

Annual Financial Report

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Ocado Group PLC
12 March 2014

ANNUAL FINANCIAL REPORT
OCADO GROUP PLC
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Ocado Group plc Annual Financial Report 2013

Ocado Group plc ("Ocado") has today submitted to the Financial Conduct Authority's national storage mechanism its annual report and accounts for the 52 weeks ended 1 December 2013 (as required by Listing Rules 9.6.1 and 9.6.3).

The annual report and accounts for the 52 weeks ended 1 December 2013 is available to view on Ocado's website: www.ocadogroup.com (in compliance with Disclosure and Transparency Rule 6.3.5(3)).

Ocado's annual report and accounts for the 52 weeks ended 1 December 2013 will also be available for viewing at the Financial Conduct Authority's national storage mechanism at www.morningstar.co.uk/uk/NSM.

This announcement follows Ocado's announcement on 4 February 2014 of its preliminary results for the same period. A condensed set of Ocado's financial statements (unaudited) and information on important events that have occurred during the year and their impact on the financial statements and related party information were included in the Company's preliminary results announcement. That information together with the information set out below is the information provided in satisfaction of the requirements of Disclosure and Transparency Rule 6.3.5. The description of principal risks and uncertainties below is extracted in unedited full text from the annual report and accounts for the 52 weeks ended 1 December 2013. Reading this announcement and/or the preliminary results announcement should not be a substitute for reading the full annual report and accounts for the 52 weeks ended 1 December 2013. This announcement and the preliminary results announcement are available to view on Ocado's website: www.ocadogroup.com.

Principal risks and uncertainties

The risks and uncertainties described below represent those which the Directors consider to be the most significant to delivering the Group's

strategy. However, these principal risks and uncertainties do not comprise all of the risks associated with the Group and are not set out in any order of priority. Additional risks and uncertainties currently not known to the Directors and/or which the Directors believe to be less material, may also have a material adverse effect on the Group's business, financial condition or future prospects. The relevant mitigating factors are also described below. Further information on the financial risks that the Group faces and how they are managed is provided on pages 145 to 147 of the annual report and accounts for the 52 weeks ended 1 December 2013.

Strategic Element	Risk Description	Management and/or mitigating actions
Develop the proposition to customers	Failure to maintain competitive pricing position	<ul style="list-style-type: none"> - Implementation of LPP; - Increasing number of promotional offers; - Creation of a choice of tiered price points within each category.
	A risk of decline in high service levels	<ul style="list-style-type: none"> - Weekly monitoring of the key indicators and the underlying drivers against published targets; - Continuing investment in new equipment and technology to improve service levels.
	Failure to maintain a compelling range	<ul style="list-style-type: none"> - Growth of the Ocado own label range alongside continued provision of the Waitrose range; - Growth of branded ranges and expansion of supplier base.
Growing the number of customers	Failure to achieve sales growth and utilisation of existing capacity	<ul style="list-style-type: none"> - Continued investment and optimisation of the marketing channels to acquire to new customers; - Investment in the proposition to improve the offer to customers; - Investment in new customer retention tools.
Optimise operations	A risk that future efficiency improvements may be limited	<ul style="list-style-type: none"> - Regular monitoring of a wide range of KPIs to identify any underperforming areas; - Expanding the technology team to enable faster implementation of improvements;

- Increasing rate of R&D spend to enable further improvements.

Enhance efficiency of future capacity and drive scale benefits	A risk of delays in the implementation of new capacity for both Ocado and Morrisons	<ul style="list-style-type: none"> - Resources have been dedicated to the modularisation of technology and logistics systems, to enable faster replication; - Detailed plans for new capacity are in progress.
Commercialise value of IP	Failure to develop a competitive model for further commercialisation	<ul style="list-style-type: none"> - Engagement with a wide number of international grocers to understand market needs; - Experienced teams in place who understand the current solutions and are aware of global alternatives used in other industries; - Commenced formal "freedom to operate" studies to identify existing patents that may affect the Group's ability to operate its current model in new markets.
	Failure to protect current technology and process	<ul style="list-style-type: none"> - Processes set up to identify patentable inventions and patent writing programme commenced in July 2013.
Assurance	A risk of a food or product safety incident	<ul style="list-style-type: none"> - Experienced legal, food technology and health and safety professionals monitor operations to ensure regulations are complied with; - Supplier approval process; - Centralised health and safety policies with appropriate divisional procedures.
	A risk of changes in regulations impacting our business operations	<ul style="list-style-type: none"> - Regular monitoring of regulatory developments to ensure that changes are identified; - Monitoring operational performance to

	minimise the Group's environmental impact.
Failure of technology or data loss	<ul style="list-style-type: none"> - IT systems are structured to operate reliably and securely; - Denial of Service protection service is in place; - The security of our IT systems is regularly tested by third parties; - No customer payment card data is held on Ocado's databases; - Access to customer personal data is restricted to those who need this information as part of their job.
Business interruption	<ul style="list-style-type: none"> - Dedicated engineering teams on site with daily maintenance programs to support the continued operation of equipment; - Insurers advise on engineering and risk management in the design and operation of the CFCs; - High level of protection for CFCs and equipment.
A risk of unintentional infringement of competition legislation	<ul style="list-style-type: none"> - All members of the buying and business planning teams are trained on their responsibilities under competition law; - Codes of conduct, information barriers and access restriction policies have been implemented as part of the Morrisons agreement.

Directors' Responsibility Statement

Ocado's annual report and accounts for the 52 weeks ended 1 December 2013 contains the following statements regarding responsibility for the financial statements and the annual report in compliance with DTR 4.1.12. This responsibility statement is repeated here (below) solely for the purposes of complying with Disclosure and Transparency Rule 6.3.5. It is not connected to the extracted and unaudited information presented in the preliminary results announcement.

Each of the Directors, who held office at the date of the approval of this annual report, confirms, to the best of his or her knowledge that:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the "management report" includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors of Ocado Group plc are listed in the annual report and accounts and are listed on the Ocado Group's corporate website: www.ocadogroup.com. The Directors of Ocado Group plc as at the date of this announcement are as follows:

Sir Stuart Rose;
David Grigson;
Tim Steiner;
Jason Gissing;
Neill Abrams;
Duncan Tatton-Brown;
Mark Richardson;
Ruth Anderson;
Robert Gorrie;
Jörn Rausing;
Alex Mahon; and
Douglas McCallum.

Enquiries

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