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Ocado Group PLC
16 July 2024

This Announcement contains Inside Information

OCADO GROUP PLC

Interim results for the 26 weeks ended 2 June 2024

16 July 2024

Continuing financial, operational and strategic progress; raising guidance for underlying cash flows and Technology Solutions EBITDA

Financial progress

- **Group revenue £1.5bn, +12.6% :** Technology Solutions +22%, Ocado Logistics +6%, Ocado Retail +11%
- **Group adjusted EBITDA*[1] of £71.2m, up £54.6m from £16.6m:** Technology Solutions EBITDA of £35.0m, up £29.1m; Ocado Logistics at £17.2m, up £2.6m; Ocado Retail at £20.7m, up £23.2m; inter-segment eliminations at £(1.7)m, down £0.3m
- **Reported loss before tax £(154)m (1H23: £(290)m):** after net adjusting items* of £7.3m (1H23: £(77.2)m)
- **Underlying cash outflow*[2] of £(197)m: £101m improvement vs. 1H23,** driven by higher revenues, increasing EBITDA margins, lower capex and good cost control; continuing a sequential improvement in the Group's cash flow. Liquidity remains strong at £1,047m (1H23: £1,309m)
- **Improving mid-term cash trajectory:** underlying cash outflows in FY24 now expected to be around £150m lower (improvement) vs. FY23. Clear roadmap for Group to turn cash flow positive during FY26.
- **Cost & capital discipline across the Group:** commitment to progressively reduce total technology & support annual spend towards our mid-term goals; clear and focussed targets for technology cost reductions as Re:Imagined innovations approach market-readiness and roll out to our partners
- **Raising FY24 EBITDA* & cash flow guidance**: Underlying cash flow* expected to improve by £150m (previously £100m); Technology Solutions to achieve a mid-teens EBITDA margin (>10% previously)

Operational and strategic progress

- **Technology Solutions:** +11% growth in average live modules[3] vs. 1H23 (up from 101 to 112) reflecting the incremental drawdown of capacity at certain CFCs and the annualisation of three new CFCs in FY23; we expect the CFCs in Madrid, Sydney and Melbourne to go-live in 2H24
- **Partner Success:** supporting our partners' long-term growth and profitability remains a top priority; specialist resources embedded in our local account teams, supported by a dedicated central function.
- **Re:Imagined technology rollout:** On Grid Robotic Pick ("OGRP") and Automated Frameload ("AFL") installations progressing well; next-generation robots and grid on track to be deployed with McKesson in Canada
- **Ocado Logistics:** continuing to drive leading levels of productivity and efficiency for our UK partners
- **Ocado Retail:** 'Perfect Execution' Programme has driven a market-leading trading performance, +11% growth in sales; on track for FY24 guidance of 2.5% adjusted EBITDA margin* (excl. Hatfield fees)

Tim Steiner, Chief Executive Officer of Ocado Group, said:

"Today's results illustrate good progress as we support thirteen of the world's leading grocers to grow their online business with our technology. We have come through an unprecedented period for online grocery, with multiple years of high food inflation following a surge in demand during the pandemic. The global channel shift to online has now resumed and Ocado is uniquely well-positioned to take advantage of the opportunity.

Our technology is delivering high levels of productivity and customer satisfaction. In the UK, Ocado Retail continues to lead the way in online grocery, and internationally we have received orders for new capacity, with a number of our partners reporting strong digital sales growth year-on-year.

The success of our partners is our top priority, and we are focused on helping them execute their online strategies to deliver attractive returns from their investment in our technology. While there remains more to do, we look forward to making continued progress over the rest of the financial year and beyond, as we build a profitable, cash-generating, technology business".

Ocado Group 1H24 Summary Income Statement

£m	1H24	1H23	£m change	% change
Revenue[4]				
Technology Solutions	241.4	198.2	43.2	21.8%
Ocado Logistics	354.0	335.2	18.8	5.6%
Ocado Retail	1,312.0	1,178.5	133.5	11.3%
Inter-segment eliminations	(364.3)	(341.2)	(23.1)	(6.8)%
Group	**1,543.1**	**1,370.7**	**172.4**	**12.6%**
Adjusted EBITDA*[1]				
Technology Solutions	35.0	5.9	29.1	493%

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Ocado Logistics	17.2	14.6	2.6	17.8%
Ocado Retail	20.7	(2.5)	23.2	n/a
Inter-segment eliminations	(1.7)	(1.4)	(0.3)	21.4%
Group	**71.2**	**16.6**	**54.6**	**329%**
Depreciation, amortisation & impairment	(210.3)	(192.5)	(17.8)	9.3%
Net finance costs	(33.0)	(27.4)	(5.6)	20.4%
Other finance gains/(losses)	10.9	(9.0)	19.9	n/a
Adjusting items*[5]	7.3	(77.2)	84.5	n/a
Group loss before tax	**(153.9)**	**(289.5)**	**135.6**	**46.8%**

* These measures are alternative performance measures. Please refer to Note 16 of the Condensed Consolidated Financial Statements

Notes:
1. Adjusted EBITDA* is defined as earnings before net finance cost, taxation, depreciation, amortisation, impairment and adjusting items*.
2. 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, cash received in respect of contingent consideration, costs of financing, purchase of investment in unlisted equity investments and FX movements.
3. Average live modules measures the weighted average number of modules of capacity installed and ready for use by OSP clients during the year, which drives Technology Solutions recurring revenue.
4. Revenue is a. Retail - online sales (net of returns) including delivery charges to the customer b. Technology Solutions - the fees charged to Solutions partners and OIA clients and c. Logistics - the recharge of costs and associated fees from Ocado Logistics to our UK clients. Recharges from Technology Solutions and from Ocado Logistics to Ocado Retail are eliminated on consolidation.
5. Adjusting items* of £7.3m income (1H23: £77.2m expense) comprise largely 1. the unwind of the discount in relation to the settlement reached with AutoStore to settle IP patent legal cases of £6.9m, 2. profit on the disposal of Dagenham and Coventry spoke sites of £12.4m, and 3. finance, IT and HR systems transformation costs of £8.2m.
6. Direct operating costs as a % of live sales capacity reflect the P6 exit rate position for all OSP CFCs live at the period end. Direct operating costs include engineering, cloud and other technology direct costs.
7. Mid-term support cost target of £130m subject to inflation from FY21 - estimated to be c.£150m including inflation impact.
8. DP8 represents the customer deliveries per standardised eight-hour shift for Ocado Retail only.
9. NIQ Total Till and NIQ Homescan from Nielsen Consumer LLC.
10. Active customers are classified as active if they have shopped at Ocado.com within the previous 12 weeks.

1H24 Operational and Strategic Review

The commentary is predominantly on a pre-adjusting items* basis to aid understanding of the performance of the business.

Technology Solutions

Strong revenue growth and profit flow-through
Our Technology Solutions business continues to show strong financial progress, with 1H24 revenue growth of 21.8%. The growth principally reflects the annualisation of CFC openings, in addition to the drawdown of incremental capacity at our partners' existing CFCs. Average live modules increased by 11% to 112 for the half, with the division's revenue growth augmented by a greater mix of newer OSP modules and an inflation indexation.

The Luton CFC, Ocado Retail's newest CFC, has rapidly scaled its operations to c.55k orders per week since its go-live in September 2023, relative to a planned design capacity of c.65k orders per week. The Luton CFC also has some of our latest innovations installed, including its first phase of On-Grid Robotic Pick ("OGRP"), enabling around a quarter of eaches to be picked robotically. At target, we expect c.70% SKUs to be picked robotically, with the combination of OGRP and Automated Frameload ("AFL") ultimately able to reduce labour costs by well over 100bps, driving the total labour productivity of CFCs to above 300 units per labour hour ("UPH"). At the end of the half, we had 26 live sites, comprising 22 CFCs and 4 Zooms, with a total of 112 live modules.

We expect the Alcampo CFC in Madrid and the Coles CFCs in Sydney and Melbourne to go live during the second half. As a consequence, we continue to expect a minimum of 120 modules to be live across our partners by the end of FY24. Subsequent to the period end, AEON also confirmed an order for a large CFC in Kuki-Miyashiro, the Saitama prefecture of Japan; which we expect to commence operations in late 2027.

We continue to drive operating efficiencies. Our direct operating costs[6] at OSP CFCs improved by 20bps to 1.56% of sales capacity and we expect to benefit from further, progressive improvements in the coming years. The improved efficiency and strong revenue conversion led to adjusted EBITDA* of £35.0m (1H23: £5.9m) for our Technology Solutions business, representing a margin of 15%.

Following a strong 1H24 performance, we retain our FY24 guidance for 15% to 20% revenue growth but raise our FY24 margin guidance to a mid-teens percentage; previous guidance: 'greater than 10%'.

OSP Partner Success: a key focus for the group
Ocado has 13 OSP partners worldwide, and 22 CFCs live. By the end of FY24 Ocado expects to have 25 live CFCs. Ocado's technology is operating well across all sites and live partners are reporting high levels of customer satisfaction. CFCs scale to maturity and profitability over varying time frames, depending on a range of factors including size, geography, and commercial strategy. On average our partners' international CFCs have been open for a period of just over 2 years, so in the main they are in the earlier stage of their ramp.

The pandemic, closely followed by a sustained, generational high in global food inflation disrupted the channel shift to online grocery in many mature grocery markets, leading to slower cumulative sales growth than originally projected. Against this backdrop, Ocado is working with a number of partners to ensure their growth targets reflect a changed market environment. In some cases, a decision was made to pause new site openings to focus on growing into existing capacity.

A recent example is Sobeys in Vancouver, where a joint decision was taken to extend the timeline to opening that site to concentrate on scaling operations at their existing three CFCs. As announced in November 2022, a similar decision was taken with Ocado Retail in the UK to pause the opening of new sites in order to grow efficiently into existing capacity. As reflected in today's results, that business is showing good growth in customer volumes and strong progress in adjusted EBITDA*.

Looking to the second half of 2024, lower levels of grocery inflation and more normalised volume trends are likely to continue. Many OSP partners and their competitors are also now seeing strong rates of growth for online, both in absolute terms and relative to in-store growth.

With the majority of international partners now live, the primary focus of Ocado's account teams has shifted to supporting them to further increase efficiency as they scale, and helping them to take advantage of the new growth 'levers' available to them in the online channel with OSP. This work accelerated with the appointment of John Martin as CEO of Ocado Solutions in September 2023. Our partner success programme is a core focus for us and progressing well, delivering a positive impact on both operational performance and customer growth.

There remains work to do as OSP partners move up the maturity curve with CFCs. To accelerate this, Ocado Solutions completed a reorganisation in 1H24, strengthening our partner success programme, implementing an enhanced account-based structure with more specialist resources embedded in local account teams. Ocado continues to scale this resource in order to support partners in this critical area.

A focus on cost and capital discipline
Support costs were £90.0m in the half (1H23: £88.5m) and included £2.5m of costs from the annualisation of the 6 River Systems acquisition and £4.1m of investment in our Partner Success and OIA teams, partly offset by cost reduction initiatives of £5.0m. We expect further progress in cost reductions, continuing towards our FY26 target of annual spend of £150m[7], with around £180m of support costs in FY24.

Total technology spend was £145m in the half (1H23: £149m) comprising capital expenditure of £98m (1H23: £103m) and technology costs of £47m (1H23: £46m); with the benefit to total spend from a lower headcount partially offset by inflation. The technology costs principally relate to non-capitalised research projects and maintaining the Ocado Smart Platform through ongoing partner support, with the latter typically representing one-third of the overall cash spend on technology. The largest element of the capital expenditure relates to our investments in CFC technologies and the delivery of the Ocado Re:Imagined suite. Ocado Re:Imagined is a series of technology innovations, both hardware and software, designed to drive efficiency and performance. Some of our Re:Imagined technologies have already been deployed, with OGRP live at the Purfleet and Luton CFCs and AFL live at the Purfleet and Stockholm CFCs.

As the development phase of our Re:Imagined innovations approaches its completion and we begin to deploy the benefits to our partners, we expect our total technology spend to reduce. As a consequence, we expect to progressively lower our total technology spend to £240m by FY26, from around £290m in FY24.

Ocado Intelligent Automation: building interest with McKesson on track
OIA brings Ocado's unique and proprietary technology to clients outside of the grocery sector. It operates a capital-light "MHE sell" (rather than "MHE licence") model ensuring our cash flows are neutral/positive throughout the project life.

In November 2023, OIA announced its first deal to provide fulfilment technology to McKesson in Canada, with the CFC on schedule to go live in FY25 using the latest 600 series robot and a prefabricated grid from Ocado's Re:Imagined technologies. The deal will be cash-neutral throughout the development phase and is expected to be cash and adjusted EBITDA* positive in FY25 when installation is due to be complete. OIA continues to progress well, building a pipeline of potential clients via its marketing and non-solicited interest.

Outlook for Technology Solutions

- 15% to 20% Technology Solutions revenue growth for FY24
- Mid-teens percentage adjusted EBITDA margin* for FY24 (previously 'greater than 10%')
- Three further CFCs are expected to go live internationally during FY24: two CFCs for Coles in Melbourne and Sydney, and one for Alcampo in Madrid
- A minimum of 120 modules are expected to be live across our partners by the end of FY24
- Lower total technology spend of £240m by FY26, with around £290m in FY24; progressive cost reductions as Re:imagined automation is delivered
- Progressively lower support costs of £150m[7] by FY26, with around £180m in FY24
- We continue to target further OSP deals and remain in several 'live' discussions
- Ocado Intelligent Automation continues to market its ASRS proposition; ongoing discussions with several possible partners are encouraging for new orders to be delivered in FY24

Ocado Logistics

Our third-party logistics ("3PL") operation, that services Ocado Retail and Morrisons in the UK, continues to perform well and remains an excellent example of a highly efficient 3PL distribution model.

In the first half of FY24, Ocado Logistics increased its total number of eaches picked by 9.4% and its orders delivered by 7.8%. CFC productivity (OSP units picked per labour hour or "UPH" of 221 vs. 206) primarily benefited from greater volume utilisation, whilst our delivery efficiency ("DP8"[8] of 21.0 vs. 21.4) was impacted by 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.

As a result of the improved CFC efficiency and lower utility costs, together offsetting the impact of higher delivery costs, cost recharges increased at a slower rate than both eaches and orders; leading to cost-plus fee growth closer to 6%. Nonetheless, Ocado Logistics reaffirmed its credentials as a consistent generator of adjusted EBITDA*, delivering a 1H24 adjusted EBITDA* of £17m (1H23: £15m).

Outlook for Ocado Logistics

- Continued improvement in productivity for our UK partners
- Volume growth expected to be high single-digit
- Stable revenue: high single-digit % volume growth offset by a reduction in costs recharged to customers due to efficiency improvements
- Stable adjusted EBITDA* at around £30m

Ocado Retail

The UK's fastest growing food retailer[9]
Ocado Retail revenue grew by 11.3% in 1H24 driven by growth in average orders per week of +9.2% to 428k, with growth in eaches of 9.5%. This delivered adjusted EBITDA* of £20.7m in 1H24 (1H23 £(2.5)m) with the business on track to deliver guidance of a FY24 adjusted EBITDA margin* of 2.5%, excluding Hatfield fees of circa £33m per annum.

Ocado Retail's continued focus on its three core strategic pillars of unbeatable choice, unrivalled service and reassuringly good value, resulted in its share of the UK online grocery market increasing by 90bps to 12.3%[9], with online penetration at 12.4% of the UK grocery market.

Ocado Retail is seeing continued momentum with the total active customer[10] base increasing by +8.1% to 1,037k, and the growth in the mature customer base (those customers who have shopped 5 or more times on Ocado.com) was stronger, up +9.7% year on year.

The average basket value increased by +1.8% to £123. ASP inflation of 1.5% was well below UK grocery inflation of 4.4%[9] as the business continued to invest in price, lowering prices on more than 2,800 products and continuing to deliver the 'Ocado Price Promise', matching baskets to Tesco.com on over 10,000 items. Taken together, these measures led to material improvements year on year in customer value perceptions.

The strong performance reflects the progress the business has made on delivering its Perfect Execution strategy - with its NPS further extending its lead in the market.

Customers are being offered more choice, with over 1,800 new M&S products launched. New products also continued to be introduced to our competitively priced Ocado Own Range including Orange Juice, Sourdough, Burgers and Crumpets. The business launched a Buy British aisle with over 800 products from British farmers and growers and also a Makers Market range supporting challenger brands.

Perfect orders (on time and in full, with no substitutions) increased by around nine percentage points year on year ahead of pre-Covid levels, now with 99% of items delivered as promised, and product availability improving significantly year on year as the business realised the benefits of rolling out its new OSP forecasting engine.

Gross profit grew by 13.4% to £442m, which was higher than revenue growth (+11.3%) driven by increased volumes alongside improved promotional effectiveness and reductions in waste. Both CFC and utilities costs fell in absolute terms, reflecting the increasing productivity and operational leverage within the CFCs and the closure of Hatfield CFC.

Conversely, service delivery costs increased ahead of order growth, reflecting inflation and network reorganisation as we closed Hatfield. In aggregate, our fulfilment and delivery costs increased by 3.8% to £(247)m.

Marketing costs were broadly flat at £(20)m, representing 1.6% of revenue (vs. 1.7%) as the business continued to drive efficiencies and marketing channel optimisation.

Fees paid to Ocado Technology Solutions and Ocado Logistics increased to £(101)m, reflecting the index-linked nature of the OSP fees and the annualisation of the Luton CFC opening in 2H23. The total fees in the half year period include an amount of £(17)m relating to our oldest CFC in Hatfield which was closed in 2H23, with its order volumes facilitating the rapid ramp of our Luton CFC.

The increasing productivity and operational leverage within the CFCs was the primary driver of a strong revenue-to-EBITDA conversion, with adjusted EBITDA* of £20.7m for the first half (1H23 £(2.5)m) with adjusted EBITDA margin* rising by almost 2ppts to 1.6%. Excluding the Hatfield fees of £(17)m incurred in the half year period, Ocado Retail delivered an adjusted EBITDA margin* of 2.8%.

A clear pathway to sustained growth and a high mid-single-digit adjusted EBITDA margin* (excluding the impact of Hatfield fees)
With the closure of our oldest CFC in Hatfield and rapid ramp at our latest robotic CFC in Luton, Ocado Retail was (at the HY end) using c.80% of our available network capacity. We expect ORL to continue increasing utilisation of its available capacity during FY24.

Our latest generation CFCs are consistently achieving total labour productivity of well over 200 UPH compared to UPH of around 150 for our first-generation CFC in Hatfield. The newest sites also have much lower energy usage with Luton consuming approximately one-third of the electricity of Hatfield. With the benefit of Ocado Re:Imagined, Ocado will continue to drive improvements in UPH (to ultimately exceed the target of >300 UPH) and to improve our customers' experience, including an increased capacity for same-day deliveries.

Luton CFC is our fastest-ever ramping CFC. Having reached c.40,000 orders per week within the first four weeks of going live in September 2023, the facility is now operating at close to its design capacity of 65,000 orders per week. Over the last two weeks, the Luton CFC achieved a total labour productivity of c.250 UPH, which we expect to increase to over 300 UPH in the coming years, with the benefit of the OGRP and AFL technologies bringing down labour costs considerably.

Based on the strength of Ocado Retail's customer proposition, its improving profitability and its growing efficiency as our innovations continue to reduce cost, we see a clear pathway to sustained growth and a high mid-single-digit adjusted EBITDA margin* as the business continues to scale.

Outlook for Ocado Retail

- We have confidence the business will continue its encouraging momentum across FY24, growing sales volumes ahead of the market and benefiting from continued active customer growth
- Relative to FY23, FY24 revenue growth will continue to be impacted by lower growth in ASP, as we invest in value and as food price inflation continues to normalise
- Overall revenue growth in FY24 is expected to be in the mid-high single-digits %
- FY24 adjusted EBITDA margin* of c.2.5% excluding annual Hatfield fees of £33m, making further progress on increasing efficiencies and demonstrating operational leverage, continuing on our journey towards a high mid-single digit adjusted EBITDA margin* in the mid-term.

Ocado Group

Group cash flow
Underlying cash outflow* improved by £101m to £(197)m in 1H24, driven by a strong profit flow-through and lower capital expenditure, partly offsetting a working capital outflow due to higher retail and MHE inventories. We now expect our underlying cash flow* to improve by around £150m for FY24 (vs. guidance of £100m improvement previously) and we remain well on target to turn cash flow positive during FY26.

Group capital expenditure
Capital expenditure primarily comprises new site construction costs and technology development costs to enhance the OSP. Capital expenditure was £211m in the period (1H23: £284m), a reduction of £73m, driven by a decrease in the capital expenditure of CFC sites (£95m vs 1H23 £143m). Capital expenditure on CFC sites has reduced by £48m primarily driven by the non-repeat/reduction of certain capital expenditure incurred in the first half of FY23. This included the capital expenditure incurred on the Aeon CFC in Chiba City, Tokyo, and Sobeys CFC3 in Calgary, each of which went live in FY23, and the capital expenditure on Coles CFCs in Sydney and Melbourne which are approaching completion and readiness for go-live. CFC site capital expenditure in 1H24 has also benefited from the draw-down on existing inventory held on hand for new CFCs.

In 1H23 Jones Food (which is fully consolidated into the Group) invested £11.9m in their new plant at Lydney and Ocado Retail invested in their new Luton CFC. Neither investment has repeated in 1H24.

We are revising our guidance for Group capital expenditure to around £425m for FY24 (vs guidance of £475m previously) driven by improved utilisation of inventory and the delay to Sobeys' fourth CFC.

Deconsolidation of Ocado Retail
Ocado Group plc and M&S are both joint equal shareholders of Ocado Retail Limited. At present the results of Ocado Retail Limited are consolidated into the results of Ocado Group plc, as Ocado Group plc are deemed to be the controlling shareholder via certain tie-breaking rights. The Shareholder Agreement signed in August 2019 when the Joint Venture was formed provides

via certain tie-breaking rights. The Shareholder Agreement signed in August 2019 when the Joint Venture was formed provides for Ocado Group plc to stop consolidating the results of Ocado Retail Limited no earlier than the 5th anniversary and M&S to start consolidating after that time; the parties are discussing the optimal time for the change. Following that change, Ocado Retail Ltd will be equity accounted as an investment by Ocado Group plc. There will be no change in the economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by M&S, as a result of any future change.

Sustainability objectives
Ocado Group continues to make progress against its sustainability objectives. This is reflected in the June 2024 review of the FTSE4Good Index Series where Ocado moved to the 84th percentile in the global retail sector, from 56th in 2023.

Summary Financial Guidance for FY24

Revenue:
- **Technology Solutions:** 15% to 20% growth
- **Ocado Logistics:** stable revenues; high single-digit % volume growth offset by a reduction in costs recharged to customers due to efficiency improvements
- **Ocado Retail:** mid-high single digits % growth

Adjusted EBITDA*:
- **Technology Solutions:** mid-teens adjusted EBITDA margin* (vs. greater than 10% previously)
- **Ocado Logistics**: stable at around £30m
- **Ocado Retail:** adjusted EBITDA margin* of c.2.5% excluding Hatfield fees of £33m p/a

Capital expenditure: around £425m (vs. around £475m previously)

Underlying cash flow*: around £150m improvement (vs. around £100m improvement previously)

Results Presentation
A results presentation will be available for investors and analysts at 9.30 am on 16 July 2024. This can be accessed online here. Following the session there will be Q&A, also accessible via the webcast.

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Financial Calendar
Ocado Group FY24 Results will be reported on 27 February 2025.

Cautionary statement
Certain statements made in this announcement are forward - looking statements. Such statements are based on current expectations 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. Persons receiving this announcement should not place undue reliance on forward - looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Ocado does not undertake to update or revise any forward - looking statements, whether as a result of new information, future developments or otherwise.

Financial Review

Headlines

Revenue increased by 12.6% to £1,543.1m (1H23: £1,370.7m):

- **Technology Solutions** delivered strong revenue growth, up 21.8% to £241.4m (1H23: £198.2m) with 112 average live modules during the period (1H23: 101), up by 10.9%. At the end of the period we had 26 live sites (1H23: 25 sites) and 112 live modules (1H23: 105 live modules).

- **Logistics** revenue grew by 5.6% to £354.0m (1H23: £335.2m) and primarily represents cost recharges to Ocado Retail and Wm Morrison Supermarkets Limited ("Morrisons") of £336.2m (1H23: £318.5m). Orders per week increased by 7.8% to 552,000 (1H23: 512,000); eaches (individual items in the shopping basket) increased by 9.4% reflecting volume growth in both retailers.

- **Retail** revenue increased by 11.3% in the period to £1,312.0m (1H23: £1,178.5m) reflecting growth of 8.1% in active customers to 1,037,000 at the end of the period (1H23: 959,000). Positively, basket sizes remained stable at an average of 44.7 individual items (1H23: 44.6 items) driven by continued investment in value and improvements in service. Average item price increased by 1.5% to £2.76 (1H23: £2.72) as we continued our price investment and inflated prices below market levels. Orders per week grew by 9.2% to 428,000 (1H23: 392,000), driven mainly by the increase in active customers.

Adjusted EBITDA* for the period was £71.2m (1H23: £16.6m), an improvement of £54.6m. Technology Solutions generated adjusted EBITDA* of £35.0m (1H23: £5.9m), up £29.1m due to the strong profit flow-through from revenue growth and disciplined cost management. Logistics delivered adjusted EBITDA* of £17.2m (1H23: £14.6m) 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. Retail generated adjusted EBITDA* of £20.7m (1H23: loss of £2.5m) driven by a strong trading performance in the period.

Statutory loss before tax of £153.9m (1H23: £289.5m loss) includes depreciation, amortisation and impairment charges of £210.3m (1H23: £192.5m), net finance costs of £22.1m (1H23: £36.4m) and net adjusting items* of £7.3m income (1H23: £77.2m expense), which is largely the gain on disposal of assets held for sale and the unwind of the discount in relation to the settlement reached in the prior year with AutoStore Technology AS ("AutoStore"), offset by one-off costs relating to HR and IT system transformation.

Good liquidity maintained to support our growth plans, with cash and cash equivalents of £746.6m at the end of the period (FY23: £884.8m) and liquidity of £1.05bn (FY23: £1.18bn) (including the undrawn revolving credit facility ("RCF") of £300.0m). Net debt* at the end of the period was £(1,222.1)m (FY23: £(1,075.1)m).

Group summary

£m	**1H24**	1H23	Change
Revenue	**1,543.1**	**1,370.7**	**12.6%**
Operating costs	(1,472.1)	(1,353.2)	8.8%
Share of results from joint ventures and associates	0.2	(0.9)	(122.2)%
Adjusted EBITDA*	**71.2**	**16.6**	**£54.6m**
Depreciation, amortisation and impairment[1]	(210.3)	(192.5)	9.2%
Finance income[2]	18.1	19.6	(7.7)%
Finance costs	(51.1)	(47.0)	8.7%
Other finance gains and losses	10.9	(9.0)	(221.1)%
Adjusted loss before tax	**(161.2)**	**(212.3)**	**£51.1m**
Adjusting items*	7.3	(77.2)	£84.5m
Loss before tax	**(153.9)**	**(289.5)**	**£135.6m**

* These measures are alternative performance measures. Please refer to Note 16 to the Condensed Consolidated Financial Statements.
1. Depreciation, amortisation and impairment of £210.3m (1H23: £192.5m) excludes £1.6m (1H23: £20.4m) recognised in adjusting items*.
2. Finance income of £18.1m (1H23: £19.6m) excludes £6.9m (1H23: £nil) 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 5 to the Condensed Consolidated Financial Statements. Adjusted EBITDA* excludes the impact of adjusting items*. Depreciation, amortisation and impairment, and net finance costs are also shown excluding the impact of adjusting items*.

Revenue for the period increased by £172.4m to £1,543.1m (1H23: £1,370.7m).

Technology Solutions revenue increased by 21.8% from £198.2m to £241.4m mainly driven by the annualisation of the three sites opened during FY23 (Sobeys' third CFC in Calgary and our first CFC for AEON in Chiba city, just outside Tokyo, during the first half of the year and Ocado Retail's Luton CFC in the second half). The average number of live modules is the key revenue driver for Technology Solutions and average live modules increased by 10.9% to 112 (1H23: 101).

Logistics revenue increased by 5.6% to £354.0m (1H23: £335.2m) and largely comprises cost recharges to its two UK customers, Ocado Retail and Morrisons.

Retail revenue increased by £133.5m from £1,178.5m to £1,312.0m, up by 11.3% primarily reflecting strong growth in active customers and growing order volumes. Basket sizes remained stable during the period, supported by investment in price which led to continued slower-than-market inflation. The strong performance reflects the significant progress the business is making with its strategy.

Net cumulative invoiced fees to our partners on our Balance Sheet and not yet recognised as revenue increased by £3.2m from £446.7m at FY23 year-end (1H23: £428.2m) to £449.9m at 1H24. 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 over the life of our CFC contracts. The net movement of £3.2m during the period is driven by amounts invoiced of £30.2m less revenue recognised in the Income Statement of £27.0m. The amounts invoiced of £30.2m were driven by 1. amounts invoiced to OIA customers, 2. incremental staged payments and orders from existing partners, and 3. fees from our new Ocado Smart Platform ("OSP") partner, Panda. The release to the income statement of £27.0m was mainly driven by revenue recognised on operational CFCs in line with IFRS 15.

Operating costs include all costs incurred in the continuing operations of the Group. Operating costs increased by 8.8% to £1,472.1m (1H23: £1,353.2m). Technology Solutions operating costs increased by 7.3% to £206.4m (1H23: £192.3m) due to the increase in average live modules and their associated operating costs and higher support costs as we continued to invest in our OIA and Solutions Sales and Partner Success programmes. The current year 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 year included the one-off profit of £5.0m from the sale of the Dartford spoke. Logistics operating costs increased by 5.1% to £336.8m (1H23: £320.6m) due to a 7.8% growth in orders that was offset by improved productivity across our OSP sites. Retail operating costs increased by 9.3% to £1,291.3m (1H23: £1,181.0m) 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.

Adjusted EBITDA* for the period was £71.2m (1H23: £16.6m) with all segments delivering a positive adjusted EBITDA*. The £54.6m year-on-year increase was driven by a £29.1m improvement in Technology Solutions to £35.0m (1H23: £5.9m), £23.2m improvement in Retail to £20.7m (1H23: £2.5m loss) and £2.6m improvement in Logistics to £17.2m (1H23: £14.6m). The improvement in Technology Solutions adjusted EBITDA* was mainly driven by the strong flow-through of incremental revenue to adjusted EBITDA*. The improvement in Retail adjusted EBITDA* was driven by strong growth in active customers resulting in a 9.2% 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 2H23.

Depreciation, amortisation and impairment increased by 9.2% to a charge of £210.3m (1H23: £192.5m), primarily due to the increase in amortisation relating to internally generated intangible assets (primarily the investment in OSP) together with the continuing roll-out of OSP hardware and software at our CFC sites. At the end of the period, there were 26 live sites (1H23: 25 sites) comprising 22 CFCs and four Zooms (1H23: 21 CFCs and four Zooms; a site is considered live when it has any modules fully installed and is available for use by our partner). Property, plant and equipment ("PP&E") held on the Balance Sheet was £1,790.7m (FY23: £1,794.9m), a decrease of £4.2m in the period.

Net finance costs of £22.1m decreased by £14.3m (1H23: £36.4m). This comprises the net of finance costs of £51.1m (1H23: £47.0m) primarily related to our gross debt and lease liabilities, finance income of £18.1m (1H23: £19.6m) primarily interest on our cash balances, and the net impact of foreign exchange and revaluation gains of £10.9m reflected in other finance gains and losses (1H23: £9.0m loss).

Adjusting items* of £7.3m income (1H23: £77.2m expense) comprise largely 1. profit on the disposal of Dagenham and Coventry spoke sites of £12.4m, 2. the unwinding of the discount recognised from the agreement reached with AutoStore to settle IP patent legal cases of £6.9m, and 3. finance, IT and HR systems transformation costs of £8.2m. Further details of all adjusting items* can be found in Note 5 to the Condensed Consolidated Financial Statements.

Statutory loss before tax of £153.9m (1H23: loss of £289.5m) reflects an adjusted EBITDA* profit of £71.2m (1H23: £16.6m), depreciation, amortisation and impairment of £210.3m (1H23: £192.5m), net finance costs of £22.1m (1H23: £36.4m) and net adjusting items* of £7.3m income (1H23: £77.2m expense).

Segmental summary

£m	1H24	1H23	Change
Revenue			
Technology Solutions	241.4	198.2	21.8%
Logistics	354.0	335.2	5.6%
Retail	1,312.0	1,178.5	11.3%
Inter-segment eliminations	(364.3)	(341.2)	(6.8)%
Group	**1,543.1**	**1,370.7**	**12.6%**
Adjusted EBITDA*			
Technology Solutions	35.0	5.9	29.1
Logistics	17.2	14.6	2.6
Retail	20.7	(2.5)	23.2
Inter-segment eliminations	(1.7)	(1.4)	(0.3)
Group	**71.2**	**16.6**	**54.6**

Technology Solutions is the global technology platform business providing OSP as a managed service to 13 grocery retail partners. This 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 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 customers 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. 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") and is fully consolidated into the Group's results.

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 1H24, inter-segmental revenue eliminations were £364.3m (1H23: £341.2m). The increase of £23.1m 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 variable and fixed 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 1H24, inter-segmental adjusted EBITDA* eliminations were £1.7m (1H23: £1.4m). The £0.3m increase is mainly driven by the annualisation of upfront fees and CFC pre-go-live services following the opening of the Luton CFC in 2H23.

Technology Solutions

£m	1H24	1H23	Change
Fees invoiced*[1]	**243.3**	**202.8**	**20.0%**
Revenue	**241.4**	**198.2**	**21.8%**
Direct operating costs	(69.6)	(58.1)	(19.8)%
Contribution	**171.8**	**140.1**	**22.6%**
Contribution %	*71%*	*71%*	*0ppts*
Technology costs	(46.8)	(45.7)	(2.4)%
Support costs	(90.0)	(88.5)	(1.7)%
Adjusted EBITDA*	**35.0**	**5.9**	**£29.1m**
*Adjusted EBITDA %**	*15%*	*3%*	*12ppts*

1. Fees invoiced represent design and capacity fees invoiced during the period for existing and future sites and in-store fulfilment ("ISF"). This also includes fees invoiced by the OIA business relating to the provision of MHE and support services to the non-grocery market. These are recognised in the Income Statement under IFRS 15.

Key performance indicators

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

	1H24	**1H23**	Change
No. of live modules[1,3]	**112**	105	6.7%
Average live modules	**112**	101	10.9%
Cumulative no. of modules ordered[2,3]	**232**	232	-
Direct operating cost (% of live sales capacity)[4]	**1.56%**	1.76%	0.20ppts

1. A module is considered live when it has been fully installed and is available for use by our partner. This includes 14 modules for the Hatfield CFC and Leeds Zoom, which are not actively trading during the period, but are available for use by Ocado Retail and 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 per annum of partner live sales capacity.
4. Direct operating costs as a percentage of live sales capacity reflects the P6 exit rate position for all OSP CFCs live at the period end. Direct operating costs include engineering, cloud and other technology direct costs.

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

During the period we continued our focus on supporting our partners to increase volume growth in order 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.

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 partners.

At the end of the period we had 26 live sites, comprising 22 CFCs and four Zooms, with a total of 112 live modules (1H23: 25 sites, 21 CFCs, four Zooms; 105 modules).

The 112 modules include 14 modules of capacity installed and available for use by Ocado Retail, but 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 during FY23 for its CFCs and a strategy and capacity review for its Zoom sites. At the end of the period, Technology Solutions has 24 sites, with 98 modules, in which partners are actively trading (21 CFCs and three Zooms).

Fees and revenue

Fees invoiced* increased by 20.0% to £243.3m (1H23: £202.8m). These fees include 1. the design and access fees invoiced across clients relating to existing and future CFC and ISF commitments, 2. the ongoing capacity fees associated with the live operations, primarily Ocado Retail, Kroger, Sobeys, Morrisons, and Aeon, and 3. fees invoiced by the OIA business.

The 20.0% year-on-year growth in fees invoiced was lower than the 21.8% year-on-year growth in revenue mainly due to lower design and access fees invoiced as fewer sites went live in the year. The 18.4% increase in ongoing capacity fees invoiced of £206.2m (1H23: £174.1m) was higher than the 16.3% increase in ongoing capacity fee revenue of £203.3m (1H23: £174.8m) due to the timing of invoices raised. Fees invoiced by OIA increased year-on-year mainly driven by the partnership announced in the prior year with McKesson, Canada and the annualisation of the acquisition of 6RS in 2H23.

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 £449.9m (FY23: £446.7m).

Revenue in the period of £241.4m (1H23: £198.2m) comprises ongoing capacity fees of £203.3m (1H23: £174.8m) and £17.7m (1H23: £15.9m) 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 10.9% to 112 average live modules (1H23: 101). Ongoing capacity fee revenue grew at a faster rate than the average live modules (+16.3% compared with +10.9%) 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 112 modules at the end of the period that primarily relate to the Hatfield and Dordon CFCs and that generate a lower fee per module than an OSP module. During FY23 the Hatfield CFC ceased trading; the Technology Solutions business is entitled to continued capacity fees of circa £33m per annum at Hatfield and continues to charge them in full to Ocado Retail. Revenue also includes 1. £17.7m (1H23: £6.2m) relating to OIA and 2. equipment sales to retail partners of £2.3m (1H23: £1.3m) recognised as revenue under IFRS 15 (the cost of this equipment is recognised within direct operating costs).

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 £11.5m (19.8%) to £69.6m (1H23: £58.1m) mainly driven by the 10.9% growth in average live modules, annualisation of OIA direct costs following the acquisition of 6RS in the prior year, 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 1.76% in 1H23 to 1.56%. The decrease was mainly driven by a reduction in cloud costs as we continued to decommission old environments, rationalise the retained data and optimise storage.

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 costs include direct legal and professional fees and non-capitalised software costs. Technology costs in 1H24 were £46.8m (1H23: £45.7m), an increase of £1.1m primarily due to a higher 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 increased by £1.5m to £90.0m during the period (1H23: £88.5m). Cost reduction initiatives of £5.0m were offset by £4.1m of investment in OIA, Solutions Sales and Partner Success, which are of critical importance for the group and £2.5m annualisation of 6RS support costs following its acquisition

Success, which are of critical importance for the group and £2.5m annualisation of 6RS support costs following its acquisition during 2H23. 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. 1H23 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 £10.2m (1H23: £13.3m) are included within Technology Solutions support costs. The year-on-year decrease of £3.1m was mainly driven by a decrease in share-based payment charges of £2.4m to £5.0m (1H23: £7.4m) following the cessation of the Value Creation Plan during the year.

We invested £4.1m in developing the OIA, Solutions Sales and Partner Success functions, 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 during 2H23.

Adjusted EBITDA*

Adjusted EBITDA* for the period was £35.0m (1H23: £5.9m), an improvement of £29.1m. The strong profit flow-through from the £43.2m growth in revenue was driven by 1. the benefits of scale as more modules went live in our existing CFC sites, 2. the ongoing optimisation of direct CFC operating costs (including maintenance and data costs) which have reduced as a percentage of sales capacity and 3. the benefit of cost reductions in support costs.

Ocado Logistics

£m	1H24	1H23	Change
Cost recharges	336.2	318.5	5.6 %
Fee revenue	17.8	16.7	6.6 %
Revenue	**354.0**	**335.2**	**5.6 %**
Other income	2.3	6.9	(66.7)%
Fulfilment and delivery costs	(305.4)	(295.6)	(3.3)%
Technology and support costs	(33.7)	(31.9)	(5.6)%
Adjusted EBITDA*	**17.2**	**14.6**	**£2.6m**

Key performance indicators

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

	1H24	1H23	Change
Total eaches (million)	651.8	595.9	9.4%
Orders per week (000s)	552	512	7.8%
OSP CFC UPH[1,2]	221	206	7.3%
DP8[3]	21.0	21.4	(1.9)%

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.

Ocado Logistics is a wholly-owned third-party logistics business operating exclusively in the UK. This business manages and operates automated warehouses and the related supply chain and online delivery services on behalf of our two partners, Ocado Retail and Morrisons. Ocado Logistics operates on a cost-plus model whereby it charges its clients the costs of the operations we manage on their behalf, plus a management fee of circa 4%.

Given this 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 7.8% to 552,000 (1H23: 512,000) while the volume of eaches increased by 9.4% to 651.8m (1H23: 595.9m). The increase in eaches reflects improved trading across both of our partners, as grocery inflation normalises.

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 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 £17.7m to £336.2m (1H23: £318.5m). 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 9.4%, cost recharges increased at a slower rate increasing by 5.6% with fulfilment efficiencies driven by, 1. the continued rollout 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 year. Improved efficiency from the higher average number of units picked per labour hour ("UPH") in our OSP sites is demonstrated as UPH increased by 7.3% to 221 (1H23: 206). Cost recharges are greater than rechargeable costs of £328.4m (1H23: £312.5m) 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 £17.8m (1H23: £16.7m) increased by 6.6% and includes £12.3m of management fees (1H23: £11.6m) and £5.5m of capital recharges (1H23: £5.1m). The £1.1m increase in fee revenue is largely due to an increase in management fees, which are around 4% of rechargeable costs. Management fees increased by 6.0% in the year.

Capital recharges of £5.5m (1H23: £5.1m) 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 (in accordance with IFRS 16) as revenue as we are considered to be providing a service. 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 £0.4m year-on-year increase was mainly driven by the renewal of LGV leases during the year.

Recharges and fees to Ocado Retail of £276.8m (1H23: £264.9m) included within the £354.0m revenue (1H23: £335.2m) are eliminated on consolidation.

Other income

Other income of £2.3m (1H23: £6.9m) relates to MHE JVCo asset rental income. 1H23 included £2.2m of CFC rental income from one of our partners, which in the current year, is presented within revenue in accordance with IFRS 15. The remaining year-on-year decrease of £2.4m was mainly driven by the expiry of asset rental agreements in the year. Other income is presented within operating costs in the Condensed 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 3.3% to £305.4m (1H23: £295.6m) with eaches increasing by 9.4% to 651.8m (1H23: 595.9m). Costs increased by less than eaches due to improvements to productivity and benefit from 1. the year-on-year reduction in utilities 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 year.

Productivity improvements are demonstrated by the improvement in UPH in OSP CFCs (Erith, Andover, Purfleet, Bristol and Bicester), which improved year-on-year to an average UPH of 221 in the period (1H23: 206), significantly exceeding our target of 200 UPH. The average UPH of 221 also includes the Luton CFC. 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 1.9% to an average of 21.0 drops per standardised 8-hour shift for Ocado Retail (1H23: 21.4 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 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 by £1.8m to £33.7m (1H23: £31.9m) primarily due to higher head office 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 and the transition to OSP is not recharged to partners.

Adjusted EBITDA*

Adjusted EBITDA* for the period was £17.2m, an increase of £2.6m (1H23: £14.6m); 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	1H24	1H23	Change
Revenue	**1,312.0**	**1,178.5**	11.3%
Gross profit	**442.1**	**389.9**	13.4%
Gross profit %	*33.7%*	*33.1%*	*0.6ppts*
Fulfilment and delivery costs	(246.8)	(237.7)	(3.8)%
Marketing costs	(20.4)	(20.1)	(1.5)%
Support costs	(53.4)	(49.0)	(9.0)%
Fees	(100.8)	(85.6)	(17.8)%
Adjusted EBITDA*	**20.7**	**(2.5)**	**£23.2m**

The results of the Ocado Retail Limited joint venture (referred to as either "Ocado Retail" or "Retail") are fully consolidated in the Group.

Key performance indicators

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

Ocado.com[1]	**1H24**	**1H23**	Change
Active customers (000s)[2]	**1,037**	959	8.1%
Average orders per week (000s)	**428**	392	9.2%
Average basket value (£)3	**123.36**	121.22	1.8%
Average selling price (£)4	**2.76**	2.72	1.5%
Average basket size (eaches)	**44.7**	44.6	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.
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

Revenue increased by 11.3% to £1,312.0m (1H23: £1,178.5m) driven by growth in Ocado.com, with 9.2% order growth to 428,000 orders per week (1H23: 392,000 orders per week) and 1.8% growth in basket value to £123.36 (1H23: £121.22).

We continued to win new customers and gain market share through a continued focus on our 'Perfect Execution' strategy, with an emphasis on unbeatable choice, reassuringly good value and unrivalled service. We achieved effective customer acquisition results through improvements in marketing activity, driven by channel efficiency activities, and improved customer retention through our strengthened customer proposition. 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 half.

Active customers now stand at 1,037,000, up by 8.1% from 959,000 at 1H23. Ocado grew its share of the online grocery market to 12.3% (1H23: 11.4%, Nielsen revised methodology**; 1H24 as at 18 May 2024; 1H23 as at 20 May 2023). As our customer base continued to increase, average orders per week grew by 9.2% to 428,000 (1H23: 392,000). The increase in average orders per week of 9.2% was higher than the growth in active customers of 8.1% due to the higher frequency of orders, with a greater proportion of mature customers shopping more often with the business.
** Under the previous methodology market share was 14.2% (1H23: 13.0%).

The average basket value grew by 1.8% to £123.36 (1H23: £121.22) driven by the increase in selling price of 1.5% to £2.76 (1H23: £2.72). Average basket size remained broadly stable at an average of 44.7 items (1H23: 44.6 items).

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 1.5%, well below UK grocery inflation of 4.4% (Nielsen). We continued to invest in the 'Ocado Price Promise', which we launched in early 2023 matching customers' shops to Tesco.com on over 10,000 products, including Clubcard prices. This is a key component of our value strategy to support the growth and retention of our customers. Alongside this, our 'Big Price Drop' campaign delivered multiple rounds of price cuts in the year, as we reduced the prices on thousands of products, to ensure that we continue to combine our unbeatable range and unrivalled service with reassuringly good value for our customers.

Gross profit

Gross profit increased by 13.4% to £442.1m (1H23: £389.9m). Growth was higher than the 11.3% revenue growth due to improvements in the gross profit margin from 33.1% in 1H23 to 33.7% in 1H24. This improvement was mainly driven by improvements in promotional effectiveness and investment alongside improvements in waste.

Gross profit includes the net benefit of supplier-funded media income of £45.0m (1H23: £40.5m) and the cost of vouchers of £13.9m (1H23: £12.6m).

Fulfilment and delivery costs

£m	**1H24**	**1H23**	Change
CFC	(90.7)	(93.4)	2.9%
Service delivery	(148.1)	(130.2)	(13.7)%
Utilities	(8.0)	(14.1)	43.3%
Fulfilment and delivery costs	**(246.8)**	**(237.7)**	(3.8)%

CFC costs primarily comprise labour costs in CFCs. Costs reduced by 2.9% to £90.7m (1H23: £93.4m) despite the 9.2% growth in average orders per week. This improved efficiency was achieved by again improving the productivity of our CFC sites and the closure of the low-productivity Hatfield CFC. The average UPH for Ocado.com improved by 15.5% from 187 to 216.

The OSP CFCs (Erith, Andover, Purfleet, Bicester, Bristol) showed robust improvements in productivity reaching an average of 221 UPH (1H23: 206 UPH), an improvement of 7.3%. Average UPH in 1H24 also includes the Luton CFC.

Service delivery costs comprise labour, fleet, fuel and related costs to enable the delivery of orders to customers. Costs increased by 13.7% to £148.1m (1H23: £130.2m), driven by the growth in the number of orders (+9.2%), as well as inflation and 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 0.2% to 991 eaches (1H23: 993 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. This resulted in service delivery costs growing at a higher rate of 13.7% than the growth in orders of 9.2%.

Utilities costs across CFCs and service delivery decreased by 43.3% to £8.0m (1H23: £14.1m) due to significantly lower electricity unit costs (1H24: 21.8p per kilowatt hour; 1H23: 32.4p per kilowatt hour) and the closure of the Hatfield CFC in 2H23.

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. Costs remained broadly flat year-on-year at £20.4m (1H23: £20.1m) as we continued to optimise the marketing channel mix. As a result, marketing spend as a percentage of revenue decreased to 1.6% (1H23: 1.7%).

Support costs of £53.4m (1H23: £49.0m) comprise head office, customer support and other overhead costs for Ocado Retail. The £4.4m, 8.9%, increase year-on-year whilst lower than revenue growth was higher driven by 1. cost inflation, 2. filling senior, strategic vacancies from the prior year, and 3. incremental costs to hire.

Fees

Fees comprise 1. the 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 £100.8m (1H23: £85.6m), which include costs in relation to the closed Hatfield CFC, increased by £15.2m, mainly driven by the index-linked OSP fees due to Technology Solutions and annualisation of the Luton CFC opening in FY23.

Adjusted EBITDA*

Adjusted EBITDA* for the Retail business was £20.7m (1H23: £2.5m loss). The primary drivers for the £23.2m year-on-year increase were growth in active customers and orders driving trading performance, partly offset by higher fees paid to

Technology Solutions from indexation and the annualisation of the opening of the Luton CFC in FY23, and higher service delivery costs.

Non-segmental items

Depreciation, amortisation and impairment

Total depreciation, amortisation and impairment costs were £210.3m (1H23: £192.5m), an increase of £17.8m, or 9.2% year-on-year. This includes 1. depreciation of PP&E of £103.7m (1H23: £95.8m), 2. depreciation of right-of-use assets of £30.2m (1H23: £35.5m), 3. amortisation expense of £74.2m (1H23: £59.7m) and 4. impairment charge of £2.2m (1H23: £1.5m).

The increase was mainly driven by £22.4m additional depreciation and amortisation due to the annualisation of the three sites that went live during FY23, and technology projects going live in the last 12 months. This was partly offset by a £5.3m 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 year.

Net finance costs

Net finance costs of £22.1m decreased by £14.3m (1H23: £36.4m). Net finance costs comprise the net of finance costs of £51.1m (1H23: £47.0m), finance income of £18.1m (1H23: £19.6m) and the net impact of foreign exchange and revaluation gains of £10.9m (1H23: loss of £9.0m). Finance income is primarily interest income on cash balances.

Finance costs of £51.1m (1H23: £47.0m) mainly comprise the interest expense of £37.9m (1H23: £33.3m) on borrowings. The increase in interest expense of £4.6m was primarily due to the interest expense on the shareholder loan from M&S to Ocado Retail. This was partly offset by lower interest expense of £12.5m (1H23: £13.1m) on lease liabilities.
Net foreign exchange and revaluation gains of £10.9m (1H23: loss of £9.0m) comprise:

- Gain on revaluation of financial assets of £9.7m (1H23: £4.0m loss). During the year, Wayve Technologies Limited ("Wayve") successfully completed a Series C fundraising, following which the Group now holds a 1.5% interest in Wayve (1H23: 2.5%). The Group has recorded an increase in the fair value of its outstanding warrants of £9.7m. Further details of this can be found in Note 9 to the Condensed Consolidated Financial Statements; and
- Net foreign exchange gains of £1.2m (1H23: £5.0m loss), largely in respect of USD balances held.

Total borrowings at the end of the period were £1,482.2m (FY23: £1,462.1m). Total lease liabilities at the end of the period were £486.5m (FY23: £497.8m).

Share of results from joint ventures and associates

The Group has accounted for a £0.2m profit (1H23: £0.9m loss) for the **share of results from joint ventures and associates**.

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). The results of the Ocado Retail joint venture are fully consolidated within the Ocado Group.

- **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 £0.2m (1H23: £0.1m loss); and
- **Karakuri Limited** is an associate and the Group's 26.3% interest in Karakuri contributed £nil in the period (1H23: £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 loss before tax

Adjusted loss before tax of £161.2m (1H23: loss of £212.3m) reflects an adjusted EBITDA* profit of £71.2m (1H23: £16.6m), depreciation, amortisation and impairment of £210.3m (1H23: 192.5m), and net finance costs of £22.1m (1H23: £36.4m).

Loss before tax

Loss before tax of £153.9m (1H23: loss of £289.5m) is stated after net adjusting items* of £7.3m income (1H23: £77.2m expense).

Taxation

The Group reported a total tax credit in the Income Statement for the period of £0.6m (1H23: £14.1m). This amount includes a corporation tax charge of £1.7m (1H23: £0.4m). A deferred tax credit of £2.3m (1H23: credit of £14.5m) was recognised in the period.

Deferred tax assets increased due mainly to the availability of future R&D tax relief in Poland. Deferred tax liabilities increased due to the increased valuation of the investment in Wayve Technologies Limited.

At the end of the period, the Group had £1,608.4m (1H23: £1,165.6m) of unutilised carried-forward tax losses.

Dividend

During the period, the Group did not declare a dividend (1H23: £nil).

Loss per share

Basic and diluted loss per share were 16.65 pence (1H23: 28.65 pence).

Capital expenditure

Capital expenditure for the period totalled £210.5m (1H23: £283.6m), a reduction of £73.1m, primarily driven by a decrease in capital expenditure of CFC sites. Capital expenditure largely comprises new site construction costs and technology development costs to enhance OSP.

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

£m	1H24	1H23	Change
CFC sites	**94.7**	142.6	33.6%
Technology	**97.9**	102.6	4.6%
Group support and other	**11.0**	21.5	48.8%
Technology Solutions	**203.6**	**266.7**	23.7%
Logistics	**5.2**	6.6	21.2%
Retail	**3.0**	12.7	76.4%
Eliminations[1]	**(1.3)**	(2.4)	(45.8)%
Group capital expenditure	**210.5**	**283.6**	**25.8%**

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 £94.7m in the period, a decrease of £47.9m (1H23: £142.6m). The investment primarily relates to seven sites under construction and Ocado Retail's Luton CFC which went live in 2H23. The year-on-year reduction is primarily driven by higher capital expenditure in the prior year on the three sites that went live in FY23, and sites that are near completion and due to go live in FY24. CFC sites capital expenditure in 1H24 also benefited from the draw-down on existing inventory held on hand for new CFCs.

Technology development spend decreased to £97.9m (1H23: 102.6m). During the period, we continued to invest in OSP with a focus on delivering the Re:Imagined product innovations announced in January 2022. Re:Imagined includes seven key innovations: the 600 series bot, the 600 grid and optimised site design, Automated Frameload ("AFL"), On-Grid Robotic Pick ("OGRP"), Ocado Orbit, Ocado Swift Router and Ocado Flex.

£m	1H24	1H23	Change
CFC technologies	**48.4**	60.5	20.0%
Ecommerce	**18.1**	14.9	(21.5)%
Logistics and supply chain	**13.2**	10.5	(25.7)%
Other	**18.2**	16.7	(9.0)%
Technology	**97.9**	**102.6**	**4.6%**

We continue to enhance our customer proposition delivering world-class end-to-end 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 £48.4m in CFC technologies during the period (1H23: £60.5m) in several key propositions that aim to increase energy efficiency and reduce build and running costs. These include: the development of our lowest-cost and lightest bot ever and its associated grid, the 600 series; an automated freezer solution ("autofreezer"); and AFL. 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.

  During the period, we launched the first of our 600 series bots into Ocado Retail's Bicester CFC and deployed AFL into the Luton CFC.

- **Ecommerce:** we invested £18.1m (1H23: £14.9m) in developing our ecommerce platform, a core element of the OSP end-to-end solution. These additional OSP ecommerce innovations continue to enhance every aspect of the shopper journey. They include improvements to the search and browse experience, and specific developments to bolster the range of products our partners can sell.

- 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 £13.2m in these propositions in 1H24 (1H23: £10.5m), with the focus of our investment on the optimisation of the grocery supply chain and efficiency of the last mile delivery. This includes ensuring strong product availability to customers, whilst maintaining low waste and stock holding days in our partners' CFCs. Our last-mile solution aims to deliver excellent slot availability to end customers.

- 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 £18.2m (1H23: £16.7m).

Group support and other capital expenditure comprise projects relating to support costs systems and infrastructure. Other capital expenditure of £11.0m is £10.5m lower year-on-year (1H23: £21.5m) following completion of Jones Food's second vertical farm in Lydney, Gloucestershire which opened in FY23.

Logistics

Capital expenditure of £5.2m (1H23: £6.6m) largely relates to technology system development of £4.8m (1H23: £6.6m) to transition our UK partners from our legacy platforms onto OSP.

Retail

Capital expenditure of £3.0m (1H23: £12.7m) largely comprises CFC automation costs recharged from Ocado Group and IT project costs. The year-on-year decrease of £9.7m is due to a reduction in new CFC investment following the opening of the Luton CFC in 2H23.

Design and set-up fees of £1.3m (1H23: £2.4m) to Ocado Retail from Technology Solutions are eliminated on consolidation of the Group and principally relate to the Luton CFC. This reduced year-on-year as no new sites have been committed to in the period.

Cash flow

£m	1H24	1H23
Adjusted EBITDA*	**71.2**	**16.6**
Movement in contract liabilities	22.1	23.7
Other working capital movements	(23.8)	(9.5)
Finance costs paid	(27.8)	(28.1)
Taxation paid	(2.9)	1.4
Adjusting items*	39.3	(21.1)
Other non-cash items	(9.0)	0.6
Operating cash flow	**69.1**	**(16.4)**
Capital expenditure	(214.2)	(288.8)
Net proceeds from interest-bearing loans and borrowings	0.2	4.3
Repayment of lease liabilities	(27.7)	(32.1)
Net proceeds from share issues	1.1	1.3
Other investing and financing activities	34.6	18.5
Movement in cash and cash equivalents (excl. FX changes)	**(136.9)**	**(313.2)**
Effect of changes in FX rates	(1.3)	(6.3)
Movement in cash and cash equivalents (incl. FX changes)	**(138.2)**	**(319.5)**

Cash and cash equivalents (including FX changes) reduced by £138.2m (1H23: reduction of £319.5m). There was a decrease in cash outflow of £181.3m year-on-year.

Adjusted EBITDA* (as detailed in the alternative performance measures in Note 16 of the Consolidated Financial Statements) improved by £54.6m to £71.2m (1H23: £16.6m).

Operating cash flow improved by £85.5m to an inflow of £69.1m (1H23: outflow of £16.4m). The movement can be analysed as follows:

- **Contract liabilities: cash inflow of £22.1m** (1H23: £23.7m inflow) relating to upfront design and access fees paid by our grocery retail partners and advances received by our OIA business. Design fees are typically paid in instalments during the CFC construction process.
- **Working capital: cash outflow of £23.8m** (1H23: £9.5m outflow)
    - Trade and other receivables increased by £9.8m mainly due to the timing of prepayments relating to insurance premiums, rates and software maintenance and the timing of cash receipts from our Technology Solutions partners. This was partially offset by a decrease in receivables for Ocado Retail mainly due to the timing of receipt of media and promotional income.
    - Inventories increased by £14.6m mainly driven by the timing of stock receipts in Ocado Retail (adjusted by accruals for goods received not invoiced) and increase in bots and spares inventory as we scale the OIA business.
    - Trade and other payables increased by £0.6m.
- **Finance costs: cash outflow of £27.8m** (1H23: £28.1m outflow) comprises £15.3m interest and charges on borrowings (1H23: £15.0m) and £12.5m for the interest element of assets held under finance leases (1H23: £13.1m).
- **Taxation: cash outflow of £2.9m** (1H23: inflow of £1.4m) reflects taxation payments by foreign subsidiaries. No UK tax was paid in the period.
- **Adjusting items*: cash inflow of £39.3m** (1H23: outflow of £21.1m) relates to cash-settled adjusting items* and primarily comprises the following:
    - £49.8m proceeds from the settlement of AutoStore patent litigation and cross-licence pre-2020 patents;
    - £(8.2)m (1H23: £(4.2)m) relating to Finance, HR and Retail IT system transformation costs;
    - £(1.2)m (1H23: £(7.8)m) relating to organisational restructuring costs; and
    - £nil (1H23: £(9.1)m) relating to litigation costs

- **Other non-cash items: outflow of £(9.0)m** (1H23: inflow of £0.6m) relates to adjustments for the following non-cash elements of adjusted EBITDA*:
    - £(27.1)m (1H23: £(13.1)m) revenue recognised from long-term contracts;
    - £19.9m (1H23: £16.1m) of share-based payments;
    - £(1.8)m (1H23: £1.2m) movement in provisions.
    - £(0.2)m share of profit from joint ventures and associates (1H23: £0.9m share of loss);
    - £0.2m (1H23: £0.4m) non-cash write-off of property, plant and equipment; and
    - £nil (1H23: £(5.0)m) gain on the disposal of property, plant and equipment, as this is recognised in adjusting items* in the Condensed Consolidated Income Statement but the proceeds from the disposal are included in other investing and financing activities.

The movements above result in an **operating cash inflow of £69.1m** (1H23: cash outflow of £16.4m). The following movements explain the overall movement in cash and cash equivalents outflow of £138.2m (1H23: outflow of £319.5m):

- **Capital expenditure of £214.2m** (1H23: £288.8m) 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. The year-on-year reduction of £74.6m reflects higher capital expenditure in the prior year on the three sites that went live in FY23 and sites that are near completion and due to go live in FY24. The prior year also included Jones Food's investment in their new plant in Lydney. Cash capital expenditure of £214.2m is higher than accounting capital expenditure of £210.5m 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 £0.2m** (1H23: £4.3m) reflect a loan drawn down by Jones Food. Jones Food is fully consolidated into Ocado Group and this represents the portion of a £5.0m loan that was lent by entities outside of the Group.
- **Lease liability repayments of £27.7m** (1H23: £32.1m), decreased by £4.4m year-on-year mainly driven by the expiry of certain plant and machinery leases in the prior year.
- **Net proceeds from share issue of £1.1m** (1H23: £1.3m) in respect of employee share schemes.
- **Other investing and financing activities of £34.6m** (1H23: £18.5m) include £18.6m (1H23: £9.4m) proceeds from the disposal of assets held for sale, £15.0m (1H23: £18.2m) of interest received on treasury deposits, and £1.0m (1H23: £0.9m) cash contingent consideration received in respect of the sale of Fabled to Next plc.
- **Effect of changes in FX rates of £1.3m** (1H23: £6.3m loss) relates to the FX loss (reported under other finance gains and losses) and translation FX on our non-sterling cash balances (predominantly USD cash balances held to fund the expansion of our Technology Solutions business in the US).

£m	1H24	1H23[1]
Movement in cash and cash equivalents	**(138.2)**	**(319.5)**
Adjusting items*	(39.3)	21.1
Proceeds from disposal of assets held for sale	(18.6)	(9.4)
Purchase of unlisted equity investments and loans to investee companies	-	10.0
Cash received in respect of contingent consideration	(1.0)	(0.9)
Financing[2]	(1.3)	(5.6)
Effect of changes in FX rates	1.3	6.3
Underlying cash outflow*	**(197.1)**	**(298.0)**

1. Underlying cash outflow for 1H23 has been re-presented to exclude proceeds from the disposal of assets held for sale of £(9.4)m and cash received in respect of contingent consideration of £(0.9)m as these are not recurring, core business items. Underlying cash outflow for 1H23 was previously reported as £287.7m
2. Financing of £1.3m (1H23: £5.6m) includes net proceeds from share issues of £1.1m (1H23: £1.3m) and net proceeds from interest-bearing loans and borrowings of £0.2m (1H23: £4.3m).

Underlying cash outflow* is £197.1m (1H23: £298.0m) and improved by £100.9m year-on-year. 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, cash received in respect of contingent consideration, costs of new financing activity, investment in unlisted equity investments and FX movements.

Balance Sheet

£m	1H24	1H23	FY23
Assets			
Goodwill	157.9	161.8	158.6
Other intangible assets	480.8	413.6	461.3
Property, plant and equipment	1,790.7	1,832.9	1,794.9
Right-of-use assets	414.5	460.8	428.1
Investment in joint venture and associates	9.7	14.6	9.5
Trade and other receivables	405.3	308.9	427.8
Cash and cash equivalents	746.6	1,008.5	884.8
Other financial assets	138.6	194.8	127.7
Inventories	123.5	85.7	127.1
Other assets	16.2	7.2	9.2
Total assets	**4,283.8**	**4,488.8**	**4,429.0**
Liabilities			
Contract liabilities	(449.9)	(428.2)	(446.7)
Trade and other payables	(449.8)	(456.7)	(470.4)
Borrowings	(1,482.2)	(1,393.2)	(1,462.1)
Lease liabilities	(486.5)	(516.0)	(497.8)
Other Liabilities	(43.2)	(48.2)	(41.0)
Total liabilities	**(2,911.6)**	**(2,842.3)**	**(2,918.0)**
Net assets	**1,372.2**	**1,646.5**	**1,511.0**
Total equity	**(1,372.2)**	**(1,646.5)**	**(1,511.0)**

Assets

Goodwill of £157.9m (FY23: £158.6m) arises on the acquisition of a business where the purchase cost exceeds the fair value of the tangible assets, the liabilities and the intangible assets acquired. It therefore represents the expected future benefit to Ocado Group of businesses that have been acquired. Goodwill of £157.9m arises from the prior acquisitions of Kindred Systems Inc., Haddington Dynamics Inc., Myrmex Inc. and Jones Food Company. This future benefit derives from the development of new technology, the ability to attract new customers and cost synergies. Goodwill decreased by £0.7m in the period mainly due to the foreign exchange impact of the revaluation of the goodwill (predominantly USD-denominated).

Other intangible assets net book value of £480.8m increased by £19.5m (FY23: £461.3m). The movement was driven by:
- £88.4m (1H23: £79.8m) 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;
- £8.8m (1H23: £15.3m) of intangible assets acquired primarily relating to software and patents;
- Amortisation charge for the period of £74.2m (1H23: £59.7m); and
- Other smaller movements of £(3.5)m.

Other intangible assets are typically depreciated over five years.

Property, plant and equipment net book value decreased by £4.2m to £1,790.7m (FY23: £1,794.9m) and comprise fixtures, fittings, plant and machinery of £1,588.4m (FY23: £1,586.3m), land and buildings of £199.9m (FY23: £206.0m) and motor vehicles of £2.4m (FY23: £2.6m).
- Fixtures, fittings, plant and machinery predominantly comprise the material handling and other operating equipment within our sites.
    - This increased by £2.1m to £1,588.4m driven by £99.9m of additions (1H23: £169.6m) primarily relating to client sites currently under construction.
    - Internal development costs of £11.7m (1H23: £17.2m) were capitalised and relate to OSP technology development and deployment.
    - These increases were partly offset by depreciation for the period of £99.1m (1H23: £94.5m), net foreign exchange movements of £(11.4)m (1H23: £26.9m) and impairments of £3.8m (1H23: £8.5m) and other smaller movements. Impairments recognised largely relate to the strategy and capacity review of the Zoom network.
- Land and buildings comprise CFC and Zoom sites in the UK, spokes and offices. The net book value decreased by £6.1m to £199.9m.
- Motor vehicles primarily comprise the vehicles owned by Ocado Group relating to CFC and head office operations.
- Tangible assets are typically depreciated over eight to ten years.

Right-of-use assets of £414.5m (FY23: £428.1m) represent the value of assets held under long-term leases, comprising land and buildings of £349.4m (FY23: £359.9m), motor vehicles of £48.6m (FY23: £50.5m) and fixtures, fittings, plant and machinery of £16.5m (FY23: £17.7m).

During the period, the Group entered into new leases for assets of £11.8m:
- £8.8m of which is motor vehicles;
- £1.7m of which is fixtures, fittings, plant and machinery; and
- £1.3m of which is land and buildings.

The Group recognised a depreciation charge for the period of £30.2m (1H23: £35.5m).

Investment in joint ventures and associates includes the Group's 50% investment in MHE JVCo and the Group's 26.3% investment in Karakuri (both no change in percentage holding from the prior year). The Group's investment in Karakuri was written off in the prior year and the carrying amount at the end of the period of £9.7m relates solely to the investment in MHE JVCo (FY23: £9.6m).

Trade and other receivables decreased by £22.5m to £405.3m (FY23: £427.8m). The balance comprises the following:
- Trade receivables (net of expected credit loss allowance) of £116.9m (FY23: £126.8m) primarily comprise receivable balances due from Technology Solutions retail partners and amounts due to Ocado Retail from suppliers as part of commercial and media income.
- Other receivables of £146.3m (FY23: 190.4m). Other receivables largely comprise amounts receivable from AutoStore following the settlement of patent litigation, tax refunds due and receivables expected from contract manufacturers for components sourced on their behalf. The decrease of £44.1m is mainly driven by cash receipts from AutoStore.
- Accrued income of £72.4m (FY23: £54.8m) relates to accrued income for media and promotions, solutions capacity fees, and volume-related rebates. The increase is mainly driven by higher accrued media and promotional income due to the timing of invoicing.
- Prepayments of £69.7m (FY23: £55.8m) include CFC components, software maintenance payments, and business rates and utilities payments. The £13.9m increase was mainly driven by the timing of utilities and rates prepayments.
- Amounts due from suppliers relating to commercial income are £40.4m (FY23: £91.5m). £15.2m (FY23: £59.1m) of the total is within trade receivables and £25.2m (FY23: £32.4m) is within accrued income.

Cash and cash equivalents were £746.6m (FY23: £884.8m) at the end of the period. Gross debt (including lease liabilities) at the period end was £1,968.7m (FY23: £1,959.9m), with net debt* at the end of the period of £1,222.1m (FY23: £1,075.1m). Current borrowing facilities include a £600m convertible bond that matures in December 2025, a £500m senior unsecured note that matures in October 2026 and a £350m convertible bond that matures in January 2027. These facilities are expected to be refinanced on a timely basis to maintain appropriate liquidity.

The Group also has access to a £300m undrawn RCF that is due to expire in June 2025.

Other financial assets of £138.6m (FY23: £127.7m) comprise:
- £94.8m (FY23: £82.7m) unlisted equity investments held by the Group in Oxa Autonomy, Wayve and 80 Acres;
- £28.4m (FY23: £29.4m) total contingent consideration receivable
- £14.7m (FY23: £14.4m) loans receivable held at amortised cost; and
- £0.7m (FY23: £1.2m) other items.

The increase of £10.9m is mainly due to 1. the revaluation of the Group's unlisted equity investments, principally Wayve (as detailed below) and 2. cash received in respect of contingent consideration due from Next.

Unlisted equity investments, loans and other items

The fair value of unlisted equity investments increased by £12.1m to £94.8m (FY23: £82.7m).

During the period, Wayve completed a Series C fundraising, following which the Group now holds a 1.5% interest in Wayve (FY23: 2.5%). The Group has recorded an increase in fair value of its equity investment in Wayve of £11.7m, and an increase in the value of its outstanding warrants of £9.7m.

Contingent consideration receivables

Contingent consideration due from M&S

The fair value of the contingent consideration due from M&S in relation to the disposal of 50% of Ocado Retail in 2019 is estimated to be £28.0m (FY23: £28.0m).

Contingent consideration due from Next

The fair value of the contingent consideration due from Next is estimated to be £0.4m (FY23: £1.4m). During the period, the Group received cash consideration of £1.0m (1H23: £0.9m).

Further details can be found in Note 9 to the Condensed Consolidated Financial Statements.

Inventories of £123.5m (FY23: £127.1m) comprise Ocado Retail grocery inventory, Technology Solutions grid and bots spares and 6RS Chuck robots. Inventories decreased by £3.6m during the period mainly driven by the seasonal reduction in Ocado Retail's grocery stock.

Other assets of £16.2m (FY23: £9.2m) comprise:
- Share warrants that have a carrying value of £13.0m (FY23: £3.3m). The £9.7m increase during the period reflects an increase in the value of warrants outstanding in respect of Wayve as noted above and;
- Deferred tax assets of £3.2m (FY23: £0.9m).

Liabilities

Contract liabilities of £449.9m (FY23: £446.7m) primarily relate to the consideration received in advance from Technology 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 £3.2m increase in the year is driven by:
- £30.2m (1H23: £18.8m) invoiced to partners for their contracted contribution towards the initial MHE investment made in a site, or build and design of MHE; and
- £(27.0)m (1H23: £(13.5)m) in respect of prior receipts recognised as revenue in the year.

The current liabilities portion of the contract liabilities balance of £37.5m (FY23: £38.6m) represents amounts due to be recognised as revenue within 12 months of the half-year end. Long-term liabilities of £412.4m (FY23: £408.1m) make up the balance.

Trade and other payables of £449.8m (FY23: £470.4m) reduced by £20.6m. The balance comprises the following:
- Trade payables of £186.0m (FY23: £181.0m). Trade payables at the end of the period predominantly relate to amounts payable by Ocado Retail to suppliers.
- Accrued expenses £191.2m (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. Ocado Retail accrued expenses largely relate to goods received and not yet invoiced. Accrued expenses reduced by £22.1m during the period largely due to the seasonal reduction in purchases in Ocado Retail and an acceleration in invoice processing during the year.
- Tax and social security payables of £58.3m (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.
- Deferred income of £14.3m (FY23: £15.0m). Deferred income primarily relates to advance receipts of ongoing capacity fees and R&D tax credits by Technology Solutions. Deferred income also includes amounts received by Ocado Retail in respect of annual delivery passes not yet recognised as revenue, in accordance with IFRS 15.

Borrowings of £1,482.2m (FY23: £1,462.1m) comprise the liability element of the two unsecured convertible bonds, the senior unsecured bond and the shareholder loan provided by M&S (the non-controlling interest) to Ocado Retail. The increase of £20.1m is due to:
- £35.2m accrued interest on loans and borrowings held at amortised cost;
- £0.2m loan drawn by Jones Food; and
- £(15.3)m interest repayments;

Lease liabilities of £486.5m (FY23: £497.8m) comprise land and buildings of £420.2m (FY23: £426.9m), motor vehicles of £49.1m (FY23: £51.6m) and fixtures, fittings, plant and machinery of £17.2m (FY23: £19.3m). New lease liabilities of £11.7m were entered into during the year (1H23: £18.3m) and largely comprised motor vehicles. Lease liabilities decreased by payments made of £40.2m (1H23: £45.2m), partly offset by £12.5m of accrued interest (1H23: £13.1m) and £4.7m of other movements.

Lease liabilities of £486.5m (FY23: £497.8m) include £14.0m (FY23: £16.5m) payable to MHE JVCo, a company in which the Group holds a 50% interest.

Other liabilities of £43.2m (FY23: £41.0m) comprise:
- £39.8m (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;
- £0.5m (FY23: £0.2m) derivative financial liabilities primarily related to diesel hedges; and
- £2.9m (FY23: £nil) of deferred tax liabilities. The £2.9m increase is due to the deferred tax liability arising from the increase in the fair value of the Group's unlisted equity investments and is recognised in the Condensed Consolidated Statement of Comprehensive Income.

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement

for the 26 weeks ended 2 June 2024

		26 weeks ended 2 June 2024 (unaudited)			26 weeks ended 28 May 2023 (unaudited)[1,2]		
	Notes	**Before adjusting items £m**	**Adjusting items (Note 5) £m**	**Total £m**	Before adjusting items £m	Adjusting items (Note 5) £m	Total £m
Revenue	4	**1,543.1**	**-**	**1,543.1**	1,370.7	-	1,370.7
Insurance and legal settlement proceeds		**-**	**-**	**-**	-	-	-
Operating costs		**(1,682.4)**	**0.4**	**(1,682.0)**	(1,545.7)	(77.2)	(1,622.9)
Operating loss before results from joint ventures and associate		**(139.3)**	**0.4**	**(138.9)**	(175.0)	(77.2)	(252.2)
Share of results from joint ventures and associate		**0.2**	**-**	**0.2**	(0.9)	-	(0.9)
Operating loss		**(139.1)**	**0.4**	**(138.7)**	(175.9)	(77.2)	(253.1)
Finance income	6	**18.1**	**6.9**	**25.0**	19.6	-	19.6
Finance costs	6	**(51.1)**	**-**	**(51.1)**	(47.0)	-	(47.0)
Other finance gains and losses	6	**10.9**	**-**	**10.9**	(9.0)	-	(9.0)
Loss before tax		**(161.2)**	**7.3**	**(153.9)**	(212.3)	(77.2)	(289.5)

Loss before tax	**(161.2)**	**7.3**	**(153.9)**	(212.3)	(77.2)	(289.5)
Income tax credit	**0.6**	**-**	**0.6**	14.1	-	14.1
Loss for the period	**(160.6)**	**7.3**	**(153.3)**	(198.2)	(77.2)	(275.4)
Attributable to:						
Owners of Ocado Group plc			**(136.3)**			(233.7)
Non-controlling interests			**(17.0)**			(41.7)
			(153.3)			(275.4)

1. In FY23, the Group changed the presentation of other finance gains and losses. See Note 3 for details.
2. In 1H24, Revenue includes £2.4m of CFC rent revenue. In 1H23, the equivalent amount is offset within Operating costs. If 1H23 was presented in line with the classification in 1H24, Revenue would be £1,372.9m in 1H23.

Loss per share		Pence	Pence
Basic and diluted loss per share	7	**(16.65)**	(28.65)

Refer to Note 16 Alternative Performance Measures for a reconciliation of operating loss to adjusted earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items (adjusted EBITDA*).

Condensed Consolidated Statement of Comprehensive Income

for the 26 weeks ended 2 June 2024

	26 weeks ended 2 June 2024 £m (unaudited)	26 weeks ended 28 May 2023 £m (unaudited)
Loss for the period	**(153.3)**	(275.4)
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent years:		
Fair value movements in cash flow hedges	**(0.5)**	(1.0)
Foreign exchange loss on translation of foreign subsidiaries	**(14.7)**	(28.8)
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	**(15.2)**	(29.8)
Items that will not be reclassified to profit or loss in subsequent periods:		
Gains on equity instruments designated as fair value through other comprehensive income	8.7	-
Net other comprehensive income that will not be reclassified to profit and loss in subsequent periods	**8.7**	-
Other comprehensive expense for the period, net of tax	**(6.5)**	(29.8)
Total comprehensive expense for the period	**(159.8)**	(305.2)
Attributable to:		
Owners of Ocado Group plc	(142.8)	(263.5)
Non-controlling interests	(17.0)	(41.7)
	(159.8)	(305.2)

Condensed Consolidated Balance Sheet

as at 2 June 2024

	Notes	**2 June 2024 £m (unaudited)**	28 May 2023 £m (unaudited)	3 December 2023 £m (audited)
Non-current assets				
Goodwill		**157.9**	161.8	158.6
Other intangible assets		**480.8**	413.6	461.3
Property, plant and equipment		**1,790.7**	1,832.9	1,794.9
Right-of-use assets		**414.5**	460.8	428.1
Investment in joint ventures and associate		**9.7**	14.6	9.5
Other financial assets	9	**95.5**	193.3	84.0
Trade and other receivables		**7.8**	-	50.9
Deferred tax assets		**3.2**	1.4	0.9
Derivative financial assets	10	**13.0**	5.8	3.3
		2,973.1	3,084.2	2,991.5
Current assets				
Other financial assets	9	**43.1**	1.5	43.7
Inventories		**123.5**	85.7	127.1
Trade and other receivables		**394.7**	308.9	375.4
Current tax assets		**2.8**	-	1.5
Cash and cash equivalents	8	**746.6**	1,008.5	884.8
Derivative financial assets	10	**-**	-	0.1
		1,310.7	1,404.6	1,432.6
Asset held for sale		**-**	-	4.9
		1,310.7	1,404.6	1,437.5
Total assets		**4,283.8**	4,488.8	4,429.0
Current liabilities				
Contract liabilities		**(37.5)**	(32.0)	(38.6)
Trade and other payables		**(447.6)**	(456.3)	(468.4)

Current tax liabilities		**(1.1)**	-	(0.9)
Borrowings	8	**(4.9)**	(0.4)	(2.6)
Provisions		**(11.1)**	(20.0)	(13.2)
Lease liabilities	8	**(55.1)**	(59.4)	(52.9)
Derivative financial liabilities	10	**(0.5)**	(1.8)	(0.2)
		(557.8)	(569.9)	(576.8)
Net current assets		**752.9**	834.7	860.7
Non-current liabilities				
Contract liabilities		**(412.4)**	(396.2)	(408.1)
Provisions		**(28.7)**	(26.4)	(27.6)
Borrowings	8	**(1,477.3)**	(1,392.8)	(1,459.5)
Lease liabilities	8	**(431.4)**	(456.6)	(444.9)
Trade and other payables		**(1.1)**	(0.4)	(1.1)
Deferred tax liabilities		**(2.9)**	-	-
		(2,353.8)	(2,272.4)	(2,341.2)
Net assets		**1,372.2**	1,646.5	1,511.0
Equity				
Share capital		**16.6**	16.5	16.6
Share premium		**1,944.0**	1,940.6	1,942.9
Treasury shares reserve		**(112.9)**	(112.9)	(112.9)
Other reserves		**84.1**	134.2	90.6
Retained earnings		**(566.2)**	(385.2)	(449.8)
Equity attributable to owners of Ocado Group plc		**1,365.6**	1,593.2	1,487.4
Non-controlling interests		**6.6**	53.3	23.6
Total equity		**1,372.2**	1,646.5	1,511.0

Condensed Consolidated Statement of Changes in Equity

for the 26 weeks ended 2 June 2024 (unaudited)

	Equity attributable to owners of Ocado Group plc							
	Share capital	**Share premium**	**Treasury shares reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 3 December 2023 (audited)	**16.6**	**1,942.9**	**(112.9)**	**90.6**	**(449.8)**	**1,487.4**	**23.6**	**1,511.0**
Loss for the period	**-**	**-**	**-**	**-**	**(136.3)**	**(136.3)**	**(17.0)**	**(153.3)**
Other comprehensive expense	**-**	**-**	**-**	**(6.5)**	**-**	**(6.5)**	**-**	**(6.5)**
Total comprehensive expense for the period ended 2 June 2024 (unaudited)	**-**	**-**	**-**	**(6.5)**	**(136.3)**	**(142.8)**	**(17.0)**	**(159.8)**
Transactions with owners:								
- Issue of ordinary shares	**-**	**0.9**	**-**	**-**	**-**	**0.9**	-	**0.9**
- Allotted in respect of share option schemes	**-**	**0.2**	**-**	**-**	**-**	**0.2**	-	**0.2**
- Share-based payments charge	**-**	**-**	**-**	**-**	**19.9**	**19.9**	-	**19.9**
Total transactions with owners	**-**	**1.1**	**-**	**-**	**19.9**	**21.0**	**-**	**21.0**
Balance at 2 June 2024 (unaudited)	**16.6**	**1,944.0**	**(112.9)**	**84.1**	**(566.2)**	**1,365.6**	**6.6**	**1,372.2**

for the 26 weeks ended 28 May 2023 (unaudited)

	Equity attributable to owners of Ocado Group plc							
	Share capital	Share premium	Treasury shares reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 27 November 2022 (audited)	16.5	1,939.3	(112.9)	164.0	(169.0)	1,837.9	96.4	1,934.3
Loss for the period	-	-	-	-	(233.7)	(233.7)	(41.7)	(275.4)
Other comprehensive expense	-	-	-	(29.8)	-	(29.8)	-	(29.8)
Total comprehensive expense for the period ended 28 May 2023 (unaudited)	-	-	-	(29.8)	(233.7)	(263.5)	(41.7)	(305.2)
Transactions with owners:								
- Issue of ordinary shares	-	1.1	-	-	-	1.1	-	1.1
- Allotted in respect of share option schemes	-	0.2	-	-	-	0.2	-	0.2
- Share-based payments charge (net of tax)	-	-	-	-	16.1	16.1	-	16.1
- Additional investment in Jones Food Company Limited[1]	-	-	-	-	1.4	1.4	(1.4)	-
Total transactions with owners	-	1.3	-	-	17.5	18.8	(1.4)	17.4
Balance at 28 May 2023 (unaudited)	16.5	1,940.6	(112.9)	134.2	(385.2)	1,593.2	53.3	1,646.5

1. In April 2023, the Group exercised warrants in Jones Food Company Limited ("Jones Food Company") to acquire 2.3 million shares for £3.7m and therefore, the Group's shareholdings in Jones Food Company is 54.6% The Group retains control of Jones Food Company.

Condensed Consolidated Statement of Cash Flows

Condensed Consolidated Statement of Cash Flows

for the 26 weeks ended 2 June 2024

	Note	**26 weeks ended 2 June 2024 £m (unaudited)**	26 weeks ended 28 May 2023 £m (unaudited)
Cash generated from operations	11	**50.0**	10.3
Cash received from the AutoStore settlement	5	**49.8**	-
Corporation tax (paid)/received		**(2.9)**	1.4
Interest paid		**(27.8)**	(28.1)
Net cash flows (used in)/from operating activities		**69.1**	(16.4)
Cash flows from/(used in) investing activities			
Purchase of property, plant and equipment		**(120.5)**	(194.8)
Purchase of intangible assets		**(93.7)**	(94.0)
Purchase of unlisted equity investment at FVTOCI		**-**	(10.0)
Proceeds from disposal of asset held for sale		**18.6**	9.4
Cash received in respect of contingent considerations receivable		**1.0**	0.9
Interest received		**15.0**	18.2
Net cash flows used in investing activities		**(179.6)**	(270.3)
Cash flows from/(used in) financing activities			
Proceeds from issue of ordinary share capital		**0.9**	1.1
Proceeds from allotment of share options		**0.2**	0.2
Proceeds from interest-bearing loans and borrowings		**0.2**	14.3
Repayment of borrowings		**-**	(10.0)
Repayment of principal element of lease liabilities		**(27.7)**	(32.1)
Net cash flows used in financing activities		**(26.4)**	(26.5)
Net decrease in cash and cash equivalents		**(136.9)**	(313.2)
Cash and cash equivalents at the beginning of the period		**884.8**	1,328.0
Effects of changes in foreign exchange rates		**(1.3)**	(6.3)
Cash and cash equivalents at the end of the period		**746.6**	1,008.5

Notes to the condensed consolidated interim financial statements

1. General information

Ocado Group plc (hereafter the "Company") is incorporated in the United Kingdom under the Companies Act 2006 (company number: 07098618). The address of its registered office is Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, United Kingdom. The condensed consolidated interim financial information (hereafter "Financial Information") comprises the results of the Company and its subsidiaries (hereafter the "Group").

The financial period represents the 26 weeks ended 2 June 2024. The prior financial periods represent the 26 weeks ended 28 May 2023 and the 53 weeks ended 3 December 2023.

2. Basis of preparation

These condensed consolidated interim financial statements for the half-year reporting period ended 2 June 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

The Financial Information does not amount to full statutory accounts within the meaning of Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual Report and Accounts of Ocado Group plc for the 53 weeks ended 3 December 2023 which was 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 in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards ('IFRS'), including the interpretations issued by IFRS Interpretation Committee ('IFRIC'). This report is available either on request from the Company's registered office or at www.ocadogroup.com. The Independent Auditor's Report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The Financial Information is presented in pounds sterling, rounded to the nearest hundred thousand unless otherwise stated. It has been prepared under the historical cost convention, as modified by the revaluation of financial asset investments and certain financial assets and liabilities, which are held at fair value.

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

In assessing going concern, the Directors take into account the Group's cash flows, solvency and liquidity positions and borrowing facilities. At the end of the period, the Group had Cash and cash equivalents of £746.6m (3 December 2023: £884.8m) and net current assets of £752.9m (3 December 2023: £860.7m), which the Directors believe would be sufficient to maintain the Group's liquidity over the going concern period, including continued investment to meet existing financial commitments and to deliver future growth.

The Directors considered a range of scenarios as part of their assessment, each of which showed positive cash headroom throughout the 18 month period from the balance sheet date. In addition, the Directors considered mitigating actions available in the event of either a deterioration in trading performance or the crystallisation of one or more of the Group's principal risks, notably the ability to reduce capital expenditure in the short term or to make cost efficiencies where appropriate.

The Directors also considered the maturity profile of the Group's debt facilities, with particular focus on the Revolving Credit Facility ("RCF") which matures in June 2025 (currently includes an option to extend to June 2027) and Convertible Bonds which mature in December 2025. Whilst the scenarios modelled indicate no draw down of the RCF would be required and the maturity of the convertible bonds is outside of the going concern assessment period, the Directors have considered the risk that the Group has insufficient ability to access the capital markets to refinance debt as it approaches maturity. The Directors are comfortable, based on the Group's previous record in raising finance, that an extension to the RCF and refinance of the convertible bonds ahead of maturity will be successfully achieved and will therefore not impact the ability of the Group to continue to meet existing financial commitments as they fall due.

Taking these factors together, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

3. Material accounting policies

Accounting policies
The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the 53 weeks ended 3 December 2023.

Judgements and estimates
The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the critical accounting judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report and Accounts for the 53 weeks ended 3 December 2023.

New standards, amendments and interpretations
The following new standards, interpretations and amendments to published standards and interpretations are relevant to the Group and have been deemed to have an immaterial effect on these interim financial statements:

		Effective date
IFRS 17	Insurance Contracts	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)	3 May 2023
IFRS 10	Consolidated Financial Statements (amendments)	Deferred
IAS 28	Investments in Associates and Joint Ventures (amendments)	Deferred

Change in presentation of other finance gains and losses in the Condensed Consolidated Income Statement
In FY23 the Group reclassified gains and losses relating to foreign exchange and on revaluation of financial instruments from Finance Income and Finance Costs to Other Finance Gains and Losses. Comparative amounts for 1H23 have been represented to align to this presentation which resulted in £9.0m being reclassified from Finance Costs to Other Finance Gains and Losses.

The revised presentation provides an Income Statement that is more relevant for the Group and is in line with the Annual Report and Accounts for the 53 weeks ended 3 December 2023.

4. 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") and for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM, as required by IFRS 8. 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: Retail, Logistics and Technology Solutions:

- The Retail segment provides online grocery and general merchandise offerings to customers within the United Kingdom, and relates entirely to the Ocado Retail joint venture.
- The Logistics segment provides the CFCs and logistics services for customers in the United Kingdom (Wm Morrison Supermarkets Limited and Ocado Retail Limited).
- 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 1H24 segmental disclosures have been prepared to reflect the above structure.

Inter-segment eliminations relate to revenues and costs arising from inter-segment transactions, and are required to reconcile segmental results to the consolidated Group results.

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 is not currently reliant on any major customer for 10% or more of its revenue.

Segmental revenue and EBITDA*	**Technology Solutions £m**	**Logistics £m**	**Retail £m**	**Inter-segment eliminations £m**	**To**
26 weeks ended 2 June 2024 (unaudited)					
Revenue	**241.4**	**354.0**	**1,312.0**	**(364.3)**	**1,54**
Adjusted EBITDA*	**35.0**	**17.2**	**20.7**	**(1.7)**	**7**
26 weeks ended 28 May 2023 (unaudited)					
Revenue	198.2	335.2	1,178.5	(341.2)	1,37
Adjusted EBITDA*	5.9	14.6	(2.5)	(1.4)	1
53 weeks ended 3 December 2023 (audited)					
Revenue	429.0	680.5	2,408.8	(693.3)	2,82

Adjusted EBITDA*	15.6	30.8	12.1	(4.3)

* See Alternative performance measures in Note 16 for further information.

No measure of total assets and total liabilities is reported to each reportable segment, as such amounts are not provided to the CODM.

5. Adjusting items*

Adjusting items*, as disclosed on the face of the Condensed Consolidated Income Statement, are items that are considered to be significant due to their size and/or nature, not in the normal course of business or are consistent with items that were treated as adjusting in 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 financial performance more readily. The Group applies judgement in identifying the items of income and expense that are recognised as adjusting.

	Ref.	**26 weeks ended 2 June 2024 £m (unaudited)**	26 weeks ended 28 May 2023 £m (unaudited)
Litigation costs net of recoveries	A	**-**	(9.1)
Litigation settlement income and unwind of discount	A	**6.9**	-
Ocado Group Finance transformation	B	**(2.6)**	(3.5)
Ocado Retail IT and Finance systems transformation	C	**(2.1)**	(0.7)
Change in fair value of contingent consideration receivable and related costs	D	**(1.0)**	(17.4)
Organisational restructure	E	**(1.2)**	(7.8)
Ocado Group HR systems transformation	F	**(3.5)**	-
UK network capacity review	G	**-**	(38.7)
Zoom by Ocado network capacity and strategy review	H	**(1.6)**	-
Gain on disposal of assets held for sale	I	**12.4**	-
Net adjusting income/(expense)		**7.3**	(77.2)

* Adjusting items are alternative performance measures. See Note 16 for further information.

A. Litigation costs and litigation settlement
Litigation costs are costs incurred on patent infringement litigation between the Group and AutoStore Technology AS ("AutoStore"). The net cumulative costs to date amount to £66.7m and include £9.1m incurred in 1H23.

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 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 £6.9m recorded in the current period (1H23: £nil). During the period, payments totalling £49.8m (1H23: £nil) 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 2H21, the Group has undertaken a multi-year programme which focuses on optimising and enhancing the existing SaaS solutions and related finance processes to improve efficiency across the business. This programme completed in 1H24. The cumulative finance transformation costs expensed to date amount to £17.2m and includes £2.6m in 1H24 which largely relates 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 systems transformation
In FY21, Ocado Retail initiated its IT Roadmap programme which focuses on delivering IT systems and services that will enable ORL to meet its obligation to transition away from Ocado Group IT services, tools and support. The IT Roadmap programme, which is expected to run until the end of FY24, includes the development of both on-premises and SaaS solutions. IT Roadmap programme costs that meet assets recognition criteria will be recognised as intangible assets, and implementation costs that do not meet assets recognition will be expensed. The cumulative costs expensed to date amount to £11.6m, which includes costs incurred during the current period of £1.5m (1H23: £0.7m). These costs have been classified as adjusting items 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.

During 2H23, Ocado Retail implemented a finance system transformation programme as part of which it replaced the current Enterprise Resource Planning ("ERP") with Oracle Fusion. The cumulative costs incurred to date are £1.7m which includes costs incurred during the current period of £0.6m and the programme will continue during FY24.

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 ORL to Marks and Spencer Group plc ("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, and revalues it at each reporting date. In the prior period, a loss on revaluation of £17.4m was reported through adjusting items, primarily driven by the reduction in the contingent consideration receivable from M&S. Refer to Note 9 for details.

During the period, the Group has incurred consultancy costs of £1.0m (1H23: £nil) in relation to the above.. As these costs have been incurred in the process of securing an adjusting income item, these costs have been classified as adjusting.

E. Organisational restructure
During the current period, the Group undertook a final reorganisation of its head office and support function resulting in redundancy and related costs of £1.2m. 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 redundancy and related costs of £15.5m, bringing net cumulative costs to date of £19.7m. 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 only incremental to the normal operating activities of the Group.

F. Ocado Group HR systems 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 £5.5m, including £3.5m in 1H24 (1H23: £nil) 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.

G. UK network capacity review

On 25 April 2023, the Group announced the plan to cease operations at its Customer Fulfilment Centre ("CFC") in Hatfield as part of a wider review of UK network capacity.

As a result, in the prior period the Group recorded provisions for restructuring costs of £11.0m, onerous contracts of £4.1m and other costs of £3.2m, as well as an impairment charge of £20.4m (RoU assets £13.3m; PP&E £7.1m).

These costs have been classified as adjusting items on the basis that they are expected to be material and relate primarily to a site where no ongoing trading activities will take place.

H. Zoom by Ocado network capacity and strategy review

During 2H23, Ocado Retail undertook a strategy and capacity review for the Zoom network, which resulted in the Group recording impairment charges totalling £27.2m, of which £12.5m related 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.

These costs have been classified as adjusting on the basis that they are material and part of a significant strategic review.

I. 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.

Tax impact on adjusting items

The change in fair value of contingent consideration receivable is not subject to tax. The remaining adjusting items are taxable or tax deductible and give rise to a tax credit of £0.6m of which £nil (1H23: £nil) has been recognised. The tax credit has not been recognised as it relates to tax losses which are not recognised for deferred tax purposes.

6. Finance income and costs

	26 weeks ended 2 June 2024 £m (unaudited)	26 weeks ended 28 May 2023 £m (unaudited)
Interest income on cash balances	**17.6**	19.1
Interest income on loans receivable	**0.4**	0.5
Unwind of discount on AutoStore receivable	**6.9**	-
Other finance income	**0.1**	-
Finance income	**25.0**	19.6
Interest expense on borrowings	**(37.9)**	(33.3)
Interest expense on lease liabilities	**(12.5)**	(13.1)
Interest expense on provisions	**(0.6)**	(0.6)
Other finance costs	**(0.1)**	-
Finance costs	**(51.1)**	(47.0)
Gain/(loss) on revaluation of financial assets designated at FVTPL	**9.7**	(4.0)
Foreign exchange gain/(loss)	**1.2**	(5.0)
Other finance gains and losses	**10.9**	(9.0)
Net finance cost	**(15.2)**	(36.4)

7. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders 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 dilutive potential 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 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 basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

The basic and diluted loss per share has been calculated as follows:

	26 weeks ended 2 June 2024 (unaudited) Million	26 weeks ended 28 May 2023 (unaudited) Million
Weighted average number of shares at the end of the period	**818.9**	815.8
	£m	£m
Loss for the period attributable to the owners of Ocado Group plc	**(136.3)**	(233.7)
	Pence	Pence

Basic and diluted loss per share	**(16.65)**	(28.65)

8. Movements in net debt*

Net debt* is calculated as cash and cash equivalents less total debt (borrowings and lease liabilities).

		Cash movements			**Non-cash movements**			
	3 December 2023 £m	**Cash flows excluding interest £m**	**Interest received £m**	**Interest paid £m**	**Interest income/ (charge) £m**	**Net new lease liabilities £m**	**Foreign exchange £m**	**2 June 2024 £m**
Cash and cash equivalents	884.8	**(151.9)**	**15.0**	**-**	**-**	**-**	**(1.3)**	**746.6**
Liabilities from financing activities:								
Borrowings	(1,462.1)	**(0.2)**	**-**	**15.3**	**(35.2)**	**-**	**-**	**(1,482.2)**
Lease liabilities	(497.8)	**27.7**	**-**	**12.5**	**(12.5)**	**(16.4)**	**-**	**(486.5)**
Gross debt*	(1,959.9)	**27.5**	**-**	**27.8**	**(47.7)**	**(16.4)**	**-**	**(1,968.7)**
Net debt*	(1,075.1)	**(124.4)**	**15.0**	**27.8**	**(47.7)**	**(16.4)**	**(1.3)**	**(1,222.1)**

		Cash movements			Non-cash movements			
	27 November 2022 £m	Cash flows excluding interest £m	Interest received £m	Interest paid £m	Interest income/ (charge) £m	Net new lease liabilities £m	Foreign exchange £m	28 May 2023[1] £m
Cash and cash equivalents	1,328.0	(331.5)	18.2	-	-	-	(6.2)	1,008.5
Liabilities from financing activities:								
Borrowings	(1,372.8)	(4.3)	-	15.0	(31.1)	-	-	(1,393.2)
Lease liabilities	(532.3)	32.0	-	13.1	(13.1)	(15.7)	-	(516.0)
Gross debt*	(1,905.1)	27.7	-	28.1	(44.2)	(15.7)	-	(1,909.2)
Net debt*	(577.1)	(303.8)	18.2	28.1	(44.2)	(15.7)	(6.2)	(900.7)

* Gross debt and net debt are alternative performance measures. See Note 16 for further information.
1. Consistent with the FY23 financial statements, the prior period movements have been amended to provide additional information on the split between cash and non-cash movements during the period.

In accordance with its financial strategy, at the latest Ocado plans to refinance outstanding debt maturities prior to an instrument becoming current and more broadly continues to evaluate opportunities related to addressing its 2025, 2026 and 2027 debt maturities. In connection with potential refinancing opportunities, Ocado continues to monitor market conditions and evaluate potential near term new issuance alternatives, including in the high yield bond market (including evaluating currencies and medium term tenors to appropriately manage its capital structure) and related liability management options. The Company has a preference not to issue equity in the near term.

9. Other financial assets

Other financial assets comprise contingent consideration receivable, unlisted equity investments, loans receivable and contributions towards dilapidations costs receivable.

	2 June 2024 £m (unaudited)	28 May 2023 £m (unaudited)	3 December 2023 £m (audited)
Contingent consideration receivable	28.4	80.1	29.4
Unlisted equity investments held at FVTOCI	94.8	99.2	82.7
Loans receivable held at FVTPL	-	0.5	0.5
Loans receivable held at amortised cost	14.7	14.3	14.4
Contribution towards dilapidation costs receivable	0.7	0.7	0.7
Other financial assets	**138.6**	194.8	127.7
Disclosed as:			
Current	43.1	1.5	43.7
Non-Current	95.5	193.3	84.0
	138.6	194.8	127.7

Contingent consideration receivable
Total contingent consideration receivable at the balance sheet date is £28.4m (FY23: £29.4m; 1H23: £80.1m), and comprises two amounts: £28.0m (FY23: £28.0m; 1H23: £78m) due from Marks and Spencer Holdings Limited ("M&S") relating to the part-disposal of Ocado Retail Limited ("Ocado Retail") in August 2019; and £0.4m (FY23: £1.4m; 1H23 £2.1m) due from Next Holdings Limited ("Next") relating to the disposal of Marie Claire Beauty Limited ("Fabled") in July 2019.

Contingent consideration due from M&S

At FY23, the IFRS 13 fair value was estimated using the expected present value technique and was based on several probability-weighted possible scenarios that a market participant would consider and was determined to be £28.0m. Management has reviewed this valuation and considered the weightings ascribed to each of the possible scenarios in light of the current circumstances and facts and have determined that the value of £28.0m remains appropriate at 1H24.

Unlisted equity investments held at FVTOCI
The Group holds a number of long-term, strategic investments that are accounted for as fair value through other comprehensive income ("FVTOCI").

During the period, Wayve Technologies Limited ("Wayve") successfully completed a Series C fundraising, following which the

During the period, Wayve Technologies Limited ("Wayve") successfully completed a Series C fundraising, following which the Group now holds a 1.5% interest in Wayve (FY23: 2.5%). The Group has recorded an increase in fair value of its equity investment in Wayve of £11.7m (£8.7m net of tax), and an increase in the value of its outstanding warrants of £9.7m. At 1H24 the fair value of the Group's equity investment in Wayve was £21.7m and the fair value of the Group's warrants was £10.0m.

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 4.6% interest in Inkbit (FY23: 5.0%).

Refer to Note 10 for further details on the valuation techniques and key inputs utilised in the fair value measurement of the financial instruments.

10. Financial instruments

Financial assets and liabilities at fair value
Financial instruments carried at fair value on the Condensed Consolidated Balance Sheet comprise contingent consideration, unlisted equity investments and the derivative assets and liabilities. The Group uses the following hierarchy for determining and disclosing the fair value of these 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); and
- inputs for the assets or liabilities that are not based on observable market data (level 3).

The Group's derivative financial assets and liabilities in relation to commodity swaps are classified as level 2. The Group' warrants, contingent consideration and unlisted equity investments are classified as level 3.

Financial assets and liabilities held at fair value have been valued as follows:

		2 June 2024 £m (unaudited)	28 May 2023 £m (unaudited)	3 December 2023 £m (audited)
Financial assets held at fair value				
- Contingent consideration receivable	Level 3	28.4	80.1	29.4
- Unlisted equity investments	Level 3	94.8	99.2	82.7
- Loans receivable held at FVTPL	Level 3	-	0.5	0.5
- Derivative assets: warrants	Level 3	13.0	5.8	3.3
- Derivative assets: commodity swaps	Level 2	-	-	0.1
Total financial assets held at fair value		**136.2**	**185.6**	**116.0**
Financial liabilities held at fair value				
- Derivative financial liabilities: commodity swaps	Level 2	(0.5)	(1.8)	(0.2)
Total financial liabilities held at fair value		**(0.5)**	**(1.8)**	**(1.6)**

There were no transfers between the levels of the fair value hierarchy during the period. There were also no changes made to any of the valuation techniques during the period.

The following table provides information about how the fair values of financial instruments classified as level 3 are determined:

Description	**Valuation techniques and key inputs**	**Significant unobservable inputs**
Unlisted equity investments	Probability weighted expected return method ("PWERM")	Probabilities of expected revenue in a number of different scenarios.
	Forecasted revenue, revenue multiples, exit date, discount rate and probabilities	Discount rate
	Option pricing model method ("OPM")	Time to exit
		Volatility

11. Cash generated from operations

	Note	**26 weeks ended 2 June 2024 £m (unaudited)**	26 weeks ended 28 May 2023 £m (unaudited)
Cash flows from operating activities			
Loss before tax		**(153.9)**	(289.5)
Adjustments for:			
- Revenue recognised from long-term contracts		**(27.1)**	(13.1)
- Depreciation, amortisation and impairment losses[1]		**211.8**	213.0
- Property, plant and equipment write-off		**0.2**	0.4
- Gain on disposal of asset held for sale	5	**(12.4)**	(5.0)
- Litigation settlement income and interest unwind	5	**(6.9)**	-
- Other non-cash adjusting items		**-**	17.4
- Share of results from joint ventures and associate		**(0.2)**	0.9
- Movement in provisions		**(1.8)**	19.5
- Share-based payments charge		**19.9**	16.1
- Net finance cost[2]	6	**22.1**	36.4
Changes in working capital:			
- Movement in inventories		**(14.6)**	16.0
- Movement in trade and other receivables		**(9.8)**	10.9
- Movement in trade and other payables		**0.6**	(36.4)
- Cash received from contract liabilities (upfront fees)		**22.1**	23.7
Cash generated from operations		**50.0**	10.3

[1] Included within depreciation, amortisation and impairment losses in the prior year is an adjusting impairment charge of £20.4m relating to the UK network capacity review. Refer to Note 5 for further details.

[2] Excludes £6.9m interest unwind on AutoStore litigation settlement, which is included within litigation settlement income and interest unwind line item

12. Capital expenditure and commitments

During the period, the Group acquired property, plant and equipment of £101.6m (1H23: £171.3m, FY23: £281.6m) and intangible assets of £8.8m (1H23: £15.3m, FY23: £38.2m). Internal development costs of £100.1m (1H23: £97.0m, FY23: £167.8m) were capitalised. Capital expenditure relates to CFCs in the UK, investment in international CFCs and technology expenditure.

At 2 June 2024 capital commitments contracted, but not provided for by the Group, amounted to £74.0m (1H23: £187.4m, FY23: £105m).

13. Impairment review

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 determined that no additional indicators of impairment exist at the half year from those identified at the year end.

Further to disclosure in the FY23 Annual Report, the corporate restructuring and change of majority ownership envisaged in relation to the Groupe Casino CGU ("Casino") has been completed. The Group has engaged with, and will continue to work with Casino's new majority owner to determine how best to move forward together with their online grocery retail business. The Group will continue to monitor indicators of impairment that may result from these discussions and potential decisions taken by Casino's majority owners, and undertake full impairment assessments as and when they are deemed necessary.

14. 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 which has responsibility for planning, directing and controlling the activities of the Group.

With the exception of remuneration, there were no related party transactions with key management personnel (1H23: £nil). At the end of the period, there was £nil (1H23: £nil) owed by key management personnel to the Group.

Joint venture
The following transactions were carried out with MHE JVCo Limited ("MHE JVCo"), a company incorporated in the United Kingdom in which the Group holds a 50% interest:

	26 weeks ended 2 June 2024 £m (unaudited)	26 weeks ended 28 May 2023 £m (unaudited)	53 weeks ended 3 December 2023 £m (audited)
Dividend received from MHE JVCo	**-**	-	5.1
Reimbursement of supplier invoices paid on behalf of MHE JVCo	**1.3**	0.8	4.1
Lease liability additions from MHE JVCo	**0.5**	-	11.4
Capital element of lease liability instalments accrued or paid to MHE JVCo	**3.5**	8.6	12.5
Interest element of lease liability instalments accrued or paid to MHE JVCo	**0.6**	0.3	0.5

During the period, the Group incurred lease instalments (including interest) of £4.1m (1H23: £8.9m) to MHE JVCo. Of the lease instalments incurred, £1.9m was recovered directly from WM Morrison SuperMarkets Limited in the form of other income (1H23: £4.3m).

Included within trade and other receivables is a balance of £4.9m (1H23: £1.9m; FY23: £0.7m) owed by MHE JVCo. Included within trade and other payables is a balance of £1.3m (1H23: £12.5m; FY23: £0.7m) owed to MHE JVCo. Included within lease liabilities is a balance of £14.0m (1H23: £9.0m; FY23: £16.5m) owed to MHE JVCo.

No other transactions that require disclosure under IAS 24 "Related Party Disclosures" have occurred during the current financial period. There are no changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the group in the first six months of the current financial year.

15. Post-Balance Sheet events

Update on Sobeys Partnership
On 20 June 2024, Empire Company Limited announced a pause to the planned go-live of Sobeys' CFC4 in Vancouver, Canada, which was originally planned for 2025. The go-live timeline for the Vancouver CFC will be under regular review, and the site will be able to commission and scale quickly when required.

Aeon Update
On 8 July 2024, the Group and AEON announced the continued expansion of their partnership, with plans to construct a third Customer Fulfilment Centre ("CFC") in Kuki-Miyashiro, the Saitama prefecture of Japan. In addition to the network expansion, AEON will also upgrade its live operations with the latest Ocado technologies including On-Grid Robotic Pick ("OGRP").

16. 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;
- Gross debt and external gross debt;
- Net debt;
- Technology Solutions fees invoiced;
- Underlying cash flow.

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 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. A reconciliation of operating profit to adjusted EBITDA is set out below.

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.

Adjusted EBITDA reconciliation	Note	**26 weeks ended 2 June 2024 £m (unaudited)**
Operating loss		**(138.7)**
Adjustments for:		
Adjusting items*	5	**(0.4)**
Amortisation of intangible assets		**74.2**
Impairment of intangible assets		**-**
Depreciation of property, plant and equipment		**103.7**
Impairment of property, plant and equipment		**2.2**
Depreciation of right-of-use assets		**30.2**
Adjusted EBITDA		**71.2**

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 4 of the consolidated financial statements.

Adjusted EBITDA margin
Adjusted EBITDA margin is calculated as the adjusted EBITDA divided by revenues.

Gross debt and external gross debt
Gross debt is calculated as borrowings and lease liabilities as disclosed in Note 8 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:

	Note	**26 weeks ended 2 June 2024 £m**	26 weeks ended 28 May 2023 £m	3 December 2023 £m
Gross debt	8	**1,968.7**	1,909.2	1,959.9
Lease liabilities payable to joint ventures		**(14.0)**	(9.0)	(16.5)
External gross debt		**1,954.7**	1,900.2	1,943.4

Net debt
Net debt is calculated as cash and cash equivalents, 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 8 to the consolidated financial statements.

financial statements.

Technology Solutions fees invoiced
Technology Solutions fees invoiced is used as a key measure of performance of the Technology Solutions business in addition to revenue and represents design and capacity fees invoiced during the period for existing and future CFC and in-store fulfilment commitments.

Underlying cash flow
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, cash received in respect of contingent consideration, costs of financing, purchase of unlisted equity investments and foreign exchange movements, as these are not recurring, core business items. A reconciliation of the movement in cash and cash equivalents to underlying cash outflow is detailed within the Financial Review.

Principal risks and uncertainties

The Group faces a number of risks and uncertainties that may have an adverse impact on the Group's operation, performance or future prospects.

The Board regularly assesses and monitors the principal risks of the business. Set out in the Group's Annual Report and Accounts for the 53 weeks ended 3 December 2023 were details of the principal risks and uncertainties for the Group and the key mitigating activities used to address them, applicable at that time.

The Board considers that the principal risks and uncertainties for the Group have not changed, and remain relevant for the remaining six months of the 2024 financial year.

- Market Proposition (OSP & OIA): 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.

- Partner Success (OSP): 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.

- Product Innovation, protection and performance: Our innovation and development processes 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.

- Supply Chain: 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.

- Talent & Capability: Difficulty in filling key positions, a loss of top performers and an inability to embed diversity could undermine business operations and growth plans.

- Cyber Security & Data: The 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 interruption, reputational damage or regulatory impacts, for both Ocado and our partners.

- Fire & Safety: 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.

- Regulatory & Compliance: Failure to comply with local and international regulations could lead to loss of trust, penalties, and undermine our ability to operate.

- Climate, Environment and Geopolitical: Transformation pressures and adverse external events could increase cost, disrupt our supply chain and operations, and the demand for our product.

- Liquidity & Cash Management: Insufficient liquidity (cash balances plus undrawn facilities) to deliver our business goals and/or settle our liabilities.

This principal risks section should be read in conjunction with the rest of this statement as the impact of the current market conditions and trading patterns on the business are explained there and help provide an understanding of the risks and opportunities facing Ocado. In particular:

- Partner Success: The announcement on 20 June 2024, after the period end, of the pause to the planned go-live of Sobeys' CFC4 in Vancouver, Canada highlights the significance and the risks of the Partner Success programme. This statement outlines that we continue to focus on partner success work; in 1H24, we restructured Ocado Solutions to provide more dedicated resources. Where our partner success work is already well advanced, it has had a positive impact on both operational performance and customer growth, and this restructuring will enable us to deliver these benefits to all our live partners. There is much work still to do to further support our partners and we remain reliant on the growth of our partners' online businesses to generate appropriate returns on our investment and to continue to draw CFC capacity in future.

- Liquidity & Cash Management: As outlined in the Notes to the condensed consolidated interim financial information, the Group's debt facilities include a Revolving Credit Facility (RCF) (undrawn) which matures in June 2025, and borrowing facilities with repayment due in December 2025 (£600m convertible bond), October 2026 (£500m SUNs) and January 2027 (£350m convertible bond). The Group will need to obtain replacement funding to refinance existing facilities. The Directors anticipate any refinancing would take place well in advance of maturity, in line with normal market practice. Given current market conditions, the coupon rates on any refinancing are expected to be significantly higher than the coupon rates on current facilities. The Group has a previous track record of successful refinancing, and is confident in delivering the refinancing as described. The risk remains though that a refinancing cannot be and is confident in delivering the refinancing as described. The risk remains though that a refinancing cannot be successfully achieved.

As part of the ongoing risk management process, emerging risks for the Group are identified and assessed. These risks are deemed to be significant but are not listed as one of the Group's principal risks.

More information on these principal risks and uncertainties and emerging risks, together with an explanation of the Group's approach to risk management is set out in Ocado Group plc's Annual Report and Accounts for the 53 weeks ended 3 December 2023, a copy of which is available on the Group's corporate website, www.ocadogroup.com.

Independent Review Report to Ocado Group plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 2 June 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 16.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 2 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, UK
16 July 2024

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position, and profit or loss of the issuer, or undertakings included in the consolidation, as required by DTR 4.2.4R and prepared in accordance with UK adopted IAS 34 "Interim Financial Reporting";
- the interim management report includes a fair review of the information required by DTR 4.2.7R, namely:
  - an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements; and
  - a description of the principal risks and uncertainties for the remaining six months of the financial year;
- the interim management report includes a fair review of the information required by DTR 4.2.8 R, namely:
  - material related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the enterprise during that period; and
  - any material changes in the related party transactions described in the last annual report and that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors of Ocado Group plc as at the date of this announcement are as follows:

Executive Directors
Tim Steiner, Chief Executive Officer
Stephen Daintith, Chief Financial Officer

Non-Executive Directors
Richard Haythornthwaite, Chairman
Andrew Harrison, Senior Independent Director
Jörn Rausing
Emma Lloyd
Julie Southern
Nadia Shouraboura
Julia M. Brown
Rachel Osborne
Gavin Patterson

Approved by the Board and signed on its behalf by:

Stephen Daintith
Chief Financial Officer

16 July 2024

Person responsible for arranging the release of this announcement:

Neill Abrams
Group General Counsel and 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@ocado.com
Ocado Group plc LEI: 213800LO8F61YB8MBC74

Glossary

6 River Systems or 6RS - means 6 River Systems LLC, a company incorporated in Massachusetts, United States of America, acquired by the Group on 30 June 2023.

Active customer - means a customer who has shopped with Ocado Retail at Ocado.com within the previous 12 weeks.

Adjusting items - means 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 - means AEON Co., Ltd., a company incorporated in Japan, whose registered office is at 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba, 261-8515.

Alcampo - means 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.

ASRS - means automated storage retrieval systems.

Auchan Polska - means Auchan Polska Sp. z.o.o., a company incorporated in Poland, whose registered office is at ul. Puławska 46, 05-500 Piaseczno.

AutoStore - means AutoStore Technology AS, a company incorporated in Norway, whose registered office is at Stokkastrandvegen 85, 5578, Nedre Vats, Rogaland, Norway.

Auto Frame Load or AFL - means 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 - means the average amount shoppers spend in one transaction.

Average live modules - means 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 - means the average number of orders per week processed within CFCs for Ocado Retail.

Average selling price - means product sales divided by total eaches.

Board - means the Board of Directors of the Company or its subsidiaries from time to time as the context may require.

Bon Preu - means Bon Preu SA, a company incorporated in Spain, whose registered office is at Carrer C, 17, 08040 Barcelona.

Client - means a client of Ocado Group that has purchased warehouse automation products and services offered to non-grocery customers.

Code - means the UK Corporate Governance Code published by the FRC in 2018, or the 2024 Code.

Coles - means Coles Supermarkets Australia Pty Ltd, a company incorporated in Australia, whose registered office is at 800 Toorak Road, Hawthorn East, VIC 3123.

Companies Act - means the Companies Act 2006.

Company - means 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 - means Technology Solutions revenue less Technology Solutions direct operating costs.

Contribution margin - means Technology Solutions contribution divided by Technology Solutions revenue.

Corporate website - means www.ocadogroup.com.

Customer Fulfilment Centre or CFC - means a dedicated, highly automated warehouse used for the operation of the business.

Deloitte - means Deloitte LLP, the Group's statutory auditor and advisor in respect of non-audit services.

Direct operating costs (% of live sales capacity) - means the direct costs of running our OSP CFC estate within Technology Solutions. Direct operating costs include engineering, cloud and other technology direct costs.

Directors - means the Directors of the Company, whose names and biographies are set out on pages 118 to 121 of the 2023 Annual Report and Accounts , or the Directors of the Company's subsidiaries from time to time as the context may require.

Disclosure Guidance and
Transparency Rules or DTR - means the disclosure guidance and transparency rules made under Part VI of the Financial Services and Markets Act 2000 (as amended).

DP8 - means customer deliveries per standardised eight-hour shift.

FCA - means the Financial Conduct Authority.

FRC - means the Financial Reporting Council.

GAAP - means generally accepted accounting principles.

Gross liquidity - means cash and cash equivalents plus unused availability of revolving credit facility.

Group - means Ocado Group plc, its subsidiaries, significant undertakings and affiliated companies under its control or common control.

Groupe Casino or Casino - means Casino Guichard Perrachon SA, a company incorporated in France, whose registered office is at 24 Rue de la Montat, Saint-Etienne.

Haddington Dynamics - means Haddington Dynamics Inc., a company incorporated in Nevada, United States of America, acquired by the Group on 21 December 2020.

HMRC - means His Majesty's Revenue and Customs.
IAS - means International Accounting Standards.

ICA - means ICA Gruppen AB, a company incorporated in Sweden, whose registered office is at Svetsarvägen 16, Solna.

IFRIC - means International Financial Reporting Standards Interpretations Committee.

IFRS - means International Financial Reporting Standards.

Inkbit - means Inkbit Corporation, a company incorporated in Delaware, United States of America, whose business address is 200 Boston Ave #1875, Medford, MA, 02155.

ISA (UK & Ireland) - means International Standard on Auditing in the United Kingdom and Ireland.

ISF - means in-store fulfilment.

Jones Food Company or JFC - means 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.

Kindred Systems - means Kindred Inc., a company incorporated in Delaware, United States of America, acquired by the Group on 15 December 2020.

KPI - means key performance indicator.

Kroger - means The Kroger Co., a company incorporated in the United States of America, whose registered office is at 1014 Vine Street, Cincinnati, Ohio.

LGV - means large goods vehicle.

Listing Rules - means the Listing Rules made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000 (as amended).

Lotte - means 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 - means 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 - means McKesson Canada Corporation, a company incorporated in Canada and whose registered office is at 4705 Dobrin Street, Montreal, Quebec, H4R 2P7.

MHE - means mechanical handling equipment.

MHE JVCo - means 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 - means 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.

Net finance costs - means the total of finance income, finance costs and other finance gains and losses before. Finance income is composed principally of bank interest. Finance costs are composed primarily of interest on borrowings and lease liabilities.

Number of modules live - means 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 - means the Group's online retail business serviced from the Ocado.com website and excludes the Zoom by Ocado business.

Ocado Re:Imagined or Re:Imagined - means a series of innovations and changes to the technology powering our Ocado Smart Platform (OSP).

Ocado Retail or ORL - means 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 - means the end-to-end solution for operating online in the grocery market, which has been developed by the Group.

Operating costs - means all costs incurred in the continuing operations of the group.

Partner - means a client of Ocado Group that has purchased the Ocado Smart Platform Solution or part of the OSP Solution to deliver their operations.

RCF - means revolving credit facility.

ROI - means return on investment.

Senior unsecured notes or notes - means the Company's offering of £500m senior secured notes due 2026.

Senior unsecured convertible bonds or convertible bonds - means 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%, and of £350m senior unsecured convertible bonds due 2027 at a coupon of 0.750% and an issue price of 100.0%.

Shareholder - means a holder of ordinary shares of the Company.

SKU - means stock-keeping unit; that is, a line of stock.

Sobeys - means 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 - means the trans-shipment sites used for the intermediate handling of customers' orders.

Stem time - means the time from when a driver leaves the CFC/spoke until the driver makes the first delivery

Substitution - means an alternative product provided in place of the original product ordered by a customer.

UPH - means average units picked per labour hour.

VCP - means the Value Creation Plan.

Zoom by Ocado or Zoom - means Zoom by Ocado, the Group's immediacy delivery offering.

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