

# Annual Financial Report

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Ocado Group PLC  
28 February 2023

ANNUAL FINANCIAL REPORT  
OCADO GROUP PLC  
28 February 2023

## **Ocado Group plc Annual Financial Report 2022**

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 27 November 2022 (as required by Listing Rules 9.6.1 and 9.6.3).

The annual report and accounts for the 52 weeks ended 27 November 2022 is available to view on Ocado's website: [www.ocadogroup.com](http://www.ocadogroup.com) (in compliance with Disclosure Guidance and Transparency Rule 6.3.5(3)).

Ocado's annual report and accounts for the 52 weeks ended 27 November 2022 will also be available for viewing at the Financial Conduct Authority's national storage mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

This announcement follows Ocado's announcement today 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 Guidance 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 27 November 2022. 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 27 November 2022. This announcement and the preliminary results announcement are available to view on Ocado's website: [www.ocadogroup.com](http://www.ocadogroup.com).

## Principal risks and uncertainties

We have identified 11 principal risks and uncertainties facing 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 86 to 95 of the annual report and accounts for the 52 weeks ended 27 November 2022.

Principal Risks	What is the risk?	Key risk drivers	How we manage it	Movement	Risk appetite	Owner	Link to strategy
<b>Product Commercial Proposition</b>	Our OSP offer, pricing and contractual terms may not provide adequate and sustainable returns for us and our shareholders and an attractive commercial proposition for our clients.	<ul style="list-style-type: none"> <li>Commercial viability</li> <li>Commodity and cost inflation</li> <li>Partner dependency</li> <li>Partner market volatility</li> <li>Food waste</li> </ul>	<ul style="list-style-type: none"> <li>Pricing model approved by Chief Commercial Officer, Ocado Solutions and Board.</li> <li>All deals are modelled and reviewed before signing</li> <li>Quarterly pricing review.</li> <li>Monthly monitoring of project P&amp;Ls undertaken by Finance.</li> <li>Diversified pipeline of deals with new partners in new territories.</li> </ul>	↑	Cautious - Preference for safe delivery and will accept if trade-off is limited, and heavily outweighed by benefits.	Luke Jensen	<ul style="list-style-type: none"> <li>Grow revenue</li> <li>Optimise economic</li> <li>Responsible business approach</li> </ul>
<b>Product Performance</b>	Failure to provide clients with timely, consistently reliable performance at a level of quality to meet the needs of their end customers. Partners may not have the necessary knowledge, guidance, or capabilities to operate OSP efficiently and cost-effectively. These issues could lead to increased	<ul style="list-style-type: none"> <li>Partner (operational) performance</li> <li>Contractual obligation and change</li> <li>Platform implementation delays</li> <li>Product quality</li> <li>Operational disruption (including technical and software failures)</li> </ul>	<ul style="list-style-type: none"> <li>Governance teams monitor individual projects.</li> <li>Monthly reviews of partner performance undertaken, including KPIs and partner engagement.</li> <li>Partner Success Teams share knowledge and advice on improved ways of working.</li> <li>New products are tested at dedicated development sites.</li> </ul>	↓	Cautious - Preference for safe delivery and will accept if trade-off is limited, and heavily outweighed by benefits.	James Matthews and Luke Jensen	<ul style="list-style-type: none"> <li>Grow revenue</li> <li>Deliver client commercial</li> <li>Responsible business approach</li> </ul>

costs, reduced revenue or penalties for Ocado and its clients.

<b>Product innovation</b>	Failure to respond to emerging technology or disruptive business models could undermine our ability to attract and retain clients.	<ul style="list-style-type: none"> <li>Disruptive technology</li> <li>Product strategy and roadmap</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly product planning meetings assess product development against functionality, target KPIs, timelines and budget.</li> <li>Ongoing market research to identify our partners' needs and market trends.</li> <li>Establishing our identity as a technology business, international platform provider and innovation factory.</li> </ul>	→	Open - Will take justified risks to achieve highest return and accept possibility of failure.	James Matthews	<p>Optim econc</p> <p>Delive transf techn</p> <p>Respo busin appro</p>
<b>Intellectual Property</b>	Third party IP infringement or failure to protect our own IP could result in loss of use of the Group's assets, financial damages or harm to the Company's reputation or relationships.	<ul style="list-style-type: none"> <li>Infringement</li> <li>Protection</li> </ul>	<ul style="list-style-type: none"> <li>Conduct Freedom to Operate searches on relevant technologies and in selected jurisdictions.</li> <li>Monitor IP filings and grants by a large number of competitor companies.</li> <li>Specialist patent attorneys work with the development streams to identify new innovations and provide training and guidance.</li> <li>Combine internal and external legal counsel management of litigation</li> </ul>	↓	Cautious - Preference for safe delivery and will accept if trade-off is limited, and heavily outweighed by benefits.	Neill Abrams	<p>Delive transf techn</p> <p>Respo busin appro</p>

			and other IP proceedings.				
<b>Supply Chain</b>	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.	<ul style="list-style-type: none"> <li>Contract performance</li> <li>Responsible sourcing</li> <li>Supplier dependency</li> <li>Power shortages/blackouts</li> <li>CO2 shortage</li> </ul>	<ul style="list-style-type: none"> <li>Steering group monitors supply chain demand against supplier capacity constraints.</li> <li>Dedicated procurement teams with specific market and product knowledge.</li> <li>Supplier assessments, due diligence and site audits undertaken during product development process.</li> <li>Quarterly business review of all major suppliers covers performance, product quality, cost and market assessment.</li> <li>Responsible Sourcing Working Group monitors multiple work streams, reporting to the ESG Committee.</li> </ul>	↑	Cautious - Preference for safe delivery and will accept if trade-off is limited, and heavily outweighed by benefits.	James Matthews	<p>Grow reven</p> <p>Optim econc</p> <p>Delive client comrr</p> <p>Respr businr appro</p>
<b>Talent &amp; Capability</b>	Difficulty in filling key positions, a loss of top performers and an inability to embed diversity could undermine business operations and growth plans.	<ul style="list-style-type: none"> <li>Retention and rewards</li> <li>Attraction</li> <li>Training and development</li> <li>Diversity and inclusion</li> <li>Succession planning</li> <li>Culture and wellbeing (employee engagement and relations)</li> <li>Organisational structures</li> </ul>	<ul style="list-style-type: none"> <li>Workforce planning undertaken to identify current and future landscape.</li> <li>Periodic review of remuneration and incentive plans to align with market trends.</li> <li>Talent development programmes implemented to support</li> </ul>	→	Flexible - Will take strongly justified risks and will manage impact of possible failure.	Claire Ainscough	<p>Delive transf technr</p> <p>Delive client comrr</p> <p>Respr businr appro</p>

			<ul style="list-style-type: none"> <li>resourcing plans.</li> <li>Employee surveys to analyse opinions</li> <li>Succession plan developed.</li> </ul>				
<b>Cybersecurity</b>	<p>Disruption or loss of critical assets and sensitive information as a result of a cyber attack, insider threat or a data breach within our Group network or our supply chain, could result in business disruption, reputational damage and regulatory impacts, for us and our clients.</p>	<ul style="list-style-type: none"> <li>Cybersecurity breach</li> <li>Commercial data loss</li> <li>Personal data loss</li> <li>Infrastructure outage</li> <li>Third party compromise</li> </ul>	<ul style="list-style-type: none"> <li>IT infrastructure established to operate with resilience and security.</li> <li>Regular testing by third parties and cyber incident contingency planning.</li> <li>Data Protection Officer oversees Group's privacy compliance programme.</li> <li>No customer payment card data is held in Ocado Group's databases.</li> <li>Dedicated Information Security team monitors security issues and responds to security incidents.</li> </ul>	↑	Minimal - Extremely conservative and will accept only if essential and limited possibility of failure.	James Matthews	<p>Deliver transf techn</p> <p>Respo busin appro</p>
<b>Fire &amp; Safety</b>	<p>Fire, or harm to a worker or customer, caused by product design or operating failures could result in business disruption, loss of assets and reputational loss.</p>	<ul style="list-style-type: none"> <li>Fire safety</li> <li>Product safety</li> <li>Food safety</li> <li>People safety (construction and logistics)</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety governance programme overseen by the Safety Committee.</li> <li>Experienced technical experts monitor and audit compliance against relevant safety regulations, policies and procedures in safety areas, including food, product, occupational</li> </ul>	→	Minimal - Extremely conservative and will accept only if essential and limited possibility of failure.	James Matthews	<p>Deliver client comm</p> <p>Respo busin appro</p>

			<ul style="list-style-type: none"> <li>health, fire and construction.</li> <li>Training, risk assessments and safe systems of work undertaken by qualified staff to raise awareness and knowledge.</li> <li>Regulatory changes actively monitored and supported by external expertise and advice.</li> </ul>				
<b>Regulatory &amp; Compliance</b>	Failure to comply with local and international regulations could lead to loss of trust, penalties, and undermine our ability to operate.	<ul style="list-style-type: none"> <li>Statutory compliance</li> <li>Fraud, bribery and industry specific compliance</li> <li>New geographies</li> <li>Governance</li> </ul>	<ul style="list-style-type: none"> <li>UK, EU and rest of world regulatory monitoring tracker.</li> <li>Perform due diligence and territory research and seek specialist advice for regulatory issues.</li> <li>Monitor regulatory developments to ensure that changes are identified.</li> <li>Implement compliance framework of policies and procedures and employee training.</li> </ul>	→	Minimal - Extremely conservative and will accept only if essential and limited possibility of failure.	Neill Abrams	Responsible business approach
<b>Geopolitical &amp; Economic Uncertainty</b>	Global economic and political crises may undermine customer demand, our access to skills and our supply chain. This could impair operations and delivery of new capacity.	<ul style="list-style-type: none"> <li>Sanctions</li> <li>War and conflict</li> <li>Cost of living</li> <li>Pandemic</li> <li>Civil unrest/activism</li> </ul>	<ul style="list-style-type: none"> <li>Risk assessments prior to entering new geographical markets or undertaking new ventures.</li> <li>Scan of government and media channels for emerging threats.</li> <li>Maintain financial and physical reserves to</li> </ul>	↑	Flexible - Will take strongly justified risks and will manage impact of possible failure.	Stephen Daintith	Optimise economic performance, Deliver client commercial, Responsible business approach

							cushion any operational impact for an extended period.
							Update business continuity management plans in response to threats.
<b>Climate</b>	Extreme weather events and climate-related regulation could disrupt our supply chain, operations and demand for our products.	<ul style="list-style-type: none"> <li>Climate reporting</li> <li>Fleet transformation</li> <li>Energy costs</li> <li>Climate impact on supply chain</li> <li>Natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>ESG Committee oversight of ESG and climate programmes.</li> <li>Risk workshops and scenario analysis to identify financial impact, and mitigations over extended timeframe (see TCFD disclosure note - pages 47-55).</li> <li>KPI monitoring.</li> <li>Climate and Net Zero roadmap planning.</li> <li>Horizon scanning to identify regulatory developments.</li> </ul>	→	Flexible - Will take strongly justified risks and will manage impact of possible failure.	Neill Abrams	<ul style="list-style-type: none"> <li>Deliver transf</li> <li>Deliver client comm</li> <li>Respo busin</li> <li>appro</li> </ul>

Key: ↑ Risk has increased ↓ Risk has decreased → No change

For further information on the financial risks see pages 96 to 99 and 243 to 245 of the notes to the consolidated financial statements in the annual report and accounts for the 52 weeks ended 27 November 2022.

### Directors' Responsibility Statement

Ocado's annual report and accounts for the 52 weeks ended 27 November 2022 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 Guidance and Transparency Rule 6.3.5. It is not connected to the extracted information presented in the preliminary results announcement or this announcement.

Each of the Directors who held office at the date of the approval of this Annual Report (included in the biographies of the Directors on pages 106 to 109) 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 171 to 172) 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 on pages 106 to 109 of the annual report and accounts for the 52 weeks ended 27 November 2022 and are listed on the Ocado Group's corporate website: [www.ocadogroup.com](http://www.ocadogroup.com). The Directors of Ocado Group plc as at the date of this announcement are as follows:

Rick Haythornthwaite;  
Tim Steiner;  
Neill Abrams;  
Stephen Daintith;  
Mark Richardson;  
Luke Jensen;  
Jörn Rausing;  
Andrew Harrison;  
Emma Lloyd;  
Julie Southern;  
Michael Sherman;  
Nadia Shouraboura;  
John Martin; and  
Julia M. Brown.

## Enquiries

For further information contact:

### Company Secretary

Neill Abrams  
email: [company.secretary@ocadogroup.com](mailto:company.secretary@ocadogroup.com)

### Chief Reputation Officer

David Shriver  
+44 1707 228 000  
[investor.relations@ocadogroup.com](mailto:investor.relations@ocadogroup.com)

### Person responsible for arranging the release of this announcement:

Neill Abrams  
Group General Counsel & Company Secretary  
Ocado Group plc  
Buildings One & Two  
Trident Place  
Mosquito Way  
Hatfield  
Hertfordshire AL10 9UL  
Fax: +44 (0)1707 227 997



email: [company.secretary@ocadogroup.com](mailto:company.secretary@ocadogroup.com)

Ocado Group plc LEI: 213800LO8F61YB8MBC74

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