

Annual Financial Report

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Ocado Group PLC
12 February 2015

ANNUAL FINANCIAL REPORT
OCADO GROUP PLC
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Ocado Group plc Annual Financial Report 2014

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 30 November 2014 (as required by Listing Rules 9.6.1 and 9.6.3).

The annual report and accounts for the 52 weeks ended 30 November 2014 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 30 November 2014 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 3 February 2015 of its preliminary results for the same period. A condensed set of Ocado's financial statements 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 Ocado'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 30 November 2014. 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 30 November 2014. This announcement and the preliminary results announcement are available to view on Ocado's website: www.ocadogroup.com.

Principal risks and uncertainties

We have identified 12 principal risks and uncertainties facing Ocado. These are considered by the Board to be material to the development,

performance, position or future prospects of Ocado. These risks, mitigations and changes during the year are summarised in the table below. They are not set out in priority order. Further information on risk is set out on pages 32 to 35 of the annual report and accounts for the 52 weeks ended 30 November 2014.

Objective	Risks	Mitigation Action/ Control	Ch Du Th
DRIVING GROWTH	Failure to maintain competitive pricing position	<ul style="list-style-type: none"> · Continuation of our LPP basket matching price comparison · Maintaining a competitive number of promotional offers and increased availability of free delivery slots for price sensitive customers · Creation of a choice of tiered price points within each category 	Du inc co in ma
	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 · Installation of additional capacity to reduce the pressure on the business and resiliency work in CFC1 	Su inc op of me bo are op wit su ca he
	Failure to maintain a compelling product 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 	Ra su ba inc du ye

		<ul style="list-style-type: none"> Alternative sourcing scenarios planned in the event that the Waitrose sourcing relationship terminates 	
	Failure to continue to recruit increasing numbers of new customers and retain existing customers	<ul style="list-style-type: none"> Continuation of investment and optimisation of the marketing channels to acquire new customers 	Ac cu gr ret rat im du ye
MAXIMISING EFFICIENCY	A risk of delays in the implementation of new capacity for both Ocado and Morrisons	<ul style="list-style-type: none"> Dedication of resources to the modularisation of technology and logistics systems to enable faster replication Preparation of plans for new capacity at CFC3 and CFC4 	Fu ca is ne un tec
UTILISING KNOWLEDGE	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 	Sig pro in de the co off hig re un OS is
MONETISING PROPRIETARY KNOWLEDGE	Failure to protect current technology and process and failure to ensure that our	<ul style="list-style-type: none"> Processes are operating to identify patentable inventions and 	Mu pa no

	technology can be freely operated without infringing a third party's IP	<ul style="list-style-type: none"> to apply for patents Conducting extensive "freedom to operate" searches on selected technologies 	bu va ha inc so inc the to
OPERATIONAL	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 compliance against policies and procedures Supplier approval and certification process Health and safety policies with appropriate operational procedures 	Su an pro nu ha inc an ma be mo se pro iss
	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 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 	

		<ul style="list-style-type: none"> 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 programmes 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"> Issued a revised competition compliance policy in 2014 Conducted training of key personnel and deployed an e-learning tool for all personnel in every department having access to trading data Physical and technical firewalls installed to separate those teams who need to deal with sensitive Morrisons' data, in order to provide the services to Morrisons, from

The risk that future efficiency improvements may be limited, previously reported in last year's annual report, is no longer considered to be a principal risk because Ocado has reached a level of efficiency sufficient to ensure the viability of the business.

For further information on the financial risks see page 172 of the notes to the financial statements.

Directors' Responsibility Statement

Ocado's annual report and accounts for the 52 weeks ended 30 November 2014 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 information presented in the preliminary results announcement.

Each of the Directors who held office at the date of the approval of this Annual Report (whose names and functions are listed on pages 62 to 63 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" (as defined in the Directors' report on page 83) 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 for the 52 weeks ended 30 November 2014 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:

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

Enquiries

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