2.9 for details on discontinued operations.

3.8 Inventories

Accounting policies
Inventories comprise goods held for resale and consumables (including fuel). Inventories are valued at the lower of cost (using the first-in-first-out basis) and net realisable value. Costs include all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. It also takes into account slow-moving, obsolete and defective inventory.

	1 December 2024 £m	3 December 2023 £m
Goods for resale	**9.0**	84.1
Consumables	**30.8**	43.0
Inventories	**39.8**	127.1

The provision for slow-moving, obsolete and defective stock as at 1 December 2024 is £0.7m (FY23: £5.7m relating to discontinued operations). The £5.0m decrease (FY23: £0.4m decrease) compared to the prior period is due to £4.3m classified under discontinued operations and £0.7m recognised in the Consolidated Income Statement relating to continuing operations.

3.9 Trade and other receivables

Accounting policies

Trade receivables are not interest bearing and are due on commercial terms. Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost using the effective interest method, less expected credit loss ("ECL").

Other receivables are also not interest bearing and are recognised initially at their fair value, which generally coincides with their transaction price, and subsequently at amortised cost, reduced by appropriate ECL.

Certain trade receivables and trade payables are subject to counterparty offsetting or enforceable master netting arrangements. Each agreement with a counterparty allows for net settlement of the relevant financial assets and liabilities when both the Group and the counterparty elect to settle on a net basis. The master netting agreements regulate settlement amounts in the event a party defaults on their obligations.

Provision for expected credit loss ("ECL")

The Group applies the simplified approach to measuring ECL, segmenting its trade receivables based on shared characteristics and recognising a loss allowance for the lifetime ECL for each segment of trade receivables.

The expected loss rates are based on the Group's historical credit losses, adjusted for reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

	1 December 2024 £m	3 December 2023 £m
Trade receivables, net of ECL allowance	**58.9**	126.8
Other receivables	**65.6**	188.9
Prepayments	**53.3**	55.8
Accrued income	**8.6**	54.8
Trade and other receivables	**186.4**	426.3
Disclosed as:		
Current	**186.4**	375.4
Non-current	**–**	50.9
	186.4	426.3

As at 1 December 2024, the Group had an ECL allowance of £nil (FY23: £12.5m) against an outstanding trade receivable balance of £58.9m (FY23: £139.3m). The movement in ECL allowance included the utilisation of £9.3m and release of £1.7m following the successful conclusion of contractual disputes regarding specific terms that were under negotiation at the end of the prior period (FY23: £1.0m additional provision). See Note 4.5 for further details on ECL allowance.

Movements in the provision for ECL of trade receivables are as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Balance at beginning of period	**(12.5)**	(15.5)
Provision for ECL of receivables	**(2.1)**	(1.8)
Uncollectible amounts written off	**10.5**	3.2
Recovery of amounts previously provided for	**2.4**	1.3
Effect of changes in foreign exchange rates	**–**	0.3
Transfer to disposal group classified as held for sale	**1.7**	–
Balance at end of period	**–**	(12.5)

Included in trade receivables and accrued income are £47.9m and £6.4m respectively (FY23: £62.7m and £4.4m) relating to contract balances outstanding for Solutions contracts. See Note 2.1 for more detail.

Included in trade receivables is £nil (FY23: £59.1m) due from suppliers in relation to commercial and media income. Prior period balances represent discontinued operations and as a result, these amounts are £nil for the current year

Included in accrued income is £nil (FY23: £21.5m) to be invoiced to suppliers in relation to supplier-funded promotional activity, and £nil (FY23: £10.9m) to be invoiced to suppliers in relation to volume-related rebates. Prior period balances represent discontinued operations and as a result, these amounts are £nil for the current year.

Included in other receivables is £56.3m (FY23: £144.8m) due from the AutoStore settlement, of which £56.3m (FY23: £94.2m) is current and £nil (FY23: £50.6m) is non-current. The receivable was initially recognised at fair value of £180.4m using the income approach and is subsequently measured at amortised cost. The balance will be reduced by monthly instalments received and increased by the unwinding of the discounting as the receivable moves towards maturity. See Note 2.5 for further details on the settlement agreement. The other receivables also include VAT receivable of £nil (FY23: £21.3m).

The expected credit losses relating to accrued income and other receivables were immaterial as at 1 December 2024 (FY23: immaterial). Refer to Note 4.5 for the related discussion.

Refer to Note 5.4 for details on related party balances within trade and other receivables.

3.10 Cash and cash equivalents

Accounting policies

Cash and cash equivalents comprise cash at bank and in hand, money-market funds, and short-term deposits with banks with a maturity of three months or less at the date of acquisition. Cash at bank and in hand includes customers' credit card payments received within five working days of the reporting date where notification of a chargeback or reserve fund has not been received from the payment service provider at the reporting date. Cash and cash equivalents are classified as current assets on the Consolidated Balance Sheet. The carrying amount of these assets approximates to their fair value.

	1 December 2024 £m	3 December 2023 £m
Cash at bank and in hand	**158.6**	265.8
Money-market funds	**504.9**	619.0
Short-term deposits	**69.0**	–
Cash and cash equivalents as presented in the consolidated balance sheet	**732.5**	884.8
Cash and cash equivalents of discontinued operations (Note 2.9)	**39.0**	–
Cash and cash equivalents as presented in the consolidated statement of cash flows	**771.5**	884.8

Included in cash at bank and in hand in the prior year are customers' credit card payments of £19.9m which are received within five working days of the reporting date. These amounts relate entirely to discontinued operations.

Of the Group's cash and cash equivalents, £1.0m (FY23: £1.1m) is held by the Group's captive insurance company to maintain its solvency requirements. A further £1.0m (FY23: £1.0m) is held by the Trustee of the Group's Employee Benefit Trust relating to the Sharesave Scheme for employees in Poland. These funds are restricted and are not available to circulate within the Group on demand.

3.11 Trade and other payables

Accounting policies

Trade and other payables are initially recognised at their transaction price, which is deemed to equal to their fair value, and subsequently at amortised cost, using the effective interest method.

	1 December 2024 £m	3 December 2023 £m[1]
Trade payables	**58.4**	181.0
Taxation and social security	**52.7**	60.2
Accruals and other payables	**119.1**	213.3
Deferred income	**17.5**	15.0
Trade and other payables	**247.7**	469.5
Disclosed as:		
Current	**246.6**	468.4
Non-current	**1.1**	1.1
	247.7	469.5

1. In the prior period, amounts of £9.6m were included in contract liabilities. These amounts have been reclassified to deferred income in the current year.

Accruals and other payables includes £45.9m of employment cost accruals (FY23: £46.6m), £nil of goods received not invoiced (FY23: £58.0m) and £10.7m of capital project accruals (FY23: £18.3m).

In the prior period, deferred income included the value of delivery income received under the Ocado Smart Pass scheme, lease incentives and media income from suppliers, which all relate to future periods.

The amount of pension payable in respect of defined contributions schemes at the end of the period is £4.2m (FY23: £4.8m).

Notes to the consolidated financial statements continued

3.12 Provisions

Accounting policies

Provisions are recognised on the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

The amount recognised as provisions are management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and historical experience. Provisions are determined by discounting the expected future cash flows by a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the Consolidated Income Statement.

Onerous contracts

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Dilapidations

Provisions for dilapidations are made for properties and vehicles where there are obligations to return the assets to the condition and state they were in when the Group obtained the right to use them. Amounts are recognised on an asset-by-asset basis, and are based on the present value of future expected costs required to restore the Group's leased buildings and vehicles to their fair condition at the end of their lease terms.

Employee incentive schemes

Provisions for employee incentive schemes relate to employer social security contributions on taxable equity-settled schemes and cash-settled employee long-term incentive schemes. For all taxable schemes, the Group is liable to pay employer social security contributions upon exercise of the share awards.

Taxable schemes are the unapproved Executive Share Option Scheme ("ESOS"), the Ocado Group Value Creation Plan ("Group VCP"), the Long-Term Operating Plan, the Annual Incentive Plan ("AIP") and the Restricted Share Plan ("RSP") and the Performance Share Plan ("PSP"). For more details on these schemes, refer to Note 4.7.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

	Onerous contracts £m	Dilapidations £m	Employee incentive schemes £m	Restructuring £m	Other £m	Total £m
Balance at 27 November 2022	–	24.3	1.5	–	0.6	26.4
Additional provision	6.6	–	3.6	18.0	0.3	28.5
Unwinding of discounting	–	1.2	–	–	–	1.2
Unused amounts reversed	–	–	–	(6.1)	–	(6.1)
Remeasurement of right-of-use assets	–	(0.2)	–	–	–	(0.2)
Used during the period	–	–	(1.0)	(8.0)	–	(9.0)
Balance at 3 December 2023	6.6	25.3	4.1	3.9	0.9	40.8
Additional provision	**3.4**	**0.2**	**3.6**	**0.4**	**0.5**	**8.1**
Unwinding of discounting	**–**	**1.3**	**–**	**–**	**–**	**1.3**
Unused amounts reversed	**(3.5)**	**–**	**(0.6)**	**–**	**–**	**(4.1)**
Remeasurement of right-of-use assets	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Used during the period	**(2.3)**	**(0.1)**	**(1.3)**	**(1.6)**	**–**	**(5.3)**
Transfer to disposal group classified as held for sale (Note 2.9)	**–**	**(11.0)**	**(3.7)**	**(2.7)**	**–**	**(17.4)**
Balance at 1 December 2024	**4.2**	**15.8**	**2.1**	**–**	**1.4**	**23.5**

1 December 2024	Onerous contracts £m	Dilapidations £m	Employee incentive schemes £m	Restructuring £m	Other £m	Total £m
Current	**4.2**	**1.2**	**0.9**	**–**	**1.3**	**7.6**
Non-current	**–**	**14.6**	**1.2**	**–**	**0.1**	**15.9**
	4.2	**15.8**	**2.1**	**–**	**1.4**	**23.5**

3 December 2023	Onerous contracts £m	Dilapidations £m	Employee incentive schemes £m	Restructuring £m	Other £m	Total £m
Current	6.6	0.9	1.1	3.9	0.7	13.2
Non-current	–	24.4	3.0	–	0.2	27.6
	6.6	25.3	4.1	3.9	0.9	40.8

Onerous contracts

In the prior period, a provision of £6.6m was recognised in relation to unavoidable costs expected to be incurred in exiting manufacturing contracts as a result of changes to design and production. In the current period, an additional provision of £3.4m has been recognised and £2.3m has been utilised. Remaining amounts are expected to be utilised in the next 12 months.

Dilapidations

During the period, dilapidation provisions increased as a result of the unwinding of discount of £1.3m (FY23: £1.2m). In the current period, £0.1m has been utilised.

Property leases expire between 2025 and 2092 with contractual amounts due to be incurred at the end of the lease term.

Leases for vehicles run for an average of five years, with the contractual obligation per vehicle payable at the end of the lease term. If a non-contractual option to extend individual leases is exercised by the Group, the contractual obligation remains the same but is deferred by six months.

Restructuring

In the prior period, following the Group's announcement of its plan to cease operations at its CFC in Hatfield as part of a wider review of UK network capacity, a provision of £18.0m was recognised for redundancies and other related costs of closure. During the prior period, £8.0m was utilised primarily relating to redundancy costs, and £6.1m was released upon reassessment of the remaining costs provided for. In the current period, £1.6m of the remaining provision has been utilised.

Employee incentive schemes

During the period, an additional provision of £3.6m (FY23: £3.6m) has been recognised in relation to estimated employer social security contributions on taxable equity-settled schemes (£1.1m) and cash-settled employee incentive schemes (£2.5m). In addition, £1.3m (FY23: £1.0m) has been utilised in the period primarily as a result of exercises of taxable equity-settled share awards. The provision will be utilised once the share awards under each of the schemes have vested and been allotted to participants on exercise. Vesting will occur between 2025 and 2029, and allotment will take place between 2025 and 2034. Refer to Note 4.7 for further details.

Other provisions

Other provisions include amounts related to potential motor insurance claims and potential public liability claims where accidents have occurred but a claim has yet to be made.

Notes to the consolidated financial statements continued

3.13 Contingent liabilities
Accounting policies
Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

Claims and litigation
The Group has contingent liabilities in respect of other legal claims arising in the ordinary course of business, all of which the Group expects will either be covered by its insurance or will not have a material effect on the Group's Financial Statements.

Subsidiary audit exemptions
The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the "Act") relating to the audit of individual accounts by virtue of Section 479A of the Act:

- Ocado Ventures Holdings Limited (09887250)
- Ocado Ventures (80 Acres) Limited (12075378)
- Ocado Ventures (Myrmex) Limited (12774138)
- Ocado Ventures (Inkbit) Limited (12103334)
- Ocado Ventures (Oxbotica) Limited (12796767)
- Ocado Ventures (JFC) Limited (12035120)
- Ocado Ventures (Wayve) Limited (13536254)
- Ocado Ventures (Karakuri) Limited (11512054)
- Ocado Finco 1 Limited (12996937)
- Ocado Finco 2 Limited (13007767)
- Ocado Intelligent Automation Limited (14744957)
- 6 River Systems Ltd. (12070197)

Ocado Group plc will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial period ended 1 December 2024 in accordance with Section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. In addition, Ocado Group plc will guarantee any contingent and prospective liability that these subsidiaries are subject to.

Section 4 – Capital structure and financial instruments

4.1 Borrowings
Accounting policies
Borrowings and bank overdrafts are initially recorded at fair value, net of transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period to redemption using the effective interest method, or capitalised as part of the cost of qualifying assets.

Convertible bonds are compound financial instruments, and so their liability and equity components are presented separately in accordance with IAS 32 "Financial Instruments: Presentation". At the date of issue, the liability component is valued by reference to a similar liability that does not have an associated equity component, and is recognised as borrowings. The difference between the proceeds received and the liability component is recognised in the convertible bonds reserve, directly in reserves. The liability and equity components are recorded net of transaction costs. The liability component is then held at amortised cost, with any difference between initial fair value and redemption value being recognised in the Consolidated Income Statement over the period to redemption using the effective interest method. The carrying amount of the equity component does not change until the liability component is redeemed through repayment or conversion into ordinary shares.

	1 December 2024 £m	3 December 2023 £m
Senior unsecured convertible bonds	**703.1**	868.0
Senior unsecured notes	**678.8**	498.2
Other borrowings	**4.8**	95.9
Borrowings	**1,386.7**	1,462.1
Disclosed as:		
Current	**0.2**	2.6
Non-current	**1,386.5**	1,459.5
	1,386.7	1,462.1

Senior unsecured convertible bonds and senior unsecured notes

				Carrying amount	
Facility	Inception	Coupon rate	Maturity	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
£600m senior unsecured convertible bonds	December 2019	0.875%	December 2025	**167.2**	560.2
£350m senior unsecured convertible bonds	June 2020	0.750%	January 2027	**320.8**	307.8
£500m senior unsecured notes	October 2021	3.875%	October 2026	**223.6**	498.2
£250m senior unsecured convertible bonds	August 2024	6.250%	August 2029	**215.1**	–
£450m senior unsecured notes	August 2024	10.500%	August 2029	**455.2**	–

The £600.0m of senior unsecured convertible bonds (the "2025 Bonds") were issued in December 2019, raising £592.1m, net of transaction fees. At the date of issue, the liability component was valued at £485.0m, with the remaining £107.1m recognised in the convertible bonds reserve. The bonds are convertible into ordinary shares of the Company at a conversion price of £17.93. The bonds are convertible at the option of the bondholders on any day up until 10 calendar days prior to maturity.

The £350.0m of senior unsecured convertible bonds (the "2027 Bonds") were issued in June 2020, raising £343.4m, net of transaction fees. At the date of issue, the liability component was valued at £266.0m, with the remaining £77.4m recognised in the convertible bonds reserve. The bonds are convertible into ordinary shares of the Company at a conversion price of £26.46. The bonds are convertible at the option of the bondholders on any day up until 10 calendar days prior to maturity.

The £500.0m of senior unsecured notes were issued in October 2021, raising £491.6m, net of transaction fees.

Refinancing
In August 2024, the Group raised gross proceeds of £700.0m through the issue of £250.0m senior unsecured convertible bonds and £450.0m senior unsecured notes, which mature in 2029. Part of the proceeds were used to fund the early redemption of existing debt facilities.

The £250.0m convertible bonds (the "2029 CB") raised £245.7m, net of transaction costs of £4.3m. The bonds are convertible into ordinary shares of the Company at a conversion price of £6.105. The bonds are convertible at the option of the bondholders on any day up until 10 calendar days prior to maturity. At the issuance date, the Group recognised both a financial liability and equity component at £211.7m and £38.3m respectively.

The £450.0m senior unsecured notes (the "2029 SUNs") raised £439.8m, net of transaction costs of £10.2m.

Early partial redemption of convertible bonds and senior unsecured notes
Following the issue of the new £700.0m bonds, Ocado completed a tender process which resulted in an early partial redemption of some of its debt at a 7% discount to par (i.e. at 93% of par), as set out in the table below:

Face value of debt and tender consideration	Prior to tender £m	Tender principal amounts £m	Remaining principal £m	Tender consideration £m
Convertible bonds (maturing 2025)	600.0	427.2	172.8	397.3
Senior unsecured notes (maturing 2026)	500.0	276.3	223.7	257.0
Total	1,100.0	703.5	396.5	654.3

The redemption of the notes meets the requirements of derecognition of the related financial liabilities. A gain on redemption of £43.6m has been recorded within the Consolidated Income Statement and a reduction of £17.7m has been recorded within the convertible bond reserve in the Consolidated Statement of Changes in Equity. Transaction costs incurred on the redemption amounted to £1.2m.

Revolving credit facility
In June 2022, the Group entered into a three-year multi-currency Revolving Credit Facility ("RCF") of £300m with a syndicate of international banks. During the current period, the Group extended the maturity of the RCF to August 2027 (subject to addressing upcoming bond maturities). If the £500m October 2026 and £350m January 2027 maturities are not appropriately refinanced, the RCF maturity reduces to July 2026. As at 1 December 2024, the facility remains undrawn, consistent with its status in the prior year. Interest is payable on amounts drawn at a margin of 2.25% over the applicable reference rate (dependent on the currency of the amounts drawn). The Group is subject to a springing covenant under this facility which is required to be met when drawing down and subsequent quarters if a loan is outstanding.

Transaction costs of £3.2m relating to the extension of the RCF were capitalised in the period and are being amortised in the Consolidated Income Statement on a straight-line basis over the term of the RCF.

Notes to the consolidated financial statements continued

4.1 Borrowings continued

Other borrowings

Other borrowings include a shareholder loan of £nil (FY23: £90.0m) provided to Ocado Retail from the non-controlling interest. The loan has a termination date of August 2039 and incurs interest at SONIA + 4% per annum.

In the current year, Ocado Retail has been classified as a discontinued operation. As a result, the shareholder loan, previously included in the Group's borrowings, is now excluded from the borrowings of continuing operations and is instead reported under liabilities of discontinued operations (refer to Note 2.9).

1 December 2024	**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**
Senior unsecured convertible bonds	**–**	**167.2**	**535.9**	**–**	**703.1**
Senior unsecured notes	**–**	**–**	**678.8**	**–**	**678.8**
Revolving credit facility	**–**	**–**	**–**	**–**	**–**
Other borrowings	**0.2**	**1.1**	**0.2**	**3.3**	**4.8**
Borrowings	**0.2**	**168.3**	**1,214.9**	**3.3**	**1,386.7**

3 December 2023	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
Senior unsecured convertible bonds	–	–	868.0	–	868.0
Senior unsecured notes	–	–	498.2	–	498.2
Revolving credit facility	–	–	–	–	–
Other borrowings	2.6	0.4	0.3	92.6	95.9
Borrowings	2.6	0.4	1,366.5	92.6	1,462.1

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

4.2 Movements in net debtⒶ

			Cash movements			**Non-cash movements**			
	Notes	3 December 2023 £m	**Cash flows excluding interest £m**	**Interest received £m**	**Interest paid £m**	**Interest income/ (charge) £m**	**Net new lease liabilities £m**	**Other £m**	**1 December 2024 £m**
Cash and cash equivalents	3.10	884.8	**(139.6)**	**30.5**	**–**	**–**	**–**	**(4.2)**	**771.5**
Liabilities from financing activities:									
Borrowings	4.1	(1,462.1)	**(26.8)**	**–**	**30.9**	**(84.9)**	**–**	**58.1**	**(1,484.8)**
Lease liabilities	3.4	(497.8)	**55.7**	**–**	**25.0**	**(25.0)**	**(45.0)**	**0.2**	**(486.9)**
Gross debtⒶ		(1,959.9)	**28.9**	**–**	**55.9**	**(109.9)**	**(45.0)**	**58.3**	**(1,971.7)**
Net debtⒶ		(1,075.1)	**(110.7)**	**30.5**	**55.9**	**(109.9)**	**(45.0)**	**54.1**	**(1,200.2)**

Net debtⒶ includes cash and cash equivalents of £39.0m, Borrowings of £98.1m and Lease Liabilities of £175.2m relating to the disposal group. Net debtⒶ excluding the disposal group is £965.9m. Balances and movements in respect of the Total Group are presented to allow reconciliation to the Group cash flow statement.

Other non-cash movements include foreign exchange on cash and cash equivalents and lease liabilities of £(4.2)m (FY23: £(15.2m) and £0.2m (FY23: £0.2m) respectively, and for borrowings include the gain on early redemption of bonds of £43.6m and amounts recognised in equity in relation to the early redemption and new issuance of convertible bonds of £(17.7)m and £37.6m respectively.

	Notes	27 November 2022 £m	Cash movements: Cash flows excluding interest £m	Interest received £m	Interest paid £m	Non-cash movements: Interest income/(charge) £m	Net new lease liabilities £m	Other £m	3 December 2023 £m
Cash and cash equivalents	3.10	1,328.0	(469.7)	41.7	–	–	–	(15.2)	884.8
Liabilities from financing activities:									
Borrowings	4.1	(1,372.8)	(54.1)	–	30.6	(65.8)	–	–	(1,462.1)
Lease liabilities	3.4	(532.3)	66.8	–	25.7	(25.7)	(32.5)	0.2	(497.8)
Gross debt(A)		(1,905.1)	12.7	–	56.3	(91.5)	(32.5)	0.2	(1,959.9)
Net debt(A)		(577.1)	(457.0)	41.7	56.3	(91.5)	(32.5)	(15.0)	(1,075.1)

(A) Gross debt(A) and net debt(A) are alternative performance measures. See Alternative Performance Measures on pages 239-241.

4.3 Derivative financial instruments

Accounting policies

Derivative financial instruments are initially recognised at fair value on the contract date, and are subsequently measured at their fair value at each reporting date. The method of recognising the resulting fair value gain or loss depends on whether or not the derivative is designated as a hedging instrument, and on the nature of the item being hedged. At 1 December 2024 and 3 December 2023, the Group's derivative financial instruments consisted of warrants to subscribe for additional shares of investee companies and commodity swap contracts, which are designated as cash flow hedges of highly probable transactions.

The Group documents at the inception of the hedge the relationship between hedging instruments and hedged items, the risk management objectives and strategy, and its assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

This assessment is performed retrospectively at the end of each financial reporting period. Movements in the hedging reserve within reserves are shown in the Consolidated Statement of Comprehensive Income. The fair value of hedging derivatives is classified as current when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedging instruments and qualify for hedge accounting is recognised in other comprehensive income. Amounts accumulated through other comprehensive income are recycled in the Consolidated Income Statement in the periods in which the hedged items affect profit or loss.

	1 December 2024 £m	3 December 2023 £m
Non-current assets		
Warrants	**3.4**	3.3
Current assets		
Commodity swap contracts	**0.1**	0.1
Current liabilities		
Commodity swap contracts	**(0.7)**	(0.2)
Net derivative assets	**2.8**	3.2

Commodity swap contracts

The Group uses commodity swap contracts to hedge the cost of future purchases of diesel fuel to be used in the Logistics business. The cash flows are expected to occur within one year of the reporting date, and hedges cover 50% to 80% of expected risk.

The notional principal amounts of the outstanding commodity swap contracts were £10.5m (FY23: £7.9m). The weighted average strike price of the outstanding commodity swap contracts relating to the future purchase of fuel at the reporting date was 47.49 pence per litre of diesel (FY23: 52.32 pence per litre of diesel). The hedged highly probable forecast transactions are expected to occur at various dates during the next 12 months. The fair value movements in cash flow hedges resulted in a loss of £0.6m (FY23: £0.4 loss) for the period and £0.1m gain (FY23: £1.1m gain) has been reclassified from the cash flow hedge reserve to the Consolidated Income Statement on settlement of the swap contracts. The cumulative gain/(loss) held in the cash flow hedge reserve will be recognised in profit or loss in the periods during which the hedged forecast transactions affect the Consolidated Income Statement.

Throughout the period, all of the Group's cash flow hedges were effective, and there is, therefore, no ineffective portion recognised in profit or loss.

Notes to the consolidated financial statements continued

4.3 Derivative financial instruments continued
Warrants

		Carrying amount	
Investee company	**Expiry date**	**1 December 2024 £m**	3 December 2023 £m
80 Acres Urban Agriculture, Inc.	September 2026	**3.4**	3.0
Wayve Technologies Limited	January 2026	**–**	0.3
Warrants		**3.4**	3.3

Warrants are measured at fair value each year end, taking into account a variety of inputs, sensitivities and probabilities based on underlying forecasts and financial information of the investee company. Any fair value gains or losses on remeasurement are recognised through the Consolidated Income Statement.

4.4 Financial instruments
Accounting policies

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instruments. Financial instruments are derecognised from the Consolidated Balance Sheet when the contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

The Group classifies its financial assets using the following categories:

- Amortised cost.
- Fair value through profit or loss ("FVTPL").
- Fair value through other comprehensive income ("FVTOCI").

The classification depends on the characteristics of the contractual cash flows, and the Group's business model for managing them.

Refer to Note 3.9 for the Group's accounting policy for expected credit losses.

Financial liabilities are measured at amortised cost, except for derivatives that are measured at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). Classification depends on the purpose for which the liability was acquired.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the Group, after deducting all of its liabilities.

The Group has categorised its financial instruments as follows:

1 December 2024	Notes	Amortised cost £m	FVTPL £m	FVTOCI £	Total £m
Financial assets					
Other financial assets	3.6	**13.6**	**–**	**100.1**	**113.7**
Trade receivables	3.9	**58.9**	**–**	**–**	**58.9**
Other receivables and accrued income[1]	3.9	**74.2**	**–**	**–**	**74.2**
Cash and cash equivalents	3.10	**732.5**	**–**	**–**	**732.5**
Derivative assets	4.3	**–**	**3.5**	**–**	**3.5**
Total financial assets		**879.2**	**3.5**	**100.1**	**982.8**
Financial liabilities					
Trade payables	3.11	**(58.4)**	**–**	**–**	**(58.4)**
Accruals and other payables[2]	3.11	**(73.2)**	**–**	**–**	**(73.2)**
Borrowings	4.1	**(1,386.7)**	**–**	**–**	**(1,386.7)**
Lease liabilities	3.4	**(311.7)**	**–**	**–**	**(311.7)**
Derivative liabilities	4.3	**–**	**(0.7)**	**–**	**(0.7)**
Total financial liabilities		**(1,830.0)**	**(0.7)**	**–**	**(1,830.7)**

3 December 2023	Notes	Amortised cost £m	FVTPL £m	FVTOCI £	Total £m
Financial assets					
Other financial assets	3.6	15.1	29.9	82.7	127.7
Trade receivables	3.9	126.8	–	–	126.8
Other receivables and accrued income[1]	3.9	222.4	–	–	222.4
Cash and cash equivalents	3.10	884.8	–	–	884.8
Derivative assets	4.3	–	3.4	–	3.4
Total financial assets		1,249.1	33.3	82.7	1,365.1
Financial liabilities					
Trade payables	3.11	(181.0)	–	–	(181.0)
Accruals and other payables[2]	3.11	(166.7)	–	–	(166.7)
Borrowings	4.1	(1,462.1)	–	–	(1,462.1)
Lease liabilities	3.4	(497.8)	–	–	(497.8)
Derivative liabilities	4.3	–	(0.2)	–	(0.2)
Total financial liabilities		(2,307.6)	(0.2)	–	(2,307.8)

1. Excluded from the other receivables and accrued income balance compared with Note 3.9 is a VAT receivable balance of £nil (FY23: £21.3m), which is not a financial asset in scope of IFRS 9.
2. Excluded from the accruals and other payables balance compared with Note 3.11 is £45.9m (FY23: £46.6m) of employee cost accruals, which are not a financial instrument in scope of IFRS 9.

Derivative financial instruments are held at FVTPL, but where they are hedging instruments, related gains and losses are recognised in other comprehensive income.

Notes to the consolidated financial statements continued

4.4 Financial instruments continued

Fair value measurement of financial assets and liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (level 3).

Set out below is a comparison by category of carrying amounts and fair values of all financial instruments that are included in the Consolidated Financial Statements:

		1 December 2024		3 December 2023	
	Notes	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets					
Other financial assets	3.6	**113.7**	**113.7**	127.7	127.7
Trade receivables	3.9	**58.9**	**58.9**	126.8	126.8
Other receivables and accrued income[1]	3.9	**74.2**	**74.2**	222.4	222.4
Cash and cash equivalents	3.10	**732.5**	**732.5**	884.8	884.8
Derivative assets	4.3	**3.5**	**3.5**	3.4	3.4
Total financial assets		**982.8**	**982.8**	1,365.1	1,365.1
Financial liabilities					
Trade payables	3.11	**(58.4)**	**(58.4)**	(181.0)	(181.0)
Accruals and other payables[2]	3.11	**(73.2)**	**(73.2)**	(166.7)	(166.7)
Senior unsecured notes	4.1	**(678.8)**	**(667.3)**	(498.2)	(418.0)
Senior unsecured convertible bonds	4.1	**(703.1)**	**(697.3)**	(868.0)	(782.4)
Other borrowings	4.1	**(4.8)**	**(4.8)**	(95.9)	(95.9)
Derivative liabilities	4.3	**(0.7)**	**(0.7)**	(0.2)	(0.2)
Total financial liabilities		**(1,519.0)**	**(1,501.7)**	(1,810.0)	(1,644.2)

1. Excluded from the other receivables and accrued income compared with Note 3.9 is a VAT receivable balance of £nil (FY23: £21.3m), which is not a financial asset in scope of IFRS 9. Current tax assets have also been separated from other receivables in order to present current tax assets separately on the Balance Sheet.
2. Excluded from the accruals and other payables balance compared with Note 3.11 is £45.9m (FY23: £46.6m) of employee cost accruals, which are not a financial instrument in scope of IFRS 9.

The fair values of other financial assets, trade receivables, other receivables and accrued income, cash and cash equivalents, trade payables and accruals and other payables are assumed to approximate to their carrying values but for completeness are included in the above analysis.

The fair values of the senior unsecured notes and senior unsecured convertible bonds are determined based on the quoted price in the active market.

The fair values of all other financial assets and liabilities have been calculated using discounted cash flows or the probability expected return method or the option pricing model.

Financial assets and liabilities held at fair value have been valued as follows:

1 December 2024	Notes	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets held at fair value					
Unlisted equity investments	3.6	**–**	**–**	**100.1**	**100.1**
Derivative assets	4.3	**–**	**0.1**	**3.4**	**3.5**
Total financial assets held at fair value		**–**	**0.1**	**103.5**	**103.6**
Financial liabilities held at fair value					
Derivative liabilities	4.3	**–**	**(0.7)**	**–**	**(0.7)**
Total financial liabilities held at fair value		**–**	**(0.7)**	**–**	**(0.7)**

3 December 2023	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets held at fair value					
Contingent consideration receivable	3.6	–	–	29.4	29.4
Unlisted equity investments	3.6	–	–	82.7	82.7
Loans receivable held at FVTPL	3.6	–	–	0.5	0.5
Derivative assets	4.3	–	0.1	3.3	3.4
Total financial assets held at fair value		–	0.1	115.9	116.0
Financial liabilities held at fair value					
Derivative liabilities	4.3	–	(0.2)	–	(0.2)
Total financial liabilities held at fair value		–	(0.2)	–	(0.2)

During the current and prior period, there were no transfers between level 1 and level 2 fair value measurements, nor were there transfers from or to level 3.

Notes to the consolidated financial statements continued

4.4 Financial instruments continued

Changes in the fair values of financial instruments categorised in level 3 are as follows:

	Notes	Contingent consideration receivable £m	Unlisted equity investments £m	Loans receivable £m	Derivative assets £m	Total £m
Balance at 27 November 2022		98.3	69.8	2.4	27.4	197.9
Recognised/(derecognised) during the period		–	19.4	–	(19.4)	–
Cash paid/(received)		(1.5)	10.0	–	–	8.5
(Losses)/gains recognised in profit or loss	2.5, 2.6	(67.4)	–	(2.0)	(4.7)	(74.1)
Interest recognised in finance income	2.6	–	–	0.1	–	0.1
Losses recognised in other comprehensive income	4.6	–	(16.5)	–	–	(16.5)
Balance at 3 December 2023		29.4	82.7	0.5	3.3	115.9
Recognised/(derecognised) during the period	3.6	**–**	**10.5**	**(0.5)**	**(10.0)**	**–**
Cash paid		**(1.6)**	**10.0**	**–**	**–**	**8.4**
(Losses)/gains recognised in profit or loss	2.5, 2.6	**(27.8)**	**–**	**–**	**10.1**	**(17.7)**
Losses recognised in other comprehensive income	4.6	**–**	**(3.1)**	**–**	**–**	**(3.1)**
Balance at 1 December 2024		**–**	**100.1**	**–**	**3.4**	**103.5**

The following table provides information about how the significant fair values of financial instruments categorised in level 3 are determined:

Description	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity of the fair value measurement to input
Unlisted equity investments – Oxa Autonomy	Probability weighted expected return method Forecast revenue, revenue multiples, exit date, discount rate and probabilities	• Discount rate 25% • Exit date • Probabilities of expected revenue in five different scenarios	• An increase/decrease in the discount rate by 5% decreases/increases the fair value by £6.7m and £8.5m respectively. • An increase/decrease in the exit date by one year decreases/increases the fair value by £7.5m and £9.4m respectively. • An increase in probability weighting towards the higher case scenarios would increase the fair value. In turn, an increase in weighting towards the lower case scenarios would decrease the fair value.
Unlisted equity investments – Wayve Technologies	Option pricing model Volatility, risk free interest rate and exit date.	• Volatility 45% • Exit date	• An increase/decrease in the volatility of 10% increases/decreases the fair value by £1.1m. • An increase/decrease in the exit date by one year increases/decreases the fair value by £1.1m and £1.4m respectively.

For more details on the other financial assets and derivative financial assets, refer to Notes 3.6 and 4.3 respectively.

4.5 Financial risk management

Overview

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables and payables, borrowings, lease liabilities, derivatives and unlisted investments. The main financial risks faced by the Group relate to the risk of default by counterparties following financial transactions, to the availability of funds for the Group to meet its obligations as they fall due, and to fluctuations in interest and foreign exchange rates.

The management of these risks is set out below:

Credit risk

The Group's exposure to credit risk arises from holdings of cash and cash equivalents, trade and other receivables, and derivative assets. The carrying amounts of these financial assets, as set out in Note 4.4, represent the maximum credit exposure. No collateral is held as security against these assets.

Management does not believe that the credit risk of any financial instrument has increased significantly since its initial recognition.

Cash and cash equivalents

The Group's exposure to credit risk on cash and cash equivalents is managed by using banks and financial institutions with the appropriate geographical presence and suitable credit ratings ranging from BBB to AAA. Money market investments are made in accordance with internal treasury policies and the funds invested in have AAA ratings by either Fitch or S&P.

Trade and other receivables

Trade and other receivables that are financial instruments at the reporting date comprise amounts due from Retail customers, Solutions customers, Logistics customers and monies due from suppliers in relation to commercial and media income, which are considered of a good credit quality. The Group recognises expected credit losses in respect of amounts due from customers and monies due from suppliers.

In relation to Retail customers and suppliers, the Group has very low retail credit risk due to transactions being principally of a high volume, low value and short maturity. Therefore, it also has very low concentration risk. The Group has effective controls over this area. The Group provides for 30% of amounts due from supplier income that are between 61 and 360 days overdue, and 100% of amounts more than 360 days overdue. It provides for 100% of amounts due from Retail customers which are more than 30 days overdue.

For Solutions customers, amounts due from each customer are treated on a case-by-case basis, depending on the credit risk assigned to the counterparty, the amount outstanding, and the length of time to or from the due date. Further, where a customer is known to be in financial difficulty, the Group considers the need for an increased or specific provision compared with historical averages.

The expected credit losses relating to Logistics customers are immaterial.

The Group's other receivables held at amortised cost are considered to have low credit risk, and the loss allowance, if any, is limited to 12 months' expected losses. These are considered to be low credit risk as they have a low risk of default and the debtor has the capacity to meet its contractual obligations in the near term.

The Group's definition of default differs between suppliers and customers. A supplier is deemed to have defaulted if they have not paid an amount due within 360 days of the due date. A Retail customer is deemed to have defaulted if they have not paid an amount due within 30 days of the due date. Solutions customers are treated on a case-by-case basis, and the definition of default varies.

Receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have sufficient assets or sources of income to repay the relevant amounts. However, receivables that have been written off may still be subject to enforcement activity. The recovery of an amount previously written off is recognised as a gain in the Consolidated Income Statement.

Refer to Note 3.9 for movements in the provision for ECL of trade and other receivables during the period.

Liquidity risk

The Group has adequate cash resources to manage the short-term working capital needs of the business. The Group regularly reviews its financing arrangements to ensure an adequate level of headroom is maintained. For further details of the review see the Viability Statement on page 88.

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs and has not changed from the previous year. Furthermore, the Group utilises its cash resources which are either held in bank accounts or highly liquid money market funds to manage its short-term liquidity. For further details, see Note 4.8.

The table below analyses the Group's financial liabilities based on the period remaining to the contractual maturity dates at the reporting date. The amounts disclosed in the contractual cash flows are gross and undiscounted, and include future interest payments, so will not necessarily reconcile to the carrying amounts.

4.5 Financial risk management continued

1 December 2024	Notes	Carrying amount £m	Contractual cash flows: Total £m	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
Trade payables	3.11	**58.4**	**58.4**	**58.4**	–	–	–
Accruals and other payables[1]		**73.2**	**73.2**	**72.4**	**0.8**	–	–
Borrowings[2]	4.1	**1,386.7**	**1,787.3**	**75.7**	**471.4**	**1,240.2**	–
Lease liabilities	3.4	**311.7**	**473.8**	**46.3**	**41.7**	**97.5**	**288.3**
Derivative financial liabilities	4.3	**0.7**	**0.7**	**0.7**	–	–	–
		1,830.7	**2,393.4**	**253.5**	**513.9**	**1,337.7**	**288.3**

3 December 2023	Notes	Carrying amount £m	Contractual cash flows: Total £m	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
Trade payables	3.11	181.0	181.0	181.0	–	–	–
Accruals and other payables[1]		166.7	166.7	166.7	–	–	–
Borrowings[2]	4.1	1,462.1	1,768.1	35.9	40.0	1,501.4	190.8
Lease liabilities	3.4	497.8	726.2	76.9	67.8	156.9	424.6
Derivative financial liabilities	4.3	0.2	0.2	0.2	–	–	–
		2,307.8	2,842.2	460.7	107.8	1,658.3	615.4

1. Employee cost accruals of £45.9m (FY23: £46.6m) have been excluded from the accruals and other payables balance compared with Note 3.11 as they are not a financial instrument in scope of IFRS 9.
2. Amounts due in less than one year primarily reflect payments of interest. The borrowings are classified as non-current as they are not due for repayment until at least December 2025.

Currency risk

The Group has exposure to foreign currency risk through trade receivables, trade payables and lease liabilities denominated in foreign currencies and a portion of its cash and cash equivalents.

Foreign currency trade receivables arise principally on amounts invoiced under Solutions contracts and foreign currency trade payables arise principally on purchases of plant and machinery. Trade receivables and payables arise principally in Australian Dollars, Canadian Dollars, Euros, Japanese Yen, Korean Republic Won, Swedish Krona, Sterling and US Dollars. Bank accounts are maintained in these foreign currencies in order to minimise the Group's exposure to fluctuations in foreign currencies relating to current and future revenue, salaries and purchases of plant and equipment.

The table below shows the Group's sensitivity to changes in foreign exchange rates on its financial instruments denominated in foreign currencies:

	1 December 2024		3 December 2023	
	Increase/ (decrease) in income £m	**Increase/ (decrease) in equity £m**	Increase/ (decrease) in income £m	Increase/ (decrease) in equity £m
10.0% appreciation of above foreign currencies against sterling	**6.0**	**–**	10.7	–
10.0% depreciation of above foreign currencies against sterling	**(0.6)**	**–**	(10.7)	–

During the period, the currencies to which the Group is exposed appreciated and depreciated against sterling by between 0.5% and (7.7)%. Given these historical movements, a 10.0% appreciation or depreciation of foreign currencies is deemed reasonably likely to occur, and so has been used for the above analysis. The analysis assumes that all other variables remain constant.

Interest rate risk
The Group is exposed to interest rate risk on its variable rate cash and cash equivalents and other borrowings. The Group's interest rate risk policy seeks to minimise finance charges and volatility by structuring the interest rate profile into a diversified portfolio of fixed rate and variable rate financial assets and liabilities.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	1 December 2024 £m	3 December 2023 £m
Fixed rate instruments		
Financial assets	**80.8**	12.3
Financial liabilities	**(1,698.4)**	(1,869.8)
Variable rate instruments		
Financial assets	**663.5**	884.8
Financial liabilities	**–**	(90.0)

Sensitivity analysis
Based on the Group's variable rate instruments existing at the end of the period, a 2% increase and 2% decrease in interest rates would result in an increase of £13.3m and a decrease of £13.3m in profit, respectively (FY23: an increase £15.9m and a decrease of 15.9m in profit, respectively).

4.6 Share capital and reserves

Accounting policy
Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Share capital and share premium
At the reporting date, the number of ordinary shares available for issue under the Block Listing Facilities was 9,713,238 (FY23: 9,588,329). 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 27 November 2022	825.9	16.5	1,939.3
Issue of ordinary shares	2.1	0.1	2.1
Allotted in respect of share option schemes	0.4	–	1.5
Balance at 3 December 2023	828.4	16.6	1,942.9
Issue of ordinary shares	**4.0**	**0.1**	**1.7**
Allotted in respect of share option schemes	**0.9**	**–**	**2.9**
Balance at 1 December 2024	**833.3**	**16.7**	**1,947.5**

Included in the total number of ordinary shares outstanding above are 10,511,575 (FY23: 10,480,773) ordinary shares held by the Group's Employee Benefit Trust (see Note 4.7). The ordinary shares held by the Trustee of the Group's Employee Benefit Trust pursuant to the Joint Share Ownership Scheme ("JSOS"), and the linked jointly owned equity ("JOE") awards under the Ocado Group Value Creation Plan ("Group VCP") are treated as treasury shares on the Consolidated Balance Sheet. 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 2.8, since the basic loss per share is calculated using the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

4.6 Share capital and reserves continued

Treasury shares reserve

The treasury shares reserve arose when the Group issued equity share capital under its JSOS. In 2019, the Group issued share capital relating to the linked JOE awards under the Group 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 Group VCP. Participants' interests in unexercised shares held by participants are not included in the calculation of treasury shares. See Note 4.7 for more information on the JSOS and Group VCP.

Other reserves

The movements in other reserves are set out below:

	Other reserves						
	Reverse acquisition reserve £m	Convertible bonds reserve £m	Merger reserve £m	Translation reserve £m	Fair value reserve £m	Hedging reserve £m	Total £m
Balance at 27 November 2022	(116.2)	184.5	6.2	58.1	32.2	(0.8)	164.0
Net gain arising on cash flow hedges	–	–	–	–	–	0.7	0.7
Foreign exchange loss on translation of foreign subsidiaries	–	–	–	(53.0)	–	–	(53.0)
Loss on equity investments designated as at fair value through other comprehensive income	–	–	–	–	(16.5)	–	(16.5)
Tax on loss on equity investments	–	–	–	–	(4.6)	–	(4.6)
Balance at 3 December 2023	(116.2)	184.5	6.2	5.1	11.1	(0.1)	90.6
Net loss arising on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Foreign exchange gain/(loss) on translation of foreign subsidiaries	**–**	**–**	**–**	**(20.6)**	**–**	**–**	**(20.6)**
Loss on equity investments designated as at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Tax on loss on equity investments	**–**	**–**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Issue of convertible bonds	**–**	**37.6**	**–**	**–**	**–**	**–**	**–**
Partial redemption of convertible bonds	**–**	**(17.7)**	**–**	**–**	**–**	**–**	**–**
Balance at 1 December 2024	**(116.2)**	**204.4**	**6.2**	**(15.5)**	**4.9**	**(0.6)**	**83.2**

Reverse acquisition reserve

The acquisition by the Company of the entire issued share capital in 2010 of Ocado Holdings 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 1 December 2024 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.

Refer to Note 4.1 for further details on the senior unsecured convertible bonds issued by the Group.

Merger reserve

The merger reserve comprises shares issued as consideration for Haddington Dynamics Inc.

Translation reserve

The translation reserve comprises cumulative foreign exchange differences on the translation of foreign subsidiaries.

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 4.3).

4.7 Share options and other equity instruments

Accounting policies

Employee benefits

Employees (including Directors) of the Group receive part of their remuneration in the form of share-based payments, whereby, depending on the scheme, employees render services in exchange for rights over shares ("equity-settled transactions") or entitlement to future cash payments ("cash-settled transactions").

The cost of equity-settled transactions with employees is measured, where appropriate, with reference to the fair value of the equity instruments at the date on which they are granted. Where options need to be valued, an appropriate valuation model is applied. The expected lives used in the models have been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of cash-settled transactions, including the cost of associated employer social security contributions on certain taxable equity-settled transactions, is measured with reference to the fair value of the amounts payable, which is taken to be the closing price of the Company's shares at the measurement date. Until a liability is settled, it is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value being recognised in the Consolidated Income Statement for the relevant period. For more details, see Note 3.12.

The cost of equity-settled transactions is recognised, along with a corresponding increase in equity, over the periods in which the service and performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cost of associated employer taxes is recognised, along with a corresponding provision for the expected cash settlement, over the vesting period.

At each reporting date, the cumulative expense recognised for equity-settled transactions reflects the extent to which the vesting period has elapsed, and the number of awards that, in the opinion of management, will ultimately vest. Management's estimates are based on the best available information at that date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Share options and other equity instruments

The total expense for the period relating to all share-based payment transactions is as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Executive Share Option Scheme	**0.3**	1.1
Joint Share Ownership Scheme	**–**	–
Sharesave Scheme	**4.5**	2.5
Share Incentive Plan	**2.7**	2.6
Ocado Group Value Creation Plan	**2.1**	5.1
Performance Share Plan	**1.4**	
Ocado Retail Value Creation Plan	**–**	–
Long-Term Operating Plan	**–**	–
Annual Incentive Plan	**4.4**	4.1
Employee Share Purchase Plan	**0.8**	0.5
Ocado Restricted Share Plan	**20.8**	17.8
Consultant Option Plan	**0.3**	0.3
Deferred Consideration Shares	**0.4**	1.7
Total expense	**37.7**	35.7
Of which:		
Equity-settled expense	**37.2**	33.3
Cash-settled expense	**0.5**	2.4
Total expense	**37.7**	35.7

Notes to the consolidated financial statements continued

4.7 Share options and other equity instruments continued

The Group had the following schemes in operation during the financial period:

(a) Executive Share Option Scheme ("ESOS")

The Group's Executive Share Option Scheme ("ESOS") was established in 2001 and is an equity-settled share option scheme approved by HMRC. Options have also been granted under the terms of HMRC's schedule, which are not approved and also under the terms of the Internal Revenue Service which are both qualified and non-qualified. All share awards under the ESOS are equity-settled, apart from employer's NIC due on unapproved ESOS awards, which are treated as cash-settled.

Under the ESOS, the Group or the trustees of an employee trust may grant options over shares of the Company to eligible employees and may impose performance targets or any further conditions determined to be appropriate on the exercise of an option. In most cases, any performance target must be measured over a period of at least three years.

With the exception of replacement options, the vesting period for the ESOS is three years. If the options remain unexercised after a period of 10 years from the date of grant or the employee leaves the Group, the options expire (subject to a limited number of exceptions).

In 2021, on acquisition of a subsidiary, its existing unvested options were cancelled and replaced by options of the Company granted under the ESOS. Replacement options shall vest in three equal instalments on the first three anniversaries of the closing date of acquisition, subject to the option holder's continued employment within the Group.

Details of the movement of the number of share options outstanding during each period are as follows:

	52 weeks ended 1 December 2024		53 weeks ended 3 December 2023	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	**1,497,431**	**8.67**	1,930,355	8.34
Granted during period	**–**	**–**	4,545	6.66
Forfeited during period	**(185,172)**	**9.49**	(282,274)	9.35
Exercised during period	**(54,314)**	**3.08**	(155,195)	3.18
Outstanding at end of period	**1,257,945**	**8.80**	1,497,431	8.67
Exercisable at end of period	**1,093,248**	**8.33**	1,147,728	6.86

At the reporting date, the Group had 1,003,184 (FY23: 1,180,810) approved options outstanding and 254,761 (FY23: 316,621) unapproved options outstanding. At the end of the period, the range of exercise prices for approved options outstanding was £2.56 to £25.08 (FY23: £2.56 to £25.08) and for unapproved options outstanding was £2.56 to £14.47 (FY23: £2.56 to £14.47).

The weighted average remaining contractual life for the ESOS share options outstanding as at 1 December 2024 was 4.2 years (FY23: 5.0 years).

For exercises during the period, the weighted average share price at the date of exercise was £4.87 (FY23: £6.62).

No ESOS share options were granted in the period. In determining the fair value of the share options granted during the prior period, the Black Scholes option pricing model was used with the following inputs:

	1 December 2024 £m	3 December 2023 £m
Weighted average share price	**–**	£6.66
Weighted average exercise price	**–**	£6.66
Expected volatility	**–**	50.0%
Weighted expected life, years	**–**	3.0
Weighted average risk-free interest rate	**–**	4.0%
Expected dividend yield	**–**	0.0%

The expected volatility was determined by considering the historical performance of the Company's shares. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(b) Joint Share Ownership Scheme ("JSOS")

The JSOS is an executive incentive scheme that was introduced to incentivise and retain the Executive Directors and senior managers of the Group ("Participants"). It is a share ownership scheme permitting a Participant to benefit from the increase (if any) in the value of a number of ordinary shares of the Company ("Shares") over specified threshold amounts. To acquire an interest a Participant enters into a joint share ownership agreement with Ocorian Limited, Trustee of the Employee Benefit Trust ("Trustee"), whereby the Participant and the Trustee jointly acquire the Shares and agree that once all vesting conditions have been satisfied, the Participant is awarded a specific number of Shares equivalent to the benefit achieved, or at their discretion, when the Shares are sold, the Participant has a right to receive a proportion of the sale proceeds insofar as the value of the Shares exceeds the threshold amount.

At the reporting date the Participants and Trustee held separate beneficial interests in 1,163,924 (FY23: 1,191,224) ordinary shares, which represents 0.1% (FY23: 0.1%) of the issued share capital of the Company. Of these shares, 627,486 (FY23 627,486) are held by the Employee Benefit Trust on an unallocated basis.

The charges to the scheme stopped when the vesting conditions were met.

Details of the movement of the number of allocated interests in shares during the current and prior periods are as follows:

	52 weeks ended 1 December 2024		53 weeks ended 3 December 2023	
	Number of interests in shares	**Weighted average exercise price (£)**	Number of interests in shares	Weighted average exercise price (£)
Outstanding at beginning of period	**563,738**	**2.24**	564,988	2.24
Exercised during period	**(27,300)**	**2.28**	(1,250)	2.15
Outstanding at end of period	**536,438**	**2.12**	563,738	2.24
Exercisable at end of period	**536,438**	**2.12**	563,738	2.24

(c) Sharesave Scheme

The Sharesave Scheme ("SAYE") is an HMRC-approved scheme that is open to all UK employees of the Group. Under the scheme, members save a fixed amount each month for three years. At the end of the three-year period, they are entitled to use these savings to buy shares of the Company at 90% of the market value at launch date.

At the reporting date, employees of the Company's subsidiaries held 3,400 (FY23: 3,389) contracts in respect of options over 5,048,971 shares (FY23: 4,759,371).

Details of the movement of the number of Sharesave options outstanding during the current and prior periods are as follows:

	52 weeks ended 1 December 2024		53 weeks ended 3 December 2023	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	**4,759,371**	**4.98**	2,114,080	12.14
Granted during period	**3,360,234**	**4.02**	5,073,768	4.45
Forfeited during period	**(3,045,613)**	**4.92**	(2,422,861)	10.13
Exercised during period	**(25,021)**	**4.45**	(5,616)	4.45
Outstanding at end of period	**5,048,971**	**4,37**	4,759,371	4.98
Exercisable at end of period	**41,446**	**5.02**	379,544	4.96

Notes to the consolidated financial statements continued

4.7 Share options and other equity instruments continued

(d) Share Incentive Plan

In 2014, the Group introduced the Share Incentive Plan ("SIP"). This HMRC-approved scheme provides all United Kingdom employees, including Executive Directors, the opportunity to receive and invest in the Company's shares. All SIP shares are held in a SIP Trust, administered by Solium Trustee (UK) Limited.

There are two elements to the plan: the Buy As You Earn ("BAYE") arrangement and the Free Share Award. Under the BAYE arrangement, participants can purchase shares of the Company ("Partnership Shares") each month using contributions from pre-tax pay, subject to an upper limit. For every seven shares purchased, the Company gifts the participant one free share (a "Matching Share").

Under the Free Share Award, shares are given to eligible employees, as a proportion of their annual base pay, subject to a maximum. Eligible employees are those with six months' service at the grant date.

For Partnership Shares, eligible employees are those with three months' service. Partnership shares can be withdrawn from the Plan Trust at any time, but Matching Shares and Free Shares are subject to a three-year holding period, during which continuous employment within the Group is required. The Matching Shares and Free Shares will be forfeited if any corresponding Partnership Shares are removed from the Plan Trust within this three-year period, or if the participant leaves the Group.

Outstanding shares held under the SIP at the beginning and end of the period can be reconciled as follows:

	Partnership Shares	**Matching Shares**	**Free Shares**	**Total**
Outstanding at 3 December 2023	**706,125**	**99,510**	**1,866,812**	**2,672,447**
Awarded during period	**410,068**	**58,248**	**1,296,221**	**1,764,537**
Forfeited during period	**–**	**(15,568)**	**(261,629)**	**(277,197)**
Released during period	**(179,160)**	**(9,957)**	**(144,633)**	**(333,750)**
Outstanding at 1 December 2024	**937,033**	**132,233**	**2,756,771**	**3,826,037**
Unrestricted at 1 December 2024	**937,033**	**30,751**	**548,921**	**1,516,705**

	Partnership Shares	Matching Shares	Free Shares	Total
Outstanding at 27 November 2022	569,839	80,629	1,495,979	2,146,447
Awarded during period	366,453	51,985	906,145	1,324,583
Forfeited during period	–	(17,748)	(220,869)	(238,617)
Released during period	(230,167)	(15,356)	(314,443)	(559,966)
Outstanding at 3 December 2023	706,125	99,510	1,866,812	2,672,447
Unrestricted at 3 December 2023	706,125	31,162	553,495	1,290,782

(e) Ocado Group Value Creation Plan ("VCP")

In the current period, the Value Creation Plan for the original participants matured with no vesting of awards, following the fifth and final measurement date in March 2024. VCP awards granted to participants in the extended VCP were cancelled and replaced by awards under the Performance Share Plan.

Under the Ocado Group VCP, participants were granted a conditional award giving the potential right to earn nil-cost options based on the absolute Total Shareholder Return generated over the VCP period. The award gave participants the opportunity to share in a proportion of the total value created for shareholders above a hurdle ("Threshold Total Shareholder Return") at the end of each plan year ("Measurement Date") over the five-year VCP period. Participants received the right at the end of each year of the five-year performance period to share awards with a value representing the level of the Company's Total Shareholder Return ("Measurement Total Shareholder Return") above the Threshold Total Shareholder Return at the relevant Measurement Date. The share price used at the Measurement Date was the 30-day average following the announcement of the Group's results for the relevant financial year, plus any dividends in respect of the plan.

At each Measurement Date, up to 3.25% (FY23: 3.25%) of the value created above the hurdle could be "banked" in the form of share awards which would be released in line with the vesting schedule.

If the value created at the Measurement Date did not exceed the hurdle, nothing would accrue in that year under the VCP.

In the current period, no nil cost options were banked (FY2023: nil). During the prior period, 4,839,781 nil-cost options were banked and 823,648 lapsed on cessation of employment. In the current period, the remaining 4,016,133 banked nil-cost options lapsed on vesting.

Vesting conditions
The vesting schedule provided that 50% of the cumulative number of share awards will vest following the third Measurement Date and 50% of the cumulative balance following the fourth Measurement Date, with 100% of the cumulative number of share awards vesting following the fifth Measurement Date. At each vesting date, vesting of awards was subject to the following:

a. A minimum TSR of 10.0% CAGR being maintained;

b. Any shares vesting cannot be sold prior to the fifth anniversary of the date of the implementation of the VCP;

c. An annual cap on vesting of £20m for the CEO and a proportionate limit for other participants:

- In the event that in any year vesting as described above would exceed the annual cap, any share awards above the cap will be rolled forward and allowed to vest in subsequent years provided the cap is not exceeded in those years, until the VCP is fully paid-out or after five years after the fifth Measurement Date when any unvested share awards will automatically vest. Share awards rolled forward will not be subject to further underpins, performance or service conditions.

The 10% CAGR TSR underpin was not met at any of the three vesting dates and therefore no previously banked shares vested. As the fifth measurement date in March 2024 was the final measurement date at which banked shares could have vested, these shares have now lapsed.

Valuation of awards
In 2019, 2.55% of the original maximum 2.75% was awarded in total to participants, of which 1.40% lapsed and 0.7% was subsequently granted during the prior periods. In the current period 1.575% lapsed on maturity of the plan for the original VCP participants and a further 0.275% lapsed on cancellation of the plan for participants in the extended VCP. Also, in FY20, Tranche 2 of the VCP award was created following the June 2020 capital raise and in the prior period Tranche 3 was created following the June 2022 capital raise. As such, Tranche 1 was based on the total number of shares in issue, less the number of shares under Tranche 2 and Tranche 3. Tranches 2 and 3 are based on the total number of shares issued in the June 2020 and June 2022 capital raise, respectively.

The fair value of awards granted net of leaver lapses under the VCP was £66.0m (FY23: £66.0m) spread over the five-year period. No VCP awards were granted in the period. In determining the fair value of the VCP awards granted in the prior period, a Monte Carlo model was used with the following inputs:

53 weeks ended 3 December 2023	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Date of grant	09.12.2022	09.12.2022	09.12.2022	24.08.2023	24.08.2023	24.08.2023
Portion of VCP granted	0.05%	0.05%	0.05%	0.10%	0.10%	0.10%
Share price at grant	£6.86	£6.86	£6.86	£7.51	£7.51	£7.51
Expected volatility	50%	50%	50%	50%	50%	50%
Expected life from date of grant – years	0.3/1.3	0.3/1.3	0.3/1.3	2.6/3.6/4.6	2.6/3.6/4.6	2.6/3.6/4.6
Risk-free interest rate	3.39%	3.39%	3.39%	4.52%	4.52%	4.52%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Linked JOE awards
Under the terms of the VCP, at the time a VCP award was made, some participants chose to acquire a linked jointly owned equity ("JOE") award with Ocorian Limited, the Trustee of the Employee Benefit Trust. The JOE award permitted participants to benefit from the increase (if any) in the value of a number of ordinary shares above a hurdle of 10.0% per annum cumulative annual growth rate (which reflects the VCP Threshold Total Shareholder Return) over a time period matching the performance period of the VCP. Participants acquired JOE awards over a total of 9,245,601 shares. The value of these JOE awards (if any) would have been applied to deliver part of the total value of the participants' VCP awards on realisation of the VCP awards.

As the JOE awards did not meet the required hurdle at the final measurement date in March 2024, the JOE awards have been forfeited.

JOE award participants paid an initial cost for the JOE awards, which is not repayable to them even if no value is delivered under the JOE awards.

Notes to the consolidated financial statements continued

4.7 Share options and other equity instruments continued

(f) Long-Term Operating Plan

In 2019, the Group granted shares to selected employees. The number of awards issued was calculated based on a percentage of the participants' salaries. The awards will vest in three equal tranches over three years. Upon vesting, each tranche is subject to an additional two-year holding period after which the shares will be released to the participants. The vesting of each tranche is conditional on continued employment within the Group and subject to the Company's share price exceeding a predetermined minimum.

Outstanding share awards under the Long-Term Operating Plan at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Outstanding at beginning of period	**64,259**	124,198
Released during period	**(59,940)**	(59,939)
Outstanding at end of period	**4,319**	64,259
Vested at end of period	**–**	–

(g) Annual Incentive Plan

Under the Annual Incentive Plan ("AIP"), awards are granted annually in the form of nil-cost options over shares of the Company and conditional awards of shares to the Executive Directors and selected members of senior management. The number of share awards granted is dependent on performance against targets and subject to threshold and maximum conditions (refer to the Directors' Remuneration Report on pages 124-147). Nil-cost options will vest in full three years from grant date, with a further two-year holding period for the Executive Directors only, during which time they cannot be sold. Conditional awards will vest over a period of four years from grant date. An award will lapse if a participant ceases to be employed by the Group before the vesting date.

Outstanding share awards under the AIP at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Outstanding at beginning of period	**1,550,109**	599,226
Granted during period	**991,203**	986,896
Lapsed during period	**(27,624)**	(18,381)
Released during period	**(137,183)**	(17,632)
Outstanding at end of period	**2,376,505**	1,550,109
Vested at end of period	**347,944**	–

The expense recognised in a given financial year relates to all unvested AIP awards granted in prior periods, and also to awards yet to be granted for the current period. The performance period for the 2023 AIP is the 52 weeks ended 1 December 2024. The expectation of meeting the 2023 AIP performance targets was taken into account when calculating this expense.

(h) Employee Share Purchase Plan

The Employee Share Purchase Plan ("SPP") is a non-United Kingdom "all-employee" share purchase plan under which eligible employees are awarded options ("SPP Options") over shares of the Company. SPP Options are granted at the beginning of a specific offering period, which will not normally exceed 24 months. Participants enrol in the SPP by authorising payroll deductions from their salary during the relevant offering period.

At the end of an offering period, employees are entitled to use these savings to buy shares of the Company at 90% of the market value on the date of grant or at the end of the offering period, whichever is lower. During the period, employees purchased 867,108 (FY23: 245,789) shares of the Company at an exercise price of £3.13 (FY23: £4.19).

At the reporting date, employees of the Group held 784 (FY23: 963) contracts in respect of granted SPP Options.

There were £nil SPP Options exercisable at the reporting date (FY23: £nil).

(i) Ocado Restricted Share Plan

The Ocado Restricted Share Plan ("RSP") is used for two key purposes:

(a) to allow all-employee Free Share Awards outside the United Kingdom, similar to the Group's Share Incentive Plan; and

(b) to give the Group the flexibility to make Discretionary Share Awards.

RSP Free Share Awards are conditional awards of shares granted to eligible non-UK employees, as a proportion of their annual base pay. Eligible employees are those with six month's service at the grant date. Awards are subject to a three-year vesting period.

RSP Discretionary Share Awards can either be nil-cost options over shares of the Company or conditional awards of shares. These awards may be granted subject to performance conditions, and an additional holding period following vesting. The vesting period and profile are award specific.

Unvested RSP awards will lapse upon a participant ceasing to hold office or employment within the Group.

Outstanding share awards under the RSP at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024			53 weeks ended 3 December 2023		
	RSP – Free Shares	**RSP – Discretionary Shares**	**Total**	RSP – Free Shares	RSP – Discretionary Shares	Total
Outstanding at beginning of period	**309,796**	**6,178,711**	**6,488,507**	148,234	2,571,785	2,720,019
Granted during period	**313,971**	**4,747,284**	**5,061,255**	210,478	4,857,288	5,067,766
Forfeited during period	**(66,195)**	**(863,940)**	**(930,135)**	(41,875)	(331,047)	(372,922)
Released during period	**(13,979)**	**(2,130,544)**	**(2,144,523)**	(7,041)	(919,315)	(926,356)
Outstanding at end of period	**543,593**	**7,931,511**	**8,475,104**	309,796	6,178,711	6,488,507
Vested at the end of period	**1,396**	**393,050**	**394,446**	–	5,341	5,341

(j) Consultant Option Plan

Under the rules of the Consultant Option Plan, options over shares of the Company can be granted to non-employees, both individuals and companies engaged to provide services to the Group.

The option exercise price is determined with reference to the closing share price of the shares on the day of, or day prior to issuance. The options vest over a range of 18 months to three years depending on the award, and may be exercised once and in full anytime during a three-year exercise period.

Any unvested options will lapse on cessation of the engagement to provide services to the Group.

Outstanding share awards under the Consultant Option Plan at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Outstanding at beginning of period	**465,000**	465,000
Granted during period	**510,327**	–
Forfeited during period	**(201,725)**	–
Outstanding at end of the period	**773,602**	465,000
Exercisable at end of period	**263,275**	185,000

(k) Deferred Consideration Shares

In 2021, shares were issued to select employees of a subsidiary on acquisition. These shares will be held in trust until such time as the agreement allows the shareholders to access them. On each of the first three anniversaries of the closing date of acquisition, one-third of these shares will be released from transfer restrictions subject to achievement of performance conditions and continued employment.

Restricted Deferred Consideration Shares at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Restricted at beginning of period	**97,007**	196,319
Forfeited during period	**–**	(2,303)
Released from transfer restrictions during period	**(97,007)**	(97,009)
Restricted at end of period	**–**	97,007

4.7 Share options and other equity instruments continued

(l) Performance Share Plan

Under the Performance Share Plan ("PSP"), awards are granted annually to the Executive Directors and selected members of senior management. PSP awards can either be nil-cost options over shares of the Company, conditional awards of shares or forfeitable awards of shares.

The PSP award consists of a base award, with a relative Total Shareholder Return ("TSR") multiplier on the vesting outcome of the base award. The level of vesting of base awards granted is dependent on performance against targets over a three-year performance period commencing from the beginning of the financial year of grant and subject to threshold and maximum conditions. For details of the performance targets for the PSP refer to the Directors' Remuneration Report on pages 124-147.

PSP awards will vest three years from grant date, with a further two-year holding period for the Executive Directors only, during which time they cannot be sold. Awards will normally be exercisable until the day before the tenth anniversary of the grant date and will lapse if a participant ceases to be employed by the Group before the vesting date.

The fair value of PSP awards granted in the current period was £13.8m. The expectation of meeting the performance targets was taken into account when calculating the expense to be spread over the three-year period. In determining the fair value of the PSP awards granted in the current period, a Monte Carlo model was used with the following inputs:

	1 December 2024
Date of grant	**16/05/2024**
Share price at grant	**£3.60**
Exercise price	**Nil**
Expected volatility	**60.0%**
Expected life, years	**3.0**
Risk-free interest rate	**4.15%**
Expected dividend yield	**0.0%**

Outstanding share awards under the PSP at the beginning and end of the period can be reconciled as follows:

	52 weeks ended 1 December 2024
Outstanding at beginning of period	**–**
Granted during period	**7,711,500**
Outstanding at end of the period	**7,711,500**
Exercisable at end of period	**–**

4.8 Capital management

The Board's objective is to maintain an appropriate balance of debt and equity financing to enable the Group to continue as a going concern, to sustain future development of the business, and to maximise returns to shareholders and benefits to other stakeholders.

The Board closely manages trading capital, defined as net assets, plus net debt[Ⓐ].

Net debt[Ⓐ] is calculated as cash and cash equivalents, less gross debt[Ⓐ] (borrowings and lease liabilities as shown on the Consolidated Balance Sheet). The Group's net assets at the reporting date were £1,171.2m (FY23: £1,511m), and it had net debt[Ⓐ] of £1,200.2m (FY23: net debt[Ⓐ] £1,075.1m). Refer to Note 4.2 for further detail.

The main areas of capital management revolve around working capital and compliance with externally imposed financial covenants. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, and to allow the Group to grow, whilst operating with sufficient headroom within its covenants. The components of working capital management include monitoring inventory turnover, age of inventory, age of receivables, receivables days, payables days, Balance Sheet re-forecasting, period projected profit or loss, weekly cash flow forecasts, and daily cash balances. Major investment decisions are based on reviewing the expected future cash flows, and all major capital expenditure requires approval by the Board. There were no changes in the Group's approach to capital management during the period.

In August 2024, the Group successfully completed a refinancing generating gross proceeds of £700.0m (refer to Note 4.1 for details). In addition the Group extended its £300m Revolving Credit Facility (RCF) which matures in August 2027 (refer to Note 4.1 for details).

The Group reviews its financing arrangements regularly. Throughout the period, the Group has complied with all covenants imposed by lenders.

Given the Group's commitment to expand the business and the investment required to complete future CFCs, the declaration and payment of a dividend is not part of the short-term capital management strategy of the Group.

At the reporting date, the Group's undrawn facilities and cash and cash equivalents were as follows:

	Notes	1 December 2024 £m	3 December 2023 £m
Total facilities available		**1,823.9**	2,398.2
Facilities drawn down		**(1,466.8)**	(2,043.7)
Undrawn facilities		**357.1**	354.5
Cash and cash equivalents	3.10	**732.5**	884.8
Undrawn facilities, cash and cash equivalents and other treasury deposits		**1,089.6**	1,239.3

Of the £357.1m (FY23: £354.5m) undrawn facilities stated above, £57.1m (FY23: £54.5m) relates to lease facilities.

4.9 Cash generated from operations

A reconciliation from loss before tax to cash generated from operations is as follows:

	Notes	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Cash flows from operating activities			
Loss before tax		**(374.5)**	(403.2)
Adjustments for:			
• Revenue recognised from long-term contracts	2.1	**(34.7)**	(33.0)
• Depreciation, amortisation and impairment losses[1]	2.3	**465.5**	452.7
• Property, plant and equipment write-off		**0.2**	2.9
• Gain/(loss) on disposal of property, plant & equipment and asset held for sale	3.7	**1.0**	(5.0)
• Litigation settlement income and interest unwind	2.5	**(11.4)**	(186.5)
• Other non-cash adjusting items	2.5	**15.4**	67.4
• Share of results of joint ventures and associate	3.5	**(0.3)**	0.9
• Movement of provisions		**1.3**	13.5
• Net finance cost[2]	2.6	**28.7**	76.1
• Share-based payments charge	4.7	**37.2**	33.3
Changes in working capital			
• Cash received from contract liabilities (upfront fees)		**97.8**	47.9
• Movement of inventories		**0.3**	3.1
• Movement of trade and other receivables		**16.5**	36.6
• Movement of trade and other payables		**(10.5)**	(19.8)
Cash generated from/(used in) operations		**232.5**	86.9

1. Included within depreciation, amortisation and impairment losses for FY23 are impairment charges of £20.3m and £27.2m, relating to the UK network capacity review and Zoom by Ocado network capacity and strategy review, respectively, which are included in the adjusting items. Refer to Note 2.5 for further details.
2. Excludes £11.4m (FY23: £6.1m) interest unwind on AutoStore litigation settlement, which is included within litigation settlement income and interest unwind.

Notes to the consolidated financial statements continued

Section 5 – Other notes

5.1 Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, their countries of incorporation, and the effective percentage of equity owned at the reporting date is disclosed below. All undertakings are indirectly owned by the Company unless otherwise stated.

Name	Country of incorporation	Principal activity	Share class	% of share capital held
Haddington Dynamics, II LLC	United States of America[2]	Technology	Ordinary shares	100.0%
JFC Hydroponics Ltd	United Kingdom[4]	Non-trading company	Ordinary shares	54.6%
Jones Food Company Limited	United Kingdom[4]	Vertical farming	Ordinary shares	54.6%
Karakuri Limited	United Kingdom[5]	Non-trading company (in administration)	Preference shares	26.3%
Kindred, Inc.	United States of America[2]	Holding company	Ordinary shares	100.0%
Kindred Systems II Inc.†	Canada[6]	Holding company	Ordinary shares	100.0%
Last Mile Technology Limited	United Kingdom[3]	Non-trading company	Ordinary shares	100.0%
MHE JVCo Limited	United Kingdom[3]	Leasing	"B" shares	50.0%
Myrmex, Inc	United States of America[2]	Technology	Ordinary shares	99.9%
O'Logistics SAS	France[7]	Business services	Ordinary shares	50.0%
Ocado Bulgaria EOOD	Bulgaria[8]	Technology	Ordinary shares	100.0%
Ocado Central Services Limited	United Kingdom[3]	Business services	Ordinary shares	100.0%
Ocado Finco 1 Limited†	United Kingdom[3]	Financing	Ordinary shares	100.0%
Ocado Finco 2 Limited†	United Kingdom[3]	Financing	Ordinary shares	100.0%
Ocado Holdings Limited†	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Innovation Limited†	United Kingdom[3]	Technology	Ordinary shares	100.0%
Ocado Intelligent Automation Limited†	United Kingdom[3]	Business services	Ordinary shares	100.0%
Ocado Operating Limited	United Kingdom[3]	Logistics and distribution	Ordinary shares	100.0%
Ocado Polska Sp. z o.o.	Poland[9]	Technology	Ordinary shares	100.0%
Ocado Retail Limited	United Kingdom[10]	Retail	Ordinary shares	50.0%
Ocado Solutions Australia Pty Limited	Australia[11]	Business services	Ordinary shares	100.0%
Ocado Solutions Canada Inc.	Canada[12]	Business services	Ordinary shares	100.0%
Ocado Solutions France SAS	France[13]	Business services	Ordinary shares	100.0%
Ocado Solutions Japan K.K.	Japan[14]	Business services	Ordinary shares	100.0%
Ocado Solutions Korea Limited	South Korea[15]	Business services	Ordinary shares	100.0%
Ocado Solutions Limited†	United Kingdom[3]	Business services	Ordinary shares	100.0%
Ocado Solutions Polska sp z.o.o.	Poland[16]	Business services	Ordinary shares	100.0%
Ocado Solutions Spain, S.L.	Spain[17]	Business services	Ordinary shares	100.0%
Ocado Solutions Sweden AB	Sweden[18]	Business services	Ordinary shares	100.0%
Ocado Solutions (US) ProCo LLC	United States of America[2]	Business services	Ordinary shares	100.0%
Ocado Solutions USA, Inc.	United States of America[2]	Business services	Ordinary shares	100.0%

Name	Country of incorporation	Principal activity	Share class	% of share capital held
Ocado Spain, S.L.U.	Spain[17]	Technology	Ordinary shares	100.0%
Ocado Sweden AB	Sweden[19]	Technology	Ordinary shares	100.0%
Ocado US Holdings, Inc.†	United States of America[2]	Holding company	Ordinary shares	100.0%
Ocado Ventures Holdings Limited†	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (80 Acres) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (Inkbit) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (JFC) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (Karakuri) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (Myrmex) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (Oxbotica) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Ocado Ventures (Wayve) Limited	United Kingdom[3]	Holding company	Ordinary shares	100.0%
Oxford US LLC	United States of America[2]	Non-trading company	Ordinary shares	100.0%
Paneltex Limited	United Kingdom[20]	Manufacturing	Ordinary shares	25.0%
6 River Systems LLC	United States of America[2]	Technology	Ordinary shares	100.0%
6 River Systems Ltd,	United Kingdom[3]	Non-trading company	Ordinary shares	100.0%
6 River Systems GmbH	Germany[1]	Non-trading company (in liquidation)	Ordinary shares	100.0%

† Interest held directly by Ocado Group plc.

The registered offices of the above companies are as follows:
1. c/o TMF Deutschland AG, Wiesenhuttenstr. 11, 60329 Frankfurt am Main, Germany
2. 251 Little Falls Drive, New Castle, Wilmington, DE, 19808, United States of America
3. Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, United Kingdom, AL10 9UL
4. Old Forge Place, Lydney, United Kingdom, GL15 5SA
5. RSM Restructuring Advisory LLP, 25 Farringdon Street, London, United Kingdom, EC4A 4AB
6. Suite 1700, Park Place, 666 Burrard Street, Vancouver BC, V6C 2X8, Canada
7. 1 cours Antoine Guichard, 42000 Saint-Etienne, France
8. 7th Floor, 13 Henrik Ibsen Street, Lozenets District, Sofia 1407, Bulgaria
9. High5ive Building, Pawia 21st, 31-154, Kraków, Poland
10. Apollo Court 2 Bishop Square, Hatfield Business Park, Hatfield, Hertfordshire, United Kingdom, AL10 9EX
11. Level 17, 570 Bourke Street, Melbourne, VIC 3000, Australia
12. Suite 1300, 1969 Upper Water Street, McInnes Cooper Tower-Purdy Wharf, Halifax, NS B3J 3R7, Canada
13. 3-5 Rue Saint-Georges, 75009 Paris, France
14. Hibiya Fort Tower 10F, 1-1-1 Nishi Shinbashi, Minato-Ku, Tokyo, Japan
15. 5th Floor, 97 Jungdae-ro, Songpa-gu, Seoul (Garak-dong, Hyowon Building), South Korea
16. ul. Gryzbowska 2 Lok 29, 00-131, Warsaw, Poland
17. calle Badajoz 112, 08018, Barcelona, Spain
18. Mätarvägen 30, 196 37 Kungsängen, Sweden
19. Mälarvarvsbacken 8, 117 33, Stockholm, Sweden
20. Paneltex House, Somerden Road, Hull, United Kingdom, HU9 5PE

The Group has effective control over the financial and operating activities of the Ocado Cell in Atlas Insurance PCC Limited, an insurance company incorporated in Malta and, therefore, consolidates the Ocado Cell in its Financial Statements.

Notes to the consolidated financial statements continued

5.2 Non-controlling interests

Accounting policies

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests

The proportion of equity interest held by non-controlling interests is provided below:

Name	Country of incorporation[1]	1 December 2024 %	3 December 2023 %
Ocado Retail Limited ("Ocado Retail")	United Kingdom	**50.0%**	50.0%
Jones Food Company Limited ("Jones Food Company")	United Kingdom	**45.4%**	45.4%

1. The entity's place of business is the same as its country of incorporation.

In April 2023, the Group exercised the warrants in Jones Food Company to acquire 2.3 million shares for £3.7m bringing the Group's shareholdings in Jones Food Company to 54.6%, which is reflected as the £0.2m movement between retained earnings and non-controlling interests within the Consolidated Statement of Changes in Equity during the prior period.

The table below provides summarised financial information of Ocado Retail and Jones Food Company. The information disclosed reconciles the amounts presented in the financial statements of the relevant companies (adjusted for differences in fair values on acquisition) with the non-controlling interests' share of those amounts.

	52 weeks ended 1 December 2024		
	Ocado Retail £m	Jones Food Company £m	Total £m
Non-current assets	500.8	24.0	524.8
Current assets	266.9	1.4	268.3
Current liabilities	(306.0)	(1.1)	(307.1)
Non-current liabilities	(495.0)	(19.5)	(514.5)
Net assets at end of period	(33.3)	4.8	(28.5)
Non-controlling interests at end of period	(16.7)	2.2	(14.5)
Revenue	2,685.8	1.4	2,687.2
Loss and total comprehensive expense for period[1]	(64.4)	(13.0)	(77.4)
Share of total comprehensive expense attributable to non-controlling interests	(32.2)	(5.9)	(38.1)
Net increase/(decrease) in cash and cash equivalents	(37.0)	0.1	(36.9)

1. The £(64.4)m loss reported for Ocado Retail differs from the amount shown in Note 2.9 for Discontinued Operations due to the inclusion of inter-segment eliminations and IFRS 5 adjustments within the amounts disclosed as Discontinued Operations.

No dividends were paid to non-controlling interests during the current or prior period.

5.3 Commitments

Capital commitments

Contracts placed for future capital expenditure but not provided for in the Consolidated Financial Statements are as follows:

	1 December 2024 £m	3 December 2023 £m
Land and buildings	**–**	0.1
Property, plant and equipment	**179.3**	104.9
Capital commitments	**179.3**	105.0

Of the total capital expenditure committed at the end of the period, £158.4m relates to new CFCs (FY23: £66.5m), £0.7m to existing CFCs (FY23: £2.3m), £nil to fleet costs (FY23: £nil) and £19.5m to technology projects (FY23: £34.7m).

5.4 Related party transactions

Key management personnel

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

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Salaries and other short-term employee benefits	**3.8**	5.9
Post-employment benefits	**0.1**	0.2
Share-based payments	**3.2**	4.9
Aggregate emoluments	**7.1**	11.0

Further information on the remuneration of Directors and Directors' interests in ordinary shares of the Company is disclosed in the Directors' Remuneration Report on pages 124-147.

Related party transactions with key management personnel made during the period amount to £nil (FY23: £nil). All transactions were on an arm's length basis. At the reporting date, no amounts were owed by key management personnel to the Group (FY23: £nil). 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 venture

MHE JVCo Limited

The following transactions were carried out with MHE JVCo:

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m
Dividend received from MHE JVCo	**2.8**	5.1
Reimbursement of supplier invoices paid on behalf of MHE JVCo	**1.4**	4.1
Lease liability additions of assets from MHE JVCo	**1.2**	11.4
Capital element of lease liability instalments paid to MHE JVCo	**5.6**	12.0
Capital element of lease liability instalments due to MHE JVCo	**0.2**	0.5
Interest element of lease liability instalments accrued or paid to MHE JVCo	**1.0**	0.5

During the period, the Group incurred lease instalments (including interest) of £6.8m (FY23: £13.0m) to MHE JVCo. Of the lease instalments incurred, £3.4m was recovered directly from Wm Morrison Supermarkets Limited in the form of other income (FY23: £6.8m).

Included within trade and other receivables is a balance of £0.8m due from MHE JVCo (FY23: £0.7m), which primarily relates to capital recharges.

Included within trade and other payables is a balance of £0.3m due to MHE JVCo (FY23: £0.7m).

Included within lease liabilities is a balance of £12.4m due to MHE JVCo (FY23: £16.5m).

No other transactions that require disclosure under IAS 24 "Related Party Disclosures" have occurred during the period.

5.5 Post-Balance Sheet events

There have been no post balance sheet events requiring disclosure in these Consolidated Financial Statements.

Company Balance Sheet
as at 1 December 2024

	Notes	1 December 2024 £m	3 December 2023 £m
Non-current assets			
Investments	3.1	**790.0**	885.9
Amounts due from subsidiaries	3.2	**3,127.4**	3,251.6
		3,917.4	4,137.5
Current assets			
Other receivables		**4.0**	2.9
Cash and cash equivalents	3.3	**0.4**	1.9
		4.4	4.8
Total assets		**3,921.8**	4,142.3
Current liabilities			
Trade and other payables	3.4	**(24.9)**	(277.1)
Provisions	3.5	**(0.8)**	(0.8)
		(25.7)	(277.9)
Net current liabilities		**(21.3)**	(273.1)
Non-current liabilities			
Provisions	3.5	**(1.0)**	(1.5)
Borrowings	4.1	**(1,381.9)**	(1,366.2)
		(1,382.9)	(1,367.7)
Net assets		**2,513.2**	2,496.7
Equity			
Share capital	4.2	**16.7**	16.6
Share premium	4.2	**1,947.5**	1,942.9
Merger reserve		**6.2**	6.2
Convertible bonds reserve		**204.4**	184.5
Retained earnings		**338.4**	346.5
Total equity		**2,513.2**	2,496.7

The Company's loss for the period was £45.3m (FY23: £63.4m).

The notes on pages 234-238 form part of these financial statements.

The Company Financial Statements on pages 232-238 were authorised for issue by the Board of Directors and signed on its behalf by:

Tim Steiner
Chief Executive Officer

Stephen Daintith
Chief Financial Officer

Ocado Group plc

Company number: 07098618 (England and Wales)

27 February 2025

Company Statement of Changes in Equity

for the 52 weeks ended 1 December 2024

	Notes	Share capital £m	Share premium £m	Merger reserve £m	Convertible bonds reserve £m	Retained earnings £m	Total £m
Balance at 27 November 2022		16.5	1,939.3	6.2	184.5	376.6	2,523.1
Loss for the period		–	–	–	–	(63.4)	(63.4)
Total comprehensive expense for the period		–	–	–	–	(63.4)	(63.4)
Transactions with owners							
Issue of ordinary shares	4.2	0.1	2.1	–	–	–	2.2
Allotted in respect of share option schemes	4.2	–	1.5	–	–	–	1.5
Share-based payments charge	2.2	–	–	–	–	33.3	33.3
Total transactions with owners		0.1	3.6	–	–	33.3	37.0
Balance at 3 December 2023		16.6	1,942.9	6.2	184.5	346.5	2,496.7
Loss for the period						**(45.3)**	**(45.3)**
Total comprehensive expense for the period		**–**	**–**	**–**	**–**	**(45.3)**	**(45.3)**
Transactions with owners							
Issue of ordinary shares	4.2	**0.1**	**1.7**	**–**	**–**	**–**	**1.8**
Allotted in respect of share option schemes	4.2	**–**	**2.9**	**–**	**–**	**–**	**2.9**
Share-based payments charge	2.2	**–**	**–**	**–**	**–**	**37.2**	**37.2**
Partial redemption of convertible bonds	4.1	**–**	**–**	**–**	**(17.7)**	**–**	**(17.7)**
Issue of convertible bonds	4.1	**–**	**–**	**–**	**37.6**	**–**	**37.6**
Total transactions with owners		**0.1**	**4.6**	**–**	**19.9**	**37.2**	**61.8**
Balance at 1 December 2024		**16.7**	**1,947.5**	**6.2**	**204.4**	**338.4**	**2,513.2**

The notes on pages 234-238 form part of these Financial Statements.

Notes to the Company financial statements

for the 52 weeks ended 1 December 2024

Section 1 – Basis of preparation

1.1 General information

Ocado Group plc ("Company") is incorporated in England and Wales. 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 period represents the 52 weeks ended 1 December 2024. The prior financial period represents the 53 weeks ended 3 December 2023.

1.2 Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 "Application of Financial Reporting Requirements" issued by the Financial Reporting Council ("FRC"). Accordingly, these Financial Statements are prepared in accordance with FRS 101 and the Companies Act 2006 (the "Act") for all periods presented.

The Financial Statements are presented in pounds sterling, rounded to the nearest hundred thousand unless otherwise stated. They have been prepared under the historical cost convention, except for certain financial instruments and share-based payments that have been measured at fair value.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, impairment of assets, share-based payments and related party transactions. The Company has also taken advantage of the exemption in relation to disclosure of the possible impact of the application of a new IFRS that has been issued but is not yet effective. Where required, equivalent disclosures are given in the Consolidated Financial Statements of the Group.

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements of the Company. Further details of the Group's considerations are provided in the Group Viability Statement and Going Concern Statement on page 88.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone.

New standards, amendments and interpretations adopted by the Company

The Company has considered the following new standards, interpretations and amendments to published standards that are effective for the Company for the period beginning 4 December 2023, and concluded either that they are not relevant to the Company or that they would not have a significant effect on the Company's Financial Statements other than on disclosures:

		Effective date
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1	Disclosure of Accounting Policies (amendments)	1 January 2023
IAS 8	Disclosure of Accounting Estimates (amendments)	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)	1 January 2023
IAS 12	Income taxes – International Tax Reform – Pillar Two Model Rules (amendments)	1 January 2023

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

The following new standards, interpretations and amendments to published standards and interpretations that are relevant to the Company have been issued but are not effective for the period beginning 4 December 2023, and have not been adopted early:

		Effective date
IAS 1	Non-current Liabilities with Covenants	01 January 2024
IAS 7	Statement of Cash Flows (amendments)	01 January 2027
IFRS 7	Amendments regarding classification of financial instruments	01 January 2026
IFRS 18	Presentation and Disclosure in Financial Statement	01 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures (amendments)	01 January 2027
IAS 28	Investments in Associates and Join Ventures (amendments)	Deferred
IFRS 10	Consolidated Financial Statements (amendments)	Deferred

Accounting policies

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, where items are remeasured, at the dates of the remeasurements. Foreign exchange gains or losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Income tax

Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, calculated using tax rates enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Share-based payments

The issuance by the Company to its subsidiaries of a grant over the Company's shares, represents additional capital contributions by the Company in its subsidiaries. An additional investment in subsidiaries results in a corresponding increase in shareholders' equity. The additional capital contribution is based on the fair value of the grant issued, allocated over the underlying grant's vesting period.

1.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are evaluated regularly, and represent management's best estimates based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, events or actions may mean that actual results ultimately differ from those estimates, and the differences may be material.

Critical accounting judgements

Critical accounting judgements are those that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

There are no critical accounting judgements noted for the period.

Key estimation uncertainties

Key areas of estimation uncertainty are the key assumptions concerning the future and other data points at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period.

Amounts due from subsidiaries

The Company uses estimates of future cash flows in assessing whether amounts due from subsidiaries are impaired. The Company performed an impairment review as at the reporting date and recognised a provision for expected credit losses of £15.0m (FY23: £10.0m), the £10.0m ECL provision from prior period remains as at the reporting date. A decrease in estimate of future cash inflows could lead to a material reduction in carrying value within the next 12 months.

Section 2 – Results for the period

2.1 Operating results

During the period, the Company obtained audit services from its auditor, Deloitte LLP, amounting to £0.1m (FY23: £0.1m).

2.2 Employee information

The Company does not incur direct staff costs as the Group's employees are employed by its subsidiaries.

For information on share-based payments, refer to Note 4.7 of the Consolidated Financial Statements.

Notes to the Company financial statements continued

Section 3 – Assets and liabilities

3.1 Investments

Accounting policies

Investments in subsidiaries are carried at cost, less any impairment in value. Where the recoverable amount of an investment is less than its carrying amount, impairment is recognised. Impairment reviews are undertaken whenever there is an indication of impairment, and at least once a year.

	1 December 2024 £m	3 December 2023 £m
Opening investments	**885.9**	850.5
Impairment	**(133.4)**	–
Contributions to subsidiaries in respect of share-based payments	**37.5**	35.4
Closing investments	**790.0**	885.9

During the period, the Company recognised a total impairment loss of £133.4m on its investment in Haddington Dynamics Inc (£13.8m) Ocado Finco 1 Limited (£86.3m) and Ocado Finco 2 Limited (£33.3m). Each of the investments has been written down to £nil.

A list of subsidiaries held by the Company is disclosed in Note 5.1 to the Consolidated Financial Statements.

Share-based payments relating to awards to employees are recognised as a capital contribution in the Company with the relating expense recognised within the relevant subsidiary, in accordance with IFRS 2 "Share-based Payment". For details of the share-based payments that have increased the Company's investments, see Note 4.7 to the Consolidated Financial Statements.

3.2 Amounts due from subsidiaries

Accounting policies

Amounts due from subsidiaries are stated at amortised cost less provision for expected credit losses. These balances are considered low credit risk and therefore, the Company measures the provision at an amount equal to 12-month expected credit losses.

	1 December 2024 £m	3 December 2023 £m
Amounts due from subsidiaries, net of expected credit losses	**3,127.4**	3,251.6

During the period, the Company recognised expected credit losses of £15.0m (FY23: £10.0m), resulting in a total ECL provision of £25.0m as at the reporting date.

The amounts due from subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Whilst the amount is repayable on demand, no expectation exists that the balance will be recovered within 12 months of the period end date and as such has been classified as non-current.

3.3 Cash and cash equivalents

Accounting policies

Cash and cash equivalents comprise cash at bank and in hand and are classified as current assets on the Balance Sheet. The carrying amount of these assets approximates to their fair value.

	1 December 2024 £m	3 December 2023 £m
Cash at bank and in hand	**0.4**	1.9
Cash and cash equivalents	**0.4**	1.9

3.4 Trade and other payables

Accounting policies

Trade and other payables are initially recognised at their transaction price, which is deemed to equal their fair value, and subsequently at amortised cost, using the effective interest method.

	1 December 2024 £m	3 December 2023 £m
Amounts due to subsidiaries	**18.2**	272.7
Accruals and other payables	**6.7**	4.4
Trade and other payables	**24.9**	277.1

Amounts due to subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand. As such, these balances have been recorded as current.

3.5 Provisions

Accounting policies

Employee incentive schemes

Provisions for employee incentive schemes relate to employer social security contributions on taxable equity-settled schemes. For all unapproved schemes, the Company is liable to pay employer social security contributions upon exercise of the share awards.

Taxable schemes are the unapproved Executive Share Option Scheme ("ESOS"), the Ocado Group Value Creation Plan ("VCP"), the Long-Term Operating Plan, the Annual Incentive Plan ("AIP") and the Restricted Share Plan ("RSP"). For more details on these schemes, refer to Note 4.7 of the Consolidated Financial Statements.

	Employee incentive schemes £m
Balance at 27 November 2022	1.3
Additional provision	2.0
Unused amounts reversed	–
Used during period	(1.0)
Balance at 3 December 2023	2.3
Additional provision	**0.9**
Unused amounts reversed	**(0.6)**
Used during period	**(0.8)**
Balance at 1 December 2024	**1.8**

Provisions for employee incentive schemes as at 1 December 2024 can be analysed as follows:

	1 December 2024 £m
Current	**0.8**
Non-current	**1.0**
	1.8

	3 December 2023 £m
Current	0.8
Non-current	1.5
	2.3

Employee incentive schemes

During the period, an additional provision of £0.9m (FY23: £2.0m) has been recognised primarily in relation to employer's NIC on taxable equity-settled schemes and £0.8m (FY23: £1.0m) has been utilised primarily as a result of exercises of taxable equity-settled share awards.

The provision will be utilised once the share awards under each of the schemes have vested and been allotted to participants on exercise. Vesting will occur between 2025 and 2029, and allotment will take place between 2025 and 2034. For further details, refer to Note 4.7 of the Consolidated Financial Statements.

Section 4 – Capital structure and financing costs

4.1 Borrowings

				Carrying amount	
Facility	Inception	Coupon rate	Maturity	**1 December 2024 £m**	3 December 2023 £m
£600m senior unsecured convertible bonds	December 2019	0.875%	December 2025	**167.2**	560.2
£350m senior unsecured convertible bonds	June 2020	0.750%	January 2027	**320.8**	307.8
£500m senior unsecured notes	October 2021	3.875%	October 2026	**223.6**	498.2
£250m senior unsecured convertible bonds	August 2024	6.250%	August 2029	**215.1**	–
£450m senior unsecured notes	August 2024	10.500%	August 2029	**455.2**	–
Borrowings				**1,381.9**	1,366.2
Disclosed as:					
Non-current				**1,381.9**	1,366.2

Please refer to Note 4.1 of the Consolidated Financial Statements for details.

4.2 Share capital and premium

Accounting policies

Refer to Note 4.6 of the Consolidated Financial Statements. 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 27 November 2022	825.9	16.5	1,939.3
Issue of ordinary shares	2.1	0.1	2.1
Allotted in respect of share option schemes	0.4	–	1.5
Balance at 3 December 2023	828.4	16.6	1,942.9
Issue of ordinary shares	**4.0**	**0.1**	**1.7**
Allotted in respect of share option schemes	**0.9**	**–**	**2.9**
Balance at 1 December 2024	**833.3**	**16.7**	**1,947.5**

4.3 Capital management

The Board's objectives and policies for the Company are consistent with those of the Group. Full details are provided in Note 4.8 to the Consolidated Financial Statements.

Section 5 – Other notes

5.1 Post-Balance Sheet events

There have been no post balance sheet events requiring disclosure in these Financial Statements.

Alternative Performance Measures

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

- Adjusting items;
- Adjusted EBITDA;
- Adjusted EBITDA margin;
- Adjusted EPS;
- Gross debt and external gross debt;
- Net debt;
- Technology Solutions fees invoiced;
- Total Group;
- Underlying cash flow; and
- 52-week income statement

Definitions of these APMs, together with reconciliations of these APMs with the nearest measures prepared in accordance with IFRS are presented below. The APMs used may not be directly comparable with similarly titled measures used by other companies.

Adjusting items

The Consolidated Income Statement separately identifies trading results before adjusting items. Adjusting items are items that are considered to be significant due to their size/nature, not in the normal course of business or are consistent with items that were treated as adjusting in the prior periods or that may span multiple financial periods. They have been classified separately in order to draw them to the attention of the readers of the Financial Statements, and facilitate comparison with prior periods to assess trends in the financial performance more readily.

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.

The Group applies judgement in identifying items of income and expense that are recognised as adjusting to help provide an indication of the Group's underlying business. In determining whether an event or transaction is adjusting 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 adjusting include 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 adjusting items.

Adjusting items are disclosed in Note 2.5 to the Consolidated Financial Statements.

Adjusted EBITDA

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

The Group considers Adjusted EBITDA to be a useful measure of its operating performance because it approximates the underlying operating cash flow by eliminating depreciation and amortisation. Adjusted 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.

Alternative Performance Measures continued

Adjusted EBITDA reconciliation

	Notes	FY24 52 weeks Total Group £m	FY23 53 weeks Total Group £m	Exclude week 53 Total Group £m	APM FY23 52 week basis Total Group £m
Operating loss		**(357.2)**	(333.2)	(6.7)	(326.5)
Adjustments for:					
Adjusting items[1]	2.5	**50.2**	(17.8)	–	(17.8)
Amortisation of intangible assets	3.2	**147.3**	125.0	2.9	122.1
Impairment of intangible assets	3.2	**5.9**	0.2	–	0.2
Depreciation of property, plant and equipment	3.3	**215.8**	187.9	5.1	182.8
Impairment of property, plant and equipment	3.3	**36.8**	21.7	–	21.7
Depreciation of right-of-use assets	3.4	**53.5**	70.4	1.3	69.1
Impairment of right-of-use assets	3.4	**1.0**	–	–	–
Adjusted EBITDA		**153.3**	54.2	2.6	51.6

1. Adjusting items include impairment charges in respect of other intangible assets of £nil (FY23:£0.3m), property, plant and equipment of £1.6m (FY23: £19.5m) and right-of-use assets of £3.6m (FY23: £27.7m).

The financial performance of the Group's segments is measured based on Adjusted EBITDA, as reported internally. A reconciliation of the Adjusted EBITDA of the Group with the Adjusted EBITDA by segment is disclosed in Note 2.2 of the Consolidated Financial Statements.

Adjusted EBITDA margin
Adjusted EBITDA margin is calculated as the adjusted EBITDA divided by revenues.

Adjusted EPS
Adjusted EPS is calculated as profit after tax attributable to owners of the Group before adjusting items divided by the weighted average number of shares on issue for the relevant financial period. This measure is reported as it is one of the metrics contained within the Group's Performance Share Plan ("PSP"). A reconciliation of Adjusted EPS to basic EPS is set out in Note 2.8 to the Consolidated Financial Statements.

Gross debt and external gross debt
Gross debt is calculated as borrowings and lease liabilities as disclosed in Note 4.2 of the Consolidated Financial Statements. External gross debt is calculated as gross debt 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 is set out below:

	Notes	1 December 2024 £m	3 December 2023 £m
Gross debt	4.2	**1,971.7**	1,959.9
Lease liabilities payable to joint ventures	3.4	**(12.4)**	(16.5)
External gross debt		**1,959.3**	1,943.4

Net debt
Net debt is calculated as cash and cash equivalents of the Total Group, less gross debt.

Net debt 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 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 debt can be found in Note 4.2 to the Consolidated Financial Statements.

Technology Solutions fees invoiced
Technology Solutions fees invoiced is used as a key measure of performance of the Technology Solutions business as an alternative to revenue and represents design and capacity fees invoiced during the period for existing and future CFC and In-Store Fulfilment commitments.

Total Group

Total Group metrics present the results of the Group including discontinued operations and are presented in order to provide a comparison of current and historical performance on a consistent basis. A reconciliation of Total Group to the Consolidated Income Statement is provided below.

	FY24 52 weeks ended 1 December 2024			FY23 52 weeks ended 26 November 2023		
	Continuing operations £m	**Discontinued operations £m**	**Total Group £m**	Continuing operations £m	Discontinued operations £m	Total Group £m
Revenue	**1,214.5**	**1,941.4**	**3,155.9**	1,088.0	1,677.6	2,765.6
Operating costs	**(1,102.8)**	**(1,900.1)**	**(3,002.9)**	(1,041.6)	(1,671.5)	(2,713.1)
Share of results from joint ventures and associates	**0.3**	**–**	**0.3**	(0.9)	–	(0.9)
Adjusted EBITDA	**112.0**	**41.3**	**153.3**	45.5	6.1	51.6
Depreciation, amortisation and impairment	**(413.9)**	**(46.4)**	**(460.3)**	(338.5)	(57.4)	(395.9)
Finance income	**30.4**	**3.7**	**34.1**	39.2	0.8	40.0
Finance costs	**(98.6)**	**(17.8)**	**(116.4)**	(82.0)	(13.1)	(95.1)
Other finance gains and losses	**10.0**	**–**	**10.0**	(18.1)	–	(18.1)
Adjusted loss before tax	**(360.1)**	**(19.2)**	**(379.3)**	(353.9)	(63.6)	(417.5)
Adjusting items	**20.3**	**(15.5)**	**4.8**	83.9	(60.0)	23.9
Loss before tax	**(339.8)**	**(34.7)**	**(374.5)**	(270.0)	(123.6)	(393.6)
Tax (charge)/credit	**0.2**	**–**	**0.2**	16.9	(0.7)	16.2
Loss for the year	**(339.6)**	**(34.7)**	**(374.3)**	(253.1)	(124.3)	(377.4)

Underlying cash flow

Underlying cash flow is the movement in cash and cash equivalents excluding the impact of adjusting items, costs of financing, proceeds from the disposal of assets held for sale, cash received in respect of contingent consideration, acquisition of subsidiaries purchase of unlisted equity investments and foreign exchange movements. A reconciliation of the movement in cash and cash equivalents to underlying cash outflow is detailed within the Financial Review.

52-week income statement

In order to provide comparability with the current year results for the 52 weeks ended 1 December 2024 the Group has adjusted the prior year results for the 53 weeks ended 3 December 2023 to remove the results of week 53 and present results for an equivalent 52 week period to 26 November 2023. In determining the week 53 adjustment, revenue was based on the actual trading performance in that week, with operating costs allocated on a reasonable basis to reflect an estimate of costs for that week, unless a split was not deemed to sufficiently represent the actual costs incurred during week 53. A reconciliation for Total Group was provided in FY23 annual report and accounts.

Consolidated Income Statement

	Notes	**2023 as reported on a 53-week basis £m**	**Exclude week 53 £m**	**APM 2023 52-week basis £m**
Revenue	2.1	1,122.1	21.7	1,100.4
Insurance and legal settlement proceeds	2.5	180.4	-	180.4
Operating costs		(1,523.9)	(28.8)	(1,495.1)
Operating loss before results of joint ventures and associate		**(221.4)**	**(7.1)**	**(214.3)**
Share of results of joint ventures and associate		(0.9)	-	(0.9)
Operating loss		**(222.3)**	**(7.1)**	**(215.2)**
Finance income	2.6	46.0	0.7	45.3
Finance costs	2.6	(83.6)	(1.6)	(82.0)
Other finance gains and losses	2.6	(19.8)	(1.7)	(18.1)
Loss before tax from continuing operations		**(279.7)**	**(9.7)**	**(270.0)**
Income tax credit		16.9	-	16.9
Loss for the period from continuing operations		**(262.8)**	**(9.7)**	**(253.1)**
Loss after tax from discontinued operations		(124.2)	0.1	(124.3)
Loss for the period		**(387.0)**	**(9.6)**	**(377.4)**

Five-Year Summary

The table below set out the five year summary of key financial and non-financial data for the Group

	52 weeks ended 1 December 2024 £m	53 weeks ended 3 December 2023 £m	52 weeks ended 27 November 2022 £m	52 weeks ended 28 November 2021 £m	52 weeks ended 29 November 2020 £m
Financial data – Total GroupⒶ					
Revenue	**3,155.9**	2,825.0	2,516.8	2,498.8	2,331.8
Adjusted EBITDAⒶ	**153.3**	54.2	(74.1)	61.0	73.1
Loss before tax	**(374.5)**	(403.2)	(500.8)	(176.9)	(52.3)
Financial data – Continuing operations[1]					
Revenue	**1,214.5**	1,122.1	–	–	–
Adjusted EBITDAⒶ	**112.0**	46.4	–	–	–
Financial data – Discontinued operations[1]					
Revenue	**1,941.4**	1,702.9	–	–	–
Adjusted EBITDAⒶ	**41.3**	7.8	–	–	–
Non-financial data					
Scope 1 emissions (tCO_2e)[2]	**103,947**	93,293	96,386	94,912	87,038
Scope 2 emissions (market based) (tCO_2e)[2]	**850**	887	815	1,385	729
Total employees (#)[3]	**20,261**	18,869	19,744	19,347	18,618

1. Continuing operations represents Technology Solutions and Logistics. Discontinued operations represents the Retail business and related inter-segment eliminations.
2. Ocado Group has adopted the operational control approach to define our reporting boundary. Where Ocado Group does not have operational control over ORL's activities, emissions are excluded from our Scope 1 and 2 reporting.
3. Excludes ORL employees.

Non-financial basis of reporting

The following pages outline the scope, definitions, assumptions and methodology used to calculate various key non-financial metrics in this Annual Report. This includes our TCFD metrics (see page 74) and 2030 sustainability framework targets (see page 48).

Our non-financial reporting includes all Ocado Group and wholly-owned subsidiary activities. Unless specifically stated, ORL has been excluded from the below metrics.

We apply a 5% materiality threshold for restating key prior-year non-financial metrics. This year, we have restated our FY23 Scope 3 emissions for categories 3.1 (purchased goods and services) and 3.2 (capital goods). This restatement reflects a shift from UK-based ONS emission factors to country-specific EXIO-based factors, which provide greater accuracy and better align with our global footprint. Category 3.7 (employee commuting) has also been restated to include emissions related to remote working.

Metric	Calculation Methodology
GHG emissions (Scope 1, 2, and 3)	Our GHG emissions have been calculated in line with the GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition), developed by the World Resources Institute/World Business Council for Sustainable Development. Ocado has selected the operational control approach to define our reporting boundary, meaning that GHG emissions relating to ORL controlled activities are excluded from the Group footprint. Refer to the Ocado Group "Basis of Reporting" document on our website at https://www.ocadogroup.com/sustainability/policies-and-disclosures for more information relating to the methodologies, inclusions and exclusions.
Zero waste to landfill **MHE recycled at end-of-life**	We use an operational control approach to calculate both the percentage of waste sent to landfill and the percentage of end-of-life Material Handling Equipment ("MHE") recycled by weight. This includes waste and decommissioned MHE generated across all Ocado-operated sites for the year, such as CFCs, spokes, Zooms, offices and other facilities where we have direct operational control. Waste and recycling data is primarily sourced from actual waste disposal invoices provided by waste management contractors throughout the year. Where direct data is unavailable, waste is estimated using floor space or average waste per headcount. Data includes all known waste streams, categorised by disposal method (e.g. landfill, recycling, and anaerobic digestion). Total waste inclusive of all waste streams has been used as the denominator for our zero waste to landfill metric and total MHE waste has been used as the denominator for our MHE recycled at end-of-life metric.
ORL food waste per tonne of food sold	Food waste is measured as a percentage of total food handled for the year. Our food waste percentage is calculated as the total tonnes of food waste incurred divided by the sum of total tonnes of food product sold, total tonnes of food redistributed, and total tonnes of food waste incurred. We define food waste as inedible or unsold edible food not redistributed, disposed of via anaerobic digestion ("AD") or incineration. Food waste disposed of through incineration includes an estimated adjustment to account for non-food contamination within food waste bins. Food product sales are the total tonnage of food products sold, excluding packaging weight. Food redistribution is edible surplus food that cannot be sold as intended but is redistributed internally (canteens) or externally (Company Shop, charities).
Ocado Code training completion	The Ocado Code training completion rate covers all salaried employees from Technology Solutions and Ocado Logistics. It is calculated as the proportion of employees who have completed the training out of those required to do so and is based on data from Ocado's learning management system. Employees on long-term leave or who have left before the training deadline are excluded. New joiners are only included if their required completion date falls within the reporting period. We have disclosed the training completion percentage as at 1 December 2024.
% of Tier 1 suppliers with EcoVadis Bronze medal or higher	We calculate the percentage of Tier 1 supplier spend associated with an EcoVadis Bronze medal or higher by dividing the total spend on these suppliers by the total spend within our Technology Operations supply chain, which is predominantly related to spend on grids, bots, totes, peripherals, and installations. Tier 1 suppliers are defined as those that Ocado has a direct contractual relationship with and who provide goods and/or services essential to our operations. Supplier sustainability ratings are sourced directly from EcoVadis, while spend data is obtained from Ocado's procurement and finance systems. A supplier qualifies if it holds a valid EcoVadis Bronze, Silver, Gold or Platinum medal during the reporting period. If a supplier's rating expires or is pending renewal, its last known rating within the period is used. Spend incurred during FY24 has been used for calculation purposes.
% of high-risk suppliers with social audit and no critical non-conformances	We calculate the percentage of high-risk supplier spend associated with suppliers that have undergone a valid social audit and reported no critical non-conformances by dividing the total spend on these suppliers by the total spend on all high-risk suppliers within the reporting period. High-risk suppliers are identified though Ocado's internal risk assessment criteria with audit data sourced from recognised international standards nominated by Ocado. These standards are either SMETA, BSCI, SA8000 or RBA audits. A supplier qualifies if they have completed a valid social audit and have no critical non-conformances. The metric is reported as at the end of the reporting period and is subject to data availability, supplier participation and audit validity. Spend incurred during FY24 has been used for calculation purposes.

Non-financial basis of reporting continued

Senior manager ethnicity and gender diversity	The diversity data set includes all full-time and part-time employees on permanent or fixed-term contracts across the UK and international locations. This includes employees on long-term leave and is based on the headcount for Technology Solutions and Ocado Logistics. Employees are included regardless of tenure. Diversity information is self-reported at the start of employment via Ocado's HR management system. Employees have the option to not declare or not consent to data being used for DE&I reporting. This classification can be updated at any time. "Prefer Not to Say" and undeclared figures are excluded from our reporting calculations. Senior management is defined as the first level of management directly reporting to the CEO and these managers' immediate direct reports excluding admin support roles. Excluded from the data are agency workers, consultants and third-party staff not directly employed by Ocado. Diversity metrics have been disclosed as at 1 December 2024.
Employee Net Promoter Score ("eNPS")	We measure eNPS using Peakon, our employee listening tool. eNPS is calculated based on responses to standardised questions with feedback captured from employees across Technology Solutions and Ocado Logistics. We have disclosed eNPS scores as at 1 December 2024.
Material disruptions due to extreme weather events	We define a material disruption as an event that results in financial consequences above £250,000 and significant enough to trigger an insurance claim during the financial year. These events include damage and disruptions. Equipment, such as MHE, and the loss of fees due to disruptions at partner sites are also included in this definition. The scope for this metric is all spokes, Zooms, offices, Customer Fulfilment Centres ("CFCs") and sites that Ocado has operational control over and is responsible for insuring.
CFC Electricity consumption (kWh/ 100 eaches)	This is calculated using the total electricity consumption (kWh) for UK CFCs (i.e. excluding spoke and Zoom sites). Electricity consumption is divided by the total number of eaches (a single product item) the UK CFCs have picked for Ocado Retail and Morrisons during the financial year.
% of van fleet utilising zero emissions technology	Our Zero-Emission Vehicle ("ZEV") fleet percentage is based on the fleet of Ocado Retail Limited and Morrisons vans we operate. It is calculated by dividing the total number of ZEVs operated by the total number of Ocado Retail Limited and Morrisons vans we operate. We have disclosed the ZEV fleet percentage as at 1 December 2024.
% of spend with suppliers that have emission reduction targets	Total supplier spend is comprised of supplier spend within our Technology Operations supply chain, which is predominantly related to spend on grids, bots, totes, peripherals, and installations. This ensures focus has been placed on the procurement, installation and provision of our MHE and OSP. Suppliers with emission reduction targets are considered those that have set emission reduction targets (internal or public) to achieve net zero or to reduce Scope 1, 2, or 3 emissions. We have disclosed the % of spend with suppliers that have emission reduction targets as at 1 December 2024.
Cost of carbon taxation on raw material	Cost of carbon taxation includes all carbon taxes that have been levied on Ocado Group during the financial year. We define carbon taxes as any tax that has been based on the amount of Greenhouse Gases ("GHGs") emitted to produce goods or on the carbon content of goods.

Scope and assumptions of climate-related financial impact analysis

The following assumptions have been used when calculating the financial impacts that climate-related risks and opportunities may have on our business as disclosed on pages 70-72.

Extreme weather

- Spoke and Zoom sites are not included in this analysis.
- Assumptions specific to the analysis performed on each hazard type were built into the modelling, e.g. mitigation from governmental flood defences in certain geographies.
- Estimates of physical asset and site contents value were based on insured values, with proxy values allocated for sites which are not yet live.
- Estimates of site specific revenue were based on the number of modules live or expected at "go live date" at an assumed standard revenue per module.
- Additional assumptions specific to the analysis performed on each hazard type were built into the financial modelling e.g. the damage to buildings caused by extreme events.
- The analysis does not take account of site specific mitigating actions when assessing the baseline financial impact of the risks.
- Potential financial impact analysis was performed to the nearest million (£).

Energy Usage

- We modelled the impact on CFC electricity costs of changing electricity usage and prices under different scenarios.
- Data from Network for Greening the Financial System ("NGFS") (GCAM5.3) and Ocado Group electricity consumption and cost data were used for our modelling.
- We have modelled the change in energy price and consumption for our UK CFCs utilising our FY22 data as a baseline. This baseline already includes an increase in energy prices following the energy crisis in 2021-2022. The baseline spend data used includes all electricity consumption (e.g. freezers, chillers, MHE, lighting) and we have not apportioned this figure before performing our analysis.
- Scope of modelling included UK CFCs only, and not spoke or Zoom sites.
- We assumed no additional mitigations are put in place (e.g. energy efficiency initiatives).
- We have not modelled any change in energy consumption due to growth in our operations.
- Potential financial impact analysis was performed to the nearest million (£).

Independent Limited Assurance Report

ERMCVS

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Ocado Central Services Ltd ("Ocado") to provide limited assurance in relation to the Selected Information set out below and presented in the Ocado Annual Report and Accounts 2024 (the "Report").

Engagement summary

Scope of our assurance engagement	Whether the following Selected Information for FY24, as indicated by a △ symbol is fairly presented in the Report, in all material respects, in accordance with the reporting criteria. Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Selected Information	• Total Scope 1 GHG Emissions [Metric tonnes CO_2e] • Total Scope 2 GHG Emissions (location-based) [Metric tonnes CO_2e] • Total Scope 2 GHG Emissions (market-based) [Metric tonnes CO_2e] • Total Scope 1 + Total Scope 2 (location-based) GHG Emissions Intensity [Metric tonnes CO_2e per 100,000 orders] • Total Scope 1 + Total Scope 2 (market-based) GHG Emissions Intensity [Metric tonnes CO_2e per 100,000 orders] • Percentage of Females – Senior Management [%] • Percentage of Ethnic Diversity – Senior Management [%] • Percentage of Females – Board [%] • Percentage of Ethnic Diversity – Board [%]
Reporting period	FY24 (52-week year: 4th December 2023 to 1st December 2024)
Reporting criteria	• Ocado's Basis of Reporting (available at: https://www.ocadogroup.com/sustainability/policies-and-disclosures) • The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and 2 GHG emissions • The GHG Protocol Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and in accordance with ISAE 3410 for Greenhouse Gas data issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Ocado is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information. ERM CVS' responsibility is to provide a conclusion to Ocado on the agreed assurance scope based on our engagement terms with Ocado, the assurance activities performed and exercising our professional judgement.

Independent Limited Assurance Report continued

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the Selected Information for FY24 is not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Selected Information;
- Interviewing management representatives responsible for managing the Selected Information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the Selected Information;
- Reviewing of a sample of qualitative and quantitative evidence supporting the Selected Information at a corporate level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated FY24 group data for the Selected Information which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting visit to Ocado facility in Dordon, UK to further understand site operations and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the assurance scope in the Report to ensure consistency with our findings.

ERMCVS

27 February 2025
London, United Kingdom

ERM Certification and Verification Services Limited

www.ermcvs.com

post@ermcvs.com

The limitations of our engagement

The reliability of the Selected Information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Ocado in any respect.

Glossary

2024 Directors' Remuneration Policy or 2024 Policy – the Directors' Remuneration Policy which was approved by shareholders at the 2024 Annual General Meeting.

Active customer – a customer who has shopped with Ocado Retail Limited at Ocado.com within the previous 12 weeks.

Adjusting items – items considered significant due to their size/nature, not in the normal course of business or are consistent with items treated as adjusting in the prior periods or that may span multiple financial periods. These have been classified separately to draw them to the attention of the reader of the financial statements.

AEON – AEON Co., Ltd., a company incorporated in Japan, whose registered office is at 1–5–1 Nakase, Mihama-ku, Chiba-shi, Chiba, 261–8515.

AGM – the Annual General Meeting of the Company, which will be held on 29 April 2025 at 10 am at Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL.

AI – Artificial Intelligence.

AIP – the Annual Incentive Plan for the Executive Directors and selected senior managers.

Alcampo – Alcampo S.A., a company incorporated in Spain under registered company number C.I.F. A-28581882 whose registered office is at Madrid, c/ Santiago Compostela Sur, s/n (Edificio de Oficinas la Vaguada) CP.28029 Madrid.

American Depositary Receipts – securities that have been created to permit United States investors to hold shares in non-United States companies and, in a Level 1 programme, to trade them on the over-the-counter market in the United States of America.

AMR – Autonomous Mobile Robot.

Articles – the Articles of Association of the Company.

ASRS – automated storage retrieval systems.

Auchan Poland – Auchan Polska Sp. z.o.o., a company incorporated in Poland, whose registered office is at ul. Puławska 46, 05-500 Piaseczno.

AutoStore – AutoStore Technology AS, a company incorporated in Norway, whose registered office is at Stokkastrandvegen 85, 5578, Nedre Vats, Rogaland, Norway.

Automated Frame Load or AFL – the part of the MHE that transfers delivery totes which have been filled with products ordered by a customer from the picking operation into delivery frames.

Average basket value – the average amount shoppers spend in one transaction.

Average live modules – the weighted average number of modules that were fully installed and available for use by our client partners during the period.

Average orders per week – the average number of orders per week processed within CFCs for Ocado Retail Limited.

Average selling price or ASP – product sales divided by total eaches.

Board – the Board of Directors of the Company or its subsidiaries from time to time as the context may require.

Bon Preu – Bon Preu SA, a company incorporated in Spain, whose registered office is at Carrer C, 17, 08040 Barcelona.

BRC – British Retail Consortium.

CAGR – Compound Annual Growth Rate.

CAP – Corrective Action Plan.

CBAM – Carbon Border Adjustment Mechanism.

Client – a client of Ocado Group that has purchased warehouse automation products and services offered to non-grocery customers.

CO_2e or tCO_2e – the amount of the different greenhouse gases, expressed in terms of the equivalent global warming potential as carbon dioxide (usually expressed as a weight in tonnes).

Code – the UK Corporate Governance Code published by the FRC in 2018, or the 2024 Code.

Coles – Coles Supermarkets Australia Pty Ltd, a company incorporated in Australia, whose registered office is at 800 Toorak Road, Hawthorn East, VIC 3123.

Companies Act – the Companies Act 2006.

Company – Ocado Group plc, a company incorporated in England and Wales with company number 07098618, whose registered office is at Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, United Kingdom, AL10 9UL.

Contribution – Technology Solutions revenue less Technology Solutions direct operating costs.

Contribution margin – Technology Solutions contribution divided by Technology Solutions revenue.

Corporate website – www.ocadogroup.com.

CSRD – the EU Corporate Sustainability Reporting Directive.

Customer Fulfilment Centre or CFC – a dedicated, highly automated warehouse used for the operation of the business.

DE&I – Diversity, Equity and Inclusion.

Deloitte – Deloitte LLP, the Group's statutory auditor and advisor in respect of non-audit services.

Direct operating costs (% of live sales capacity) – the direct costs of running our OSP CFC estate within Technology Solutions. Direct operating costs include engineering, cloud and other technology direct costs.

Directors – the Directors of the Company, whose names and biographies are set out on pages 92-95, or the Directors of the Company's subsidiaries from time to time as the context may require.

Disclosure Guidance and Transparency Rules or DTR – the disclosure guidance and transparency rules made under Part VI of the Financial Services and Markets Act 2000 (as amended).

DNED – the Designated Non-Executive Director for Workforce Engagement.

DMA – double materiality assessment.

DP8 – customer deliveries per standardised eight-hour shift.

Each – An "each" refers to a single unit of product.

EBT – Employee Benefit Trust.

EBT Trustee – the Trustee from time to time of the Employee Benefit Trust, currently Ocorian Limited.

eNPS – employee Net Promoter Score.

EPS – earnings per share.

ERM – enterprise risk management.

ESG – Environmental, Social, and Governance.

Glossary continued

ESRS – European Sustainability Reporting Standards.

ETI – the Ethical Trade Initiative.

Executive Directors – Tim Steiner and Stephen Daintith. Neill Abrams and Mark Richardson resigned from their positions as Executive Directors with effect from 2 February 2024.

FCA – Financial Conduct Authority.

Financial period – the 52-week period, or 53-week period where relevant, ending on the Sunday closest to 30 November.

Financial year or FY – see financial period.

FMCG – Fast-Moving Consumer Goods.

FRC – Financial Reporting Council.

GAAP – generally accepted accounting principles.

GDPR – General Data Protection Regulation.

Gross liquidity – cash and cash equivalents plus unused availability of revolving credit facility.

Group – Ocado Group plc, its subsidiaries, significant undertakings and affiliated companies under its control or common control.

Groupe Casino or Casino – Casino Guichard Perrachon SA, a company incorporated in France, whose registered office is at 24 Rue de la Montat, Saint-Etienne.

HACCP – Hazard Analysis & Critical Control Point.

HMRC – His Majesty's Revenue and Customs.

HSFE – means Health, Safety, Fire and Environment.

IAS – International Accounting Standards.

ICA – ICA Gruppen AB, a company incorporated in Sweden, whose registered office is at Svetsarvägen 16, Solna.

ICE – internal combustion engine.

IFRIC – International Financial Reporting Standards Interpretations Committee.

IFRS – International Financial Reporting Standards.

ILO – the International Labour organisation.

IROs – impacts, risks and opportunities.

ISA (UK & Ireland) – International Standard on Auditing in the United Kingdom and Ireland.

ISF – in-store fulfilment.

Jones Food Company or Jones Food or JFC – Jones Food Company Limited, a company incorporated in England and Wales with company number 10504047, whose registered office is at Old Forge Place, Lydney GL15 5SA.

KPI – key performance indicator.

Kroger – The Kroger Co., a company incorporated in the United States of America, whose registered office is at 1014 Vine Street, Cincinnati, Ohio.

LGV – large goods vehicle.

Listing Rules – the UK Listing Rules made by the FCA under Part VI of the Financial Services and Markets Act 2000 (as amended).

Lotte Shopping or Lotte – Lotte Shopping Co., Ltd, a company incorporated and registered in the Republic of Korea with registered number 5298500774 whose registered office is at Lotte World Tower, 26th floor, 300, Olympic Street, Songpagu, Seoul, Republic of Korea.

Marks & Spencer or M&S – Marks & Spencer Group plc, a company incorporated in England and Wales with company number 04256886, whose registered office is at Waterside House, 35 North Wharf Road, London, W2 1NW, or one of its subsidiaries.

McKesson or McKesson Canada – McKesson Canada Corporation, a company incorporated in Canada and whose registered office is at 4705 Dobrin Street, Montreal, Quebec, H4R 2P7.

MHE – material handling equipment.

MHE JVCo – MHE JVCo Limited, a company incorporated in England and Wales with company number 08576462, jointly owned by Ocado Holdings and Morrisons, whose registered office is at Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, United Kingdom, AL10 9UL.

Morrisons – Wm Morrison Supermarkets Limited, a company incorporated in England and Wales with company number 00353949, whose registered office is at Hilmore House, Gain Lane, Bradford, West Yorkshire, BD3 7DL.

Morrisons.com – Morrisons' online retail business.

MWh – megawatt-hour.

Net finance cost –finance costs less finance income. Finance costs are composed primarily of interest on borrowings and lease liabilities. Finance income is composed principally of bank interest.

Net zero – a target to completely negate greenhouse gases produced by an organisation, predominantly through the actual reduction of the emissions, but with a small amount covered by other methods such as offsetting.

Net zero roadmap or Net zero programme – the key programmes of work needed for the business to achieve net zero GHG emissions.

Non–Executive Directors – the Non–Executive Directors of the Company whose names and biographies are set out on pages 92-95.

Notice of Meeting – the Notice of the Company's AGM.

NOx – nitrous oxide.

NPS – net promoter score.

Number of modules live – modules that are fully installed and available for use by our partners.

Modules ordered – the maximum capacity of sites for which a contractual agreement has been signed with a partner and an invoice has been issued for the associated site fees.

Ocado.com – the Group's online retail business serviced from the Ocado.com website and excludes the Zoom by Ocado business.

OGRP – On-Grid Robotic Pick.

Ocado Re:Imagined or Re:Imagined – a series of innovations and changes to the technology powering our Ocado Smart Platform (OSP).

Ocado Retail Limited, Ocado Retail or ORL – Ocado Retail Limited, a joint venture between Ocado Holdings Limited and Marks and Spencer Holdings Limited, which is incorporated in England and Wales, and whose registered office is at Apollo Court, 2 Bishop Square, Hatfield Business Park, Hatfield, Hertfordshire, United Kingdom, AL10 9NE.

Ocado Smart Platform or OSP – the end-to-end solution for operating online in the grocery market, which has been developed by the Group.

OECD – the Organisation for Economic Co-operation and Development.

Operating costs – all costs incurred in the continuing operations of the group.

Panda – Panda Retail Company, a company incorporated in Saudi Arabia, whose registered office is at Ash Shati Dist, Taha Khusaifan Street, Jeddah.

Participants – eligible staff who participate in one of the Groups' employee share schemes.

Partner – a client of Ocado Group that has purchased the Ocado Smart Platform Solution or part of the OSP Solution to deliver their operations.

PM – particulate matter.

PSP – Performance Share Plan.

PwC – PricewaterhouseCoopers LLP, the Group's external advisor on remuneration.

QBRs – Quarterly Business Reviews.

RBA – the Responsible Business Alliance.

RCF – revolving credit facility.

RECs – renewable energy certificates.

REDI – Religious Equity, Diversity and Inclusion.

ROI – return on investment.

RSP – Restricted Share Plan.

SBTi – Science Based Targets initiative.

Senior unsecured notes or notes – the Company's offerings of £500m senior secured notes due 2026, and of £450m senior secured notes due 2029.

Senior unsecured convertible bonds or convertible bonds – the Company's offerings of £600m senior unsecured convertible bonds due 2025 at a coupon of 0.875% and an issue price of 100.0%, of £350m senior unsecured convertible bonds due 2027 at a coupon of 0.750% and an issue price of 100.0%, and of £250m senior unsecured convertible bonds due 2029 at a coupon of 6.500% and an issue price of 100%.

Shareholder – a holder of ordinary shares of the Company.

SID – Senior Independent Director.

SIP – Share Incentive Plan.

SPP – Employee Share Purchase Plan.

SKU – stock-keeping unit; that is, a line of stock.

SOC – System and Organisation Controls, as defined under the Association of International Certified Professional Accountants Trust Services Principles and Criteria.

Sobeys – Sobeys Inc., a wholly-owned subsidiary of Empire Company Limited incorporated in Canada, whose registered office is at 115 King Street, Stellarton, Nova Scotia.

Spoke – the trans-shipment sites used for the intermediate handling of customers' orders.

STEM – Science, Technology, Engineering and Maths.

Stem time – the time from when a driver leaves the CFC/spoke until the driver makes the first delivery.

Substitution – an alternative product provided in place of the original product ordered by a customer.

TCFD – the Task Force on Climate-related Financial Disclosures.

TSR – Total Shareholder Return, the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional units of the stock.

UNGP – the UN Guiding Principles on Business and Human Rights.

UPH – average units picked per labour hour.

USDAW – the Union of Shop, Distributive and Allied Workers.

VCP – Value Creation Plan.

Webshop – the customer-facing internet-based virtual shop accessible via the website www.ocado.com.

WRAP – the Waste & Resources Action Programme.

ZEVs – zero-emission vehicles.

Zoom by Ocado or Zoom – Zoom by Ocado, the Group's immediacy delivery offering.

Shareholder Information

Analysis of share register at 1 December 2024

By type of holder	Total no. of holdings	Percentage of holders	Total no. of shares	Percentage of issued share capital
Non-Corporate bodies	960	62.70	6,717,653	0.81
Institutions and others	571	37.30	826,581,640	99.19
By size of holding				
1 – 500	559	36.51	97,164	0.01
501 – 1,000	171	11.17	130,588	0.02
1,001 – 10,000	419	27.37	1,458,947	0.18
10,001 – 100,000	180	11.76	7,092,743	0.85
Over 100,000	202	13.19	824,519,851	98.94
Total	1531	100.00	833,299,293	100.00

The Company's Annual General Meeting 2025

The AGM will be held on 29 April 2025 at 11:00 am at the Company's registered office, Buildings 1 & 2, Trident Place, Hatfield, AL10 9UL. Further details can be found in the Notice of Meeting sent to shareholders, which is also available on our website: https://www.ocadogroup.com/investors/shareholder-information?year=2024.

Shareholder queries

Please contact our Registrar, Computershare, directly for all enquiries about your shareholding:

Online:	www.investorcentre.co.uk (you will need your shareholder reference number which can be found on your share certificate)
By telephone:	0370 707 1080. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 8.30 am to 5.30 pm GMT, Monday to Friday excluding public holidays in England and Wales.)
By post:	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, United Kingdom.

Electronic shareholder communication

We encourage our shareholders to opt for electronic communications t. This has a number of advantages for the Company and its shareholders. Increased use of electronic communications will reduce our impact on the environment. It also delivers savings to the Company in terms of administration, printing and postage costs, as well as increasing the speed of communication and provision of information in a convenient form.

If you would like to receive notifications by email, you can register for an account via the Investor Centre: www.investorcentre.co.uk, or you can notify our registrars by post by writing to Computershare using the address above. Please note that if you hold your shares corporately or in a CREST account, you are not able to use the Investor Centre to inform us of your preferred method of communication.

ADR administration

Ocado Group plc operates an American Depositary Receipts programme. ADRs are traded on the over-the-counter market under the symbol OCDDY. One ADR represents two ordinary Ocado shares. BNY Mellon maintains the Company's ADR register. If you have any enquiries about your holding of Ocado ADRs, you should contact BNY Shareowner Services, 150 Royall St., Suite 101 Canton, MA 02021. Telephone: 1-866-259-0336 (US toll free), international callers: +1 201-680-6825. Alternatively visit https://www.adrbny.com/ or email shrrelations@cpushareownerservices.com.

Financial calendar*

27 February 2025	FY24 Full-Year Results
29 April 2025	Annual General Meeting

* Dates are provisional

Company information

Registered office:	Buildings One & Two Trident Place Mosquito Way Hatfield Hertfordshire United Kingdom AL10 9UL
Company number:	07098618
Company Secretary:	Neill Abrams
Independent Auditor:	Deloitte LLP 1 New Street Square London EC4A 3HQ

Warning about share fraud

Shareholders should be aware that they may be targeted by certain organisations offering unsolicited investment advice or the opportunity to buy or sell worthless or non-existent shares. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the United Kingdom Financial Conduct Authority ("FCA") and doing further research.

If you are unsure or think you may have been targeted you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk/scamsmart/share-bond-boiler-room-scams, use the contact form at https://www.fca.org.uk/contact#contact-form or call the FCA consumer helpline on 0800 111 6768 if calling from the United Kingdom or +44 20 7066 1000 if calling from outside the United Kingdom.

Share price information

The Company's ordinary shares are listed on the London Stock Exchange. The price of the Company's shares is available on the corporate website at www.ocadogroup.com. This is supplied with a 15-minute delay to real time.

Donating shares to charity – ShareGift

Small numbers of shares, which may be uneconomic to sell, can be donated to ShareGift, the share donation charity. ShareGift transfers these holdings into their name, aggregates them, and uses the proceeds to support a wide range of UK charities.
If you would like further details about ShareGift, please visit www.Sharegift.org, email help@sharegift.org or telephone the charity on 020 7930 3737.

Shareholder Information continued

Forward-looking Statements

Certain Statements made in this Annual Report are Forward-looking Statements. Such Statements are based on current expectations, forecasts 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. They appear in a number of places throughout this Annual Report and include Statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, objectives, strategies and the business. Nothing in this Annual Report should be construed as a profit forecast. All Forward-looking Statements in this Annual Report are made by the Directors in good faith based on the information and knowledge available to them as at the time of their approval of this Annual Report. Persons receiving this report should not place undue reliance on Forward-looking Statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake any obligation to update or revise publicly any Forward-looking Statements, whether as a result of new information, future events, future developments or otherwise.

CARBON BALANCED PAPER
www.carbonbalancedpaper.com
CBP029667

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C100528

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land.

Through protecting standing forests, under threat of clearance, carbon is locked in that would otherwise be released. These protected forests are then able to continue absorbing carbon from the atmosphere,referred to as REDD (Reduced Emissions from Deforestation and forest Degradation). This is now recognised as one of the most cost-effective and swiftest ways to arrest the rise in atmospheric CO_2 and global warming effects. Additional to the carbon benefits is the flora and fauna this land preserves, including a number of species identified at risk of extinction on the IUCN Red List of Threatened Species.

This document is printed on Revive Silk 100 which is made from 100% Recycled pulp and post-consumer waste paper. This reduces waste sent to landfill, greenhouse gas emissions, as well as the amount of water and energy consumed.

The FSC® label on this report ensures responsible use of the world's forest resources.

Registered office
Buildings One & Two
Trident Place
Mosquito Way
Hatfield
Hertfordshire
AL10 9UL
United Kingdom

Ocado Group plc

Buildings One & Two,
Trident Place, Mosquito Way,
Hatfield, Hertfordshire AL10 9UL,
United Kingdom
Tel:+44(0) 1707 227800
Fax+44(0) 1707 227999

www.ocadogroup.com