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GROUP

OCADO SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
52 WEEK PERIOD 29 NOVEMBER 2021 TO 27 NOVEMBER 2022
COMPANY NUMBER 04204963

Contents

Company information

Directors	Neill Abrams Stephen Daintith Luke Jensen Mark Richardson Timothy Steiner
Company secretaries	Neill Abrams Robert Cooper
Company number	04204963
Registered office	Buildings One & Two Trident Place Mosquito Way Hatfield Hertfordshire AL10 9UL United Kingdom
Independent auditor	Deloitte LLP Statutory Auditor 2 New Street Square London EC4A 3BZ United Kingdom

Strategic Report

The Directors present their strategic report of Ocado Solutions Limited (the "Company") for the 52 week period 29 November 2021 to 27 November 2022.

Principal activities
The Company's ultimate parent company is Ocado Group plc, which, together with the Company and the direct and indirect subsidiaries of Ocado Group plc, form the "Ocado Group" or "the Group".

The Company's principal activity is to offer our Solutions partners the Ocado Smart Platform, ("OSP"), a fully integrated software stack that optimises operations across web-shop functions, supply chain forecasting, fulfilments and delivery routing based on real-time decisions taken by their customers. The platform provides our partners with a wide range of fulfilment formats that can be configured across geographies to meet the growing range of customer missions online. The OSP partners are able to leverage our considerable grocery e-commerce expertise to support deployment and optimisation of OSP in their markets.

The Company enters into contracts with the international solutions partners to provide them with access to OSP (comprising the Ocado Group's proprietary material handling equipment and end-to-end software). The Company partners with the local Ocado Solutions entities situated in the respective countries of the solutions partners, which provide the OSP services locally.

Financial review
For the 52 week period ended 27 November 2022, total revenue in the Company was £33.0m (2021: £20.4m) and loss for the period was £39.9m (2021: £73.2m). For a typical Solutions arrangement, the recognition of revenue commences when a working solution is delivered to our partners, which is typically when a Customer Fulfilment Centre ("CFC") or Store Pick/In-store Fulfilment ("ISF") solution goes live. Prior to this, no revenue is recognised, with amounts received in upfront payments from our partners being recorded as contract liabilities. The Company has contract liabilities of £387.8m (2021: £337.5m) at the balance sheet date that will be recognised in revenue over future periods once respective solutions go live.

As such, the Company will recognise losses in the early years of a contract due to the recognition of operating costs and the deferral of revenue recognition from the upfront cash fees received from our partners. The Company's operating costs consisted mainly of net cost recharges from other Group entities of £97.1m (2021: £89.9m). The revenues from the ongoing or recurring fees are recognised by the local Solutions entities as the services are performed locally.

During the period, the Company recognised net finance income of £26.1m (2021: £3.7m net finance costs) which is primarily the foreign exchange gain of £28.9m (2021: £4.5m foreign exchange loss).

In the period, the OSP reached another significant milestone with the launch of a new CFC in Sweden and opening of *additional CFCs in the USA and Canada. This introduced a customer experience online for customers in those countries.*

In addition, in March 2022, the Company signed a new agreement with Auchan Retail ("Auchan") to develop Auchan Retail Poland's ("Auchan Poland") online business using the OSP. Under the agreement, Ocado Group and Auchan Poland will initially build a CFC to serve the Warsaw region from 2024. Further, in November 2022, the Company signed an agreement with Lotte Shopping Co. Ltd ("Lotte") to partner with the Company to develop Lotte's online business in South Korea using the OSP.

Future developments
The shift to online grocery has now stabilised at a materially higher level than pre-pandemic and is set to continue to grow, we continue to remain well positioned to act as a market leader in providing technology to retailers who wish to expand their online grocery capability. The deals signed in the prior years have now started to become operational with the new CFC opening in Sweden and additional CFCs opening in the USA and Canada during the period in addition to existing CFCs in France, USA and Canada which opened in the prior periods. In addition, during the period, the Group announced the signing of the agreements with Auchan Poland and Lotte to partner with the Company to develop Auchan Poland's and Lotte's online business, respectively, using the OSP. We expect to do more deals in the medium-term, in a number of regions.

There are no material delays in the Company's delivery of the OSP in the future CFCs or ISFs of the Company's customers.

Key performance indicators
The following table sets out a summary of selected unaudited operating information for 2021 and 2022.

	Period ended 27 November 2022	Period ended 28 November 2021
Number of Ocado Solutions international partnerships signed to date	10	8

Strategic Report (continued)

Principal risks and uncertainties

Ocado Solutions Limited is involved in entering into contracts to sell services with international partners. As the activities of the entities within the Ocado Group are interrelated, the principal risks and uncertainties disclosed on page 86 to 95 of the Ocado Group plc Annual Report and Financial Statements for the 52 week period ended 27 November 2022 are applicable to Ocado Solutions Limited. We have summarised those which we feel are most applicable to the Company, together with the associated mitigations, where applicable, in the table below.

Principal risk and uncertainties	Key Drivers	Mitigating Action / Control
Product Commercial Proposition Our OSP offer, pricing and contractual terms may not provide adequate and sustainable returns for us and our shareholders and an attractive commercial proposition for our clients.	• Commercial viability • Commodity and cost inflation • Partner dependency • Partner market volatility • Food waste	• Pricing model approved by Chief Commercial Officer, Ocado Solutions and Board. • All deals are modelled and reviewed before signing. • Quarterly pricing review. • Monthly monitoring of project P&Ls undertaken by Finance. • Diversified pipeline of deals with new partners in new territories.
Product Performance Failure to provide clients with timely, consistently reliable performance at a level of quality to meet the needs of their end customers. Partners may not have the necessary knowledge, guidance, or capabilities to operate OSP efficiently and cost-effectively. These issues could lead to increased costs, reduced revenue or penalties for Ocado and its clients.	• Partner (operational) performance • Contractual obligation and change • Platform implementation delays • Product quality • Operational disruption (including technical and software failures)	• Governance teams monitor individual projects. • Monthly reviews of partner performance undertaken, including KPIs and partner engagement. • Partner Success Teams share knowledge and advise on improved ways of working. • New products are tested at dedicated development sites.
Product Innovation Failure to respond to emerging technology or disruptive business models could undermine our ability to attract and retain clients.	• Disruptive technology • Product strategy and roadmap	• Quarterly product planning meetings assess product development against functionality, target KPIs, timelines and budget. • Ongoing market research to identify our partners' needs and market trends. • Establishing our identity as a technology business, international platform provider and innovation factory.
Cybersecurity Disruption or loss of critical assets and sensitive information as a result of a cyber attack, insider threat or a data breach within our Group network or our supply chain, could result in business disruption, reputational damage and regulatory impacts, for us and our clients.	• Cybersecurity breach • Commercial data loss • Personal data loss • Infrastructure outage • Third party compromise	• IT infrastructure established to operate with resilience and security. • Regular testing by third parties and cyber incident contingency planning. • Data Protection Officer oversees Group's privacy compliance programme. • No customer payment card data is held in Ocado Group's databases. • Dedicated Information Security team monitors security issues and responds to security incidents.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Principal risk and uncertainties	Key Drivers	Mitigating Action / Control
Fire & Safety Fire, or harm to a worker or customer, caused by product design or operating failures could result in business disruption, loss of assets and reputational loss.	• Fire safety • Product safety • Food safety • People safety (construction and logistics)	• Health and safety governance programme overseen by the Safety Committee. • Experienced technical experts monitor and audit compliance against relevant safety regulations, policies and procedures in safety areas, including food, product, occupational health, fire and construction. • Training, risk assessments and safe systems of work undertaken by qualified staff to raise awareness and knowledge. • Regulatory changes actively monitored and supported by external expertise and advice.
Regulatory & Compliance Failure to comply with local and international regulations could lead to loss of trust, penalties, and undermine our ability to operate.	• Statutory compliance • Fraud, bribery and industry specific compliance • New geographies • Governance	• UK, EU and rest of world regulatory monitoring tracker. • Perform due diligence and territory research and seek specialist advice for regulatory issues. • Monitor regulatory developments to ensure that changes are identified. • Implement compliance framework of policies and procedures and employee training.
Geopolitical & Economic Uncertainty Global economic and political crises may undermine customer demand, our access to skills and our supply chain. This could impair operations and delivery of new capacity.	• Sanctions • War and conflict • Cost of living • Pandemic • Civil unrest/activism	• Risk assessments prior to entering new geographical markets or undertaking new ventures. • Scan of government and media channels for emerging threats. • Maintain financial and physical reserves to cushion any operational impact for an extended period. • Update business continuity management plans in response to threats.
Climate Extreme weather events and climate-related regulation could disrupt our supply chain, operations and demand for our products.	• Climate reporting • Fleet transformation • Energy costs • Climate impact on supply chain • Natural disasters	• ESG Committee oversight of ESG and climate programmes. • Risk workshops and scenario analysis to identify financial impact, and mitigations over extended timeframe. • KPI monitoring. • Climate and Net Zero roadmap planning. • Horizon scanning to identify regulatory developments.

Strategic Report (continued)

Section 172(1) Statement

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under Section 172(1) (a) to (f) of Companies Act 2006 ("Section 172(1)") during the period under review. As required by Section 172(1), a Director of a Company must act in a way he/she considers, in good faith, would most likely promote the long-term success of the Company for the benefit of its members as a whole, having regard to its stakeholders and the matters set out in Section 172(1). In doing this, the Director must have regard, amongst other matters, to:

a. The likely consequences of any decision in the long term;
b. The interests of the Company's employees;
c. The need to foster the Company's business relationships with suppliers, customers and others;
d. The impact of the Company's operations on the community and the environment;
e. The desirability of the Company maintaining a reputation for high standards of business conduct; and
f. The need to act fairly between members of the Company.

The Board considers its duty under Section 172(1) at each Board meeting. A reference to Section 172(1) and the duty to consider stakeholder interests is highlighted in each meeting. In taking decisions, the Directors carefully consider the balance of interests of the stakeholders who might be affected and the likely short- and long-term impact.

Effective engagement with our key stakeholders is critical to delivering our strategy and ensuring the long-term success of our business. As is usual practice for large companies, the Directors delegate day-to-day management of the Company to executives engaged in setting, approving and overseeing the execution of the business strategy and related policies of the Group. In some cases the Board engages directly with stakeholders, but the size and spread of both the Group and stakeholders means that generally stakeholder engagement best takes place at an operational or Group level. The Directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact than by working alone as an individual company, on environmental, social and other issues.

The Group's Directors are responsible for setting the strategic direction of the Group, establishing the Company's purpose and values and taking a leading role in laying the foundations of the Group's culture. The Group's mission is to 'change the way the world shops, for good'.

The Group's purpose is "To solve complex problems for the world's largest grocery retailers and businesses beyond grocery. We empower our people to drive change through learning and growth. Our technologies, knowledge and experience provide our client partners with sustainable and efficient solutions enabling competitive advantage, and profitable, scalable growth for them and our trusted suppliers. We achieve this responsibly with minimal impact on the environment and a positive influence on the communities we serve."

The Group recognises that a clearly established purpose and strategy, alongside strong values and a positive culture, is essential for the Group's performance and long-term sustainability and success. Our strategy sets the direction we are undertaking in order to pursue our purpose. The Board is confident that our purpose, and our strategy to achieve this, will serve the interests of our key stakeholders and drive long-term sustainable success for the Group. Our purpose and strategy are key considerations in the actions and decision-making of the Board and the oversight of the implementation of these into the operations of the business.

The principal activity of the Company is to offer our Solutions partners the OSP. The Company does not have any employees, other than its Directors, who are officers of the Company. In this context, the Company's main stakeholders are the Group's partners. The views and impacts of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. As such disclosure consistent with the Group Annual Report has been made in relation to partners.

The Company's key stakeholder groups are its Partners. Below sets out the approach of the Board in considering the key factors set out in Section 172(1) in its actions, discussions and decision-making.

A - The likely consequences of any decision in the long term

The Board recognises that decisions taken today will affect the long-term success and sustainability of the Group. During the year the Board had particular regard to the long-term success of the Group in its annual review and ongoing discussions on the Group strategy, balancing the short- and long-term requirements of the business, with consideration of the Group risk profile.

The strategy is set to promote long-term growth and increase value for all our stakeholders, and guides the Board's decisions. The decision to undertake a capital raise in June and allocate capital to Technology Solutions development was taken to generate future value and growth. The Board has focused this year on setting the five year financial plan under which we expect to become cash flow positive within the next four to six years.

Strategic Report (continued)

Section 172(1) Statement (continued)

The Board receives regular reports from across the business on performance, financing and the implementation of strategy, as well as updates on external factors, including this year the conflict in Ukraine, global supply chain issues and the cost of living crisis. These factors feed into discussions on strategy and setting priorities to ensure that the potential impact of decisions, particularly in the long-term, are understood and considered.

B - The need to foster business relationships with key stakeholders

The Board recognises the importance of our key stakeholders to the long-term success of the Group, reflected in the focus on effective engagement with stakeholders and building strong relationships with our partners and suppliers. This year the Board identified supporting our Client Partners' operations for growth as a key objective, resulting in the development of our client success function to provide specialist support.

The Board reviews a detailed analysis of our stakeholders and the engagement mechanisms used annually. Further, the Board receives reports and updates regarding engagement and the feedback and insight from stakeholders as a result of this engagement on an ongoing basis from across the business. This information, as well as that gained first hand by Directors, is used to inform Board discussion and decision-making.

Read more about this in the Stakeholder Engagement section on pages 16 to 22 and in the Corporate Governance Report on pages 115 to 117 of the Ocado Group plc Annual Report and Financial Statements 2022.

C - The desirability of maintaining a reputation for high standards of business conduct

The Board is responsible for setting and monitoring the culture, values and reputation of the Group. Maintaining a reputation for high standards of business conduct is an essential aspect of this responsibility. Our Code of Conduct sets out the principles of how we expect everyone who works with or represents the Group to behave and do business and the Board understands the need to lead by example. This year the new role of Chief Reputation Officer was established to act as custodian of the Group's reputation.

The Board receives quarterly compliance reports, including issues raised through Speak Up, our confidential whistleblowing hotline, and our internal controls and risk management framework include regular reporting to the Board. Stakeholder engagement and metrics such as supplier payment practices and Client Partner satisfaction scores are important tools used by the Board to ensure that the Group's good corporate reputation is maintained.

D - The impact of the Group's operations on the community and environment

The Board monitors the Group's corporate responsibility, primarily through reporting from senior management, including regular reports from the ESG Committee. ESG objectives, in line with the ESG roadmap, were set at the start of the year with progress updates reported to the Board through the year.

The Board has oversight of the processes and procedures put in place to improve ESG reporting, including to meet the required TCFD disclosures this year. The Board engaged in comprehensive discussions regarding the Company's approach to climate change and environmental issues, including net zero commitments, and this is a key consideration in decision-making.

The Group's ESG strategic objectives are aligned to the Group strategy as the Board understands that increasing energy efficiency and sustainability and providing solutions that help our Client Partners to improve in these areas support our strategic objectives of growing revenue and providing efficient solutions.

Read more about this in the Responsible Business section on pages 36 to 61 of the Ocado Group plc Annual Report and Financial Statements 2022.

E - The need to act fairly as between members

The Group's Directors and Group's Investor Relations team held meetings with investors, seminars and presentations, and attended investor conferences throughout the year, to provide investors the opportunity to discuss their views on matters including the Group's financial and operational performance and material ESG issues.

This year it was possible to hold more face-to-face meetings following the easing of Covid-19 restrictions. However, we continue to utilise technology to broaden accessibility for all investors. This year we held in-person and online presentations with question and answer sessions alongside our results announcements. We also include comprehensive information and updates regarding our business through our corporate website, including webcasts of investor events such as our Ocado Re:Imagined product launch and Group modelling seminar, to ensure access for all investors.

Strategic Report (continued)

Section 172(1) Statement (continued)

Partners

Why we value them

Building trusted partnerships through ongoing dialogue and shared learnings helps us to better understand the needs of our partners. We are then able to develop and improve our offering to provide cutting-edge solutions that support the growth and success of both our partners and Ocado.

Material interests

- Innovation
- A flexible offering of potential options for fulfilment
- Product development
- Quality and financial performance
- Supply chain management
- Building a long-term relationship

How the Group engages

There is direct engagement with senior management, procurement managers and commodity managers, as well as broader engagement in operations across the business as relationships with our Client Partners develop and more global CFCs become operational.

Bringing together representatives from all our Client Partners as part of the OSP 'club' to work collaboratively and discuss experiences of shared importance, building our understanding of partners' needs. Our flagship Ocado Solutions product conference Beyond 2022, which is exclusive to our OSP partners from around the world, offered networking, expert talks, panels, live tours and an exhibition of our Re:Imagined technologies.

We held the Ocado Re:Imagined virtual product launch at the start of this year which unveiled to our partners and other stakeholders our next leap of game changing technology and innovation.

We set KPIs and provide feedback during ongoing projects with our partners.

How the Board engages

The Board travelled to Sweden and met with senior executives at ICA and toured their new Stockholm CFC earlier this year. In addition, Chair Rick Haythornthwaite met with leadership at Coles, Kroger, Groupe Casino and Morrisons.

There is regular Executive Director engagement with the senior executives of partners, including quarterly executive leadership meetings between all global Client Partners.

The Board reviews and approves any new significant partnerships, and orders from current Client Partners.

Update reports are provided at each Board meeting on Client Partner relationships, including performance and progress on operations. This year, as more operations have gone live, OSP partner performance has been a strong focus for the Board. The Board's discussions centred on how to structure client services within Ocado to better support our partners.

Client Partner satisfaction scores, obtained through surveys during the year, are reported to the Remuneration Committee and are a key metric of the Ocado Annual Incentive Plan, as well as providing a useful barometer of Client Partner relations.

Strategic Report (continued)

Section 172(1) Statement (continued)

Outcomes from engagement

Working with Client Partners to identify their top priorities regarding solutions required has resulted in a Solutions product strategy shaped around their priorities, which is integrated into our development plans.

The innovations unveiled at Ocado Re:Imagined respond to our Client Partners' needs, understood through working together, for more cost effective, simpler, and energy efficient technology that supports the faster growth of their operations.

The client success team has been developed to provide specialist resources for the ongoing support of our partners to maximise their optimisation across the OSP platform.

Approved by the Board and signed on its behalf by:

DocuSigned by:

Stephen Daintith

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Stephen Daintith
Director
Ocado Solutions Limited
Company number: 04204963 (England and Wales)
26 May 2023

Directors' Report

The Directors present their report and the audited financial statements of Ocado Solutions Limited ("the Company") for the 52 week period ended 27 November 2022.

The interests of the Company's employees and the need to foster the Company's business relationships with suppliers, customers and others are included within the Strategic Report as permitted by s414C (11) of the Companies Act 2006.

Board of Directors
The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Neill Abrams
Stephen Daintith
Luke Jensen
Mark Richardson
Timothy Steiner

Political contributions
The Company has not made any political donations during the period (2021: £nil).

Employee information
Other than its Directors, who are officers of the Company, the Company does not have any employees and accordingly does not have any disclosures required to be made concerning employees.

Directors' interests
The Directors' did not have beneficial interests in the shares of the Company at the end of the period. The Directors' beneficial interests in the shares of the ultimate parent company, Ocado Group plc, are disclosed in full in the annual report and financial statements of that company. Copies of those financial statements can be obtained from its registered office, which is Buildings One & Two, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, United Kingdom, or alternatively from its corporate website **www.ocadogroup.com**.

Going concern
The Company's financial statements have been prepared on the going concern basis as disclosed in Note 1.4 to the financial statements. In the period, the Company was loss making and as at the balance sheet date has net liabilities of £197.1m. The Directors have received a signed letter of support from Ocado Group plc that it will continue to support the Company for a period of not less than 12 months from date of approval of these financial statements. After making appropriate enquiries and having considered the business activities, the facts described above, and the Company's principal risks and uncertainties, the Directors are satisfied that the Company and the Ocado Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

Directors' insurance and indemnities
The Company's ultimate parent, Ocado Group plc, maintains directors' and officers' liability insurance cover for its Directors and officers as permitted under the Company's Articles and the Companies Act 2006. Such insurance policies cover the Directors and officers of Ocado Group plc and of each of its group undertakings, including the Company. These insurance policies were renewed during the period and remain in force. The Company also indemnifies the Directors and officers under an indemnity deed with each Director or officer which contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Company's Articles. An indemnity deed is usually entered into by a Director or officer, and the Company at the time of their appointment to the Board. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force for the benefit of the Directors, and any officer, of the Company or of any associated company.

Research and development and future developments
No research and development is undertaken by this Company.

The Company's likely future developments including its strategy are described in the Strategic Report on pages 2 to 7.

Risk management
The Company's risk management policies for managing financial risk to the extent material to assessing the financial performance or position of the Company are summarised in the principal risks and uncertainties section of the Strategic Report.

Results and dividends
The Company's results for the period are set out in the Income Statement on page 14. The Directors do not propose to pay a dividend for the period (2021: £nil).

Directors' report (continued)

Post-Balance Sheet events
There are no post balance sheet events to report.

Disclosure of information to the auditor
Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:
Stephen Daintith
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Stephen Daintith
Director
Ocado Solutions Limited
Company number: 04204963 (England and Wales)
26 May 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. See Note 1.4 for more details.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Ocado Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ocado Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 27 November 2022 and of its loss for the 52 week period from 29 November 2021 to 27 November 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 5.5 to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the timing of revenue recognition with reference to "go-live". This is because the accounting for these arrangements is complex and requires significant judgement in the application of IFRS 15 Revenue from contracts with customers. There is a potential incentive for management to exhibit bias in their judgement in order to influence the timing of go-live. Our specific procedures performed to address this fraud risk are are described below:

- o obtained a detailed understanding of relevant controls over the accounting for Solutions contracts, in particular the go-live assessment and the period of time over which revenue will be recognised;
- o obtained and evaluated evidence for the go-live conclusions reached to search for bias in management's assessment and testing the corresponding revenue recognised; and
- o considered contradictory evidence by comparing the go-live dates between different contracts against the contractual requirements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Bhavin Shah

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Bhavin Shah ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 May 2023

Income Statement
for the 52 week period ended 27 November 2022

	Note	**52 weeks ended 27 November 2022 £m**	52 weeks ended 28 November 2021 £m
Revenue	2.1	**33.0**	20.4
Operating costs	2.2	**(99.0)**	(89.9)
Operating loss		**(66.0)**	(69.5)
Finance income	2.4	**28.9**	0.8
Finance costs	2.4	**(2.8)**	(4.5)
Loss before taxation		**(39.9)**	(73.2)
Taxation	2.5	**-**	-
Loss for the period		**(39.9)**	(73.2)

All amounts are derived from continuing operations.

There are no recognised gains or losses other than those recognised in the income statement.

The notes on pages 18 to 29 form part of these Financial Statements.

Balance Sheet
as at 27 November 2022

	Note	**27 November 2022 £m**	28 November 2021 £m
Non-current assets			
Property, plant and equipment	3.1	**-**	0.3
Investment in subsidiaries	3.2	**2.4**	0.3
Contract asset		**-**	0.1
Trade and other receivables	3.3	**204.8**	260.0
		207.2	260.7
Current assets			
Trade and other receivables	3.3	**16.0**	20.4
Cash and cash equivalents	3.4	**29.5**	17.2
		45.5	37.6
Total assets		**252.7**	298.3
Current liabilities			
Trade and other payables	3.5	**(62.0)**	(118.1)
Contract liabilities	3.6	**(24.8)**	(16.4)
		(86.8)	(134.5)
Net current liabilities		**(41.3)**	(96.9)
Non-current liabilities			
Contract liabilities	3.6	**(363.0)**	(321.1)
		(363.0)	(321.1)
Net liabilities		**(197.1)**	(157.3)
Equity			
Share capital	4.1	**-**	-
Retained losses		**(197.1)**	(157.3)
Total shareholder's deficit		**(197.1)**	(157.3)

The notes on pages 18 to 29 form part of these Financial Statements.

These Financial Statements were authorised for issue by the Board of Directors and signed on its behalf by:

DocuSigned by:
Stephen Daintith
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Stephen Daintith
Director
Ocado Solutions Limited
Company Number 04204963 (England and Wales)
26 May 2023

Statement of Changes in Equity
for the 52 weeks ended 27 November 2022

	Share capital £m	Retained losses £m	Total equity £m
Balance at 29 November 2020	-	(84.1)	(84.1)
Loss for the period and total comprehensive expense	-	(73.2)	(73.2)
Balance at 28 November 2021	-	**(157.3)**	**(157.3)**
Loss for the period and total comprehensive expense	-	**(39.9)**	**(39.9)**
Capital contributions - Group share-based payment charge	-	**0.1**	**0.1**
Balance at 27 November 2022	-	**(197.1)**	**(197.1)**

The notes on pages 18 to 29 form part of these Financial Statements.

Notes to the Financial Statements

Section 1 – Basis of preparation

1.1 General information

Ocado Solutions Limited (hereafter "the Company") is a private company limited by shares, and incorporated and domiciled in England and Wales. The address of its registered office is Buildings One & Two, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, United Kingdom.

The financial period represents the 52 weeks ended 27 November 2022. The prior financial period represents the 52 weeks ended 28 November 2021.

1.2 Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework' ("FRS 101").

The financial statements are presented in sterling, rounded to the nearest hundred thousand unless otherwise stated. They have been prepared under the historical cost convention. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group accounts of Ocado Group plc. The group accounts of Ocado Group plc are available to the public and can be obtained as set out in Note 5.4.

Exemptions
After considering the Application Guidance to FRS 100, the Company has taken advantage of the disclosure exemptions permitted under FRS 101 given that it is included in the consolidated financial statements of its ultimate parent, Ocado Group plc. The consolidated financial statements are prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the UK-adopted International Financial Reporting Standards (IFRSs), including the interpretations issued by IFRS Interpretation Committee ("IFRIC"). As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Ocado Group plc that can be obtained from its registered office as detailed in Note 5.4.

New standards, amendments and interpretations issued that are effective but not material to the Company:
The Company has considered the following new standards, interpretations and amendments to published standards that are effective for the Company for the period beginning 29 November 2021, and concluded either that they are not relevant to the Company or that they would not have a significant effect on the Company's financial statements other than on disclosures:

		Effective date
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	Interest Rate Benchmark Reform, Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributable to a note are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Notes to the Financial Statements *(continued)*

Section 1 – Basis of preparation (continued)

1.2 Basis of preparation (continued)

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The pound sterling is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, where items are re-measured, at the dates of the re-measurements. Foreign exchange gains or losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.3 Critical accounting judgments and key sources of estimation uncertainties

The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are evaluated regularly, and represent management's best estimates based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, events or actions may mean that the actual results ultimately differ from those estimates, and the differences may be material.

Critical accounting judgements and key estimation uncertainties are provided below:

Critical accounting judgements
Critical accounting judgements are those that the Company has made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers
Due to the size and complexity of some of Ocado Solutions' contracts, there are significant judgements that must be made. The identification of performance obligations in a contract is a significant judgement, since it determines when revenue is recognised. Management has judged that each fulfilment channel is independent of each other and the provision of the use of the Ocado Smart Platform ("OSP") in each fulfilment channel represents a separate performance obligation, and that revenue should begin to be recognised when a working solution relevant to the fulfilment channel is operational for a customer. The identification of consideration and material rights in a contract is another significant judgement, since it determines the period over which upfront fees are recognised as revenue. Alternative judgements would result in different amounts of revenue being recognised at different times.

Provisions, contingent liabilities and contingent assets
A typical Ocado Solutions' contract includes milestones and failure to reach these can be subject to contractual financial penalties. Management judgement is required to review the progress of these ongoing projects, and assess whether a provision should be made for these potential penalties. Management have determined that no liability is required in the current year from discussions with senior management and key business streams.

Key estimation uncertainties
Key areas of estimation uncertainties are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period.

There are no key estimation uncertainties noted for the period.

Notes to the Financial Statements *(continued)*

Section 1 – Basis of preparation (continued)

1.4 Going concern basis

Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on the going concern basis. There has been no material uncertainty identified which would cast significant doubt upon the Company's ability to continue using the going concern basis of accounting for the 12 months following the approval of these financial statements.

In the period, the Company was loss making and as at the balance sheet date has net liabilities of £197.1m. The Directors have received a signed letter of support from Ocado Group plc that it will continue to support the Company for a period of not less than 12 months from date of approval of these financial statements. After making appropriate enquiries and having considered the business activities, the facts described above, and the Company's principal risks and uncertainties, the Directors are satisfied that the Company and the Ocado Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

Section 2 – Results for the period

2.1 Revenue

Accounting policies

Revenue
The Company follows the principles of IFRS 15 "Revenue from Contracts with Customers", in determining appropriate revenue recognition policies.

Revenue represents the transaction price that Ocado expects to be entitled to in return for delivering the goods or services to its customers. The value recognised in any period is based on judgement of when the customer is able to benefit from the goods or services and an assessment of the progress made towards completely satisfying each obligation.

Identification of the Performance Obligations
Each Solutions contract is considered on a case-by-case basis. A typical Solutions contract has a single performance obligation – "to enable the client to access the Ocado Smart Platform ("OSP") end-to-end online grocery platform from the go-live date, with an agreed physical capacity, from a CFC for example, for the use of its retail brands". The ability to derive independent benefit is a key determinant. For example, there are several critical contractual milestones, which occur before the service is operational such as the design of the CFC for the client or preparation of the OSP. However, management has concluded that the customer is not able to derive any benefit from these individual elements until the service is operational and they are able to fulfil an order. Consequently, designing the CFC or building the customer OSP is not a distinct performance obligation and no revenue can be assigned to satisfying these aspects of the contract. Some contracts will have multiple components, such as the addition of Store Pick/In Store Fulfilment ("ISF") services or additional CFCs, which could lead to additional distinct performance obligations. In these situations, management will use judgement to determine whether there are separable performance obligations that the customer is able to benefit from independently.

Determining the Transaction Price
At contract inception, the total transaction price is estimated, being the amount the Company will be entitled to over the duration of the contract, based on the rights it has under the present contract. Such expected amounts are only included to the extent that it is highly probable that no revenue reversal will occur.

Typically, Solutions contracts include both upfront fees, paid by the customer in the period prior to the solution going live, and subsequent annual amounts which can be variable. The upfront fees are one-off payments and are included in the transaction price and recognised as revenue over the expected customer life. The judgements made for contract duration may be different than those judgements for expected customer life.

A Solutions contract often includes recurring fees, which are repeated on an annual basis over the contract duration. These are recognised in revenue in the period to which they relate and are included in the estimate of total transaction price.

Variable amounts are annual fees whereby typically the variability relates to the volume of sales transactions processed or variable costs associated with providing the service to the customer. The Company determines that these variable amounts should be recognised in the period in which they arise, because they relate to the services provided in that period.

Notes to the Financial Statements (continued)

Section 2 – Results for the period (continued)

2.1 Revenue

For each Solutions contract an assessment has been made by the Company as to whether there is a significant finance benefit arising from the timing of payments required from the customer. Judgement is required to choose an appropriate interest rate used in the assessment and to set a reasonable threshold for determining that any finance benefit is significant.

Allocation of Transaction Price to the Performance Obligations
Single component contracts have a single performance obligation and all the transaction price is assigned to that single deliverable. Multiple component contracts will have more than one obligation, each with its own contract duration as judged by management. Each contract clearly states the fees relating to each component. This provides management with a basis for allocation of the calculated transaction price to the performance obligations as required by the standard in proportion to their relative revenue value in the contract.

Revenue recognition
For each performance obligation and its allocated transaction price, recognition of the revenue is made from the point at which the customer starts to benefit from the services and over the period the services are provided. The nature of the services provided, that is the ability to fulfil online grocery orders, represents equal value to the customer every day that the service is provided. This uniformity of value to the customer over time has led the Company to the decision that the most appropriate method of measuring the satisfaction of obligations should be on a straight-line time-elapsed basis.

Judgement is applied in relation to contract and customer lives as typically, contracts have no end date. Depending on the expected contract life, the amount and timing of revenue recognised may be different in the relevant accounting periods. Therefore, in making their judgements, the Directors have considered qualitative and quantitative reasonable and supportable information such as market evidence and certain clauses contained within Solutions contracts.

Contract modifications
The Company's contracts may be amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. prospectively as an additional separate contract;
b. prospectively as a termination of the existing contract and creation of a new contract;
c. as part of the original contract using a cumulative catch up; or
d. as a combination of b) and c).

For contracts for which the Company has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under a) or b).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur.

Notes to the Financial Statements (continued)

Section 2 – Results for the period

2.1 Revenue (continued)

Contract liabilities
The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Company often agrees payment schedules at the inception of long-term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance. Where payments made, or when the Company has an unconditional right to payment, are greater than the revenue recognised at the period-end date, the Company recognises a contract liability. Where payments made are less than the revenue recognised at the period-end date, and the Company have an unconditional right to payment, the Company recognises contract asset income for this difference.

The majority of the Company's revenue is generated through contracts with Partners in North America of £24.4m (2021: £16.1m) with the remaining revenue of £8.6m (2021: £3.9m) generated from contracts in Europe.

2.2 Operating loss

Administrative expenses comprised mainly of net cost recharges from other Ocado Group entities. During the period, the Company obtained audit services from its auditor, Deloitte LLP, to the amount of £159,000 (2021: £150,000), relating to the audit of the Company's financial statements. These costs have been borne by Ocado Central Services Limited and are not rechargeable. The Company's auditor has not provided any non-audit services in the current or prior period.

2.3 Employee information

Except for its Directors, the Company does not have any employees (2021: nil). The Directors do not receive any remuneration for their services to the Company (2021: nil).

2.4 Finance Income and costs

Finance costs comprise interest expenses on amounts due to group undertakings and is recognised using the effective interest method.

	52 weeks ended 27 November 2022 £m	52 weeks ended 28 November 2021 £m
Foreign exchange gain	**28.9**	0.8
Finance income	**28.9**	0.8
Interest expense on amounts due to group undertakings	**(2.8)**	-
Foreign exchange loss	**-**	(4.5)
Finance costs	**(2.8)**	(4.5)
Net finance income/(costs)	**26.1**	(3.7)

Notes to the Financial Statements (continued)

Section 2 – Results for the period (continued)

2.5 Taxation

Accounting policies
The tax charge for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation
Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the Balance Sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation
Deferred tax is recognised using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. No deferred tax is recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Taxation – Income statement

	52 weeks ended 27 November 2022 £m	52 weeks ended 28 November 2021 £m
Current tax:		
UK Corporation Tax on loss for the period	-	-
Total current tax	-	-
Deferred tax:		
Effect of change in UK Corporation Tax Rate	-	-
Changes in recoverable amounts of deferred tax assets	-	-
Total deferred tax	-	-
Income tax charge	-	-

Notes to the Financial Statements (continued)

Section 2 – Results for the period (continued)

2.5 Taxation (continued)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	52 weeks ended 27 November 2022 £m	52 weeks ended 28 November 2021 £m
Loss before taxation	**(39.9)**	(73.2)
Effective tax charge at the UK tax rate of 19% (2021: 19%)	**(7.6)**	(13.9)
Effect of:		
Non-deductible items	**0.1**	0.1
Losses arising in year on which no deferred tax recognised	**-**	-
Temporary differences on which no deferred tax recognised	**-**	-
Group relief surrendered for nil consideration	**7.5**	13.8
Income tax charge	**-**	-

Taxation – Balance sheet

Movement in the deferred tax asset is as follows:

	Tax losses £m	**Total £m**
Balance at 29 November 2020	-	-
Effect of change in UK Corporation Tax rate	-	-
Recognised through Income Statement	-	-
Balance at 28 November 2021	-	-
Effect of change in UK Corporation Tax rate	-	-
Recognised through Income Statement	-	-
Balance at 27 November 2022	-	-

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. Therefore 25% has been applied, where applicable, to the Company's deferred tax balance as at the balance sheet date.

As at 27 November 2022, the Company had approximately £80.1m of unutilised tax losses (2021: approximately £80.1m) available to offset against future profits. No deferred tax asset has been recognised in respect of these losses (2021: £nil) on the basis that their future economic benefit is uncertain given the unpredictability of future profit streams. All tax losses, both recognised and unrecognised, can be carried forward indefinitely.

Notes to the Financial Statements (continued)

Section 3 — Operating assets and liabilities

3.1 Property, plant and equipment

Property, plant and equipment (excluding land) are stated at cost, less accumulated depreciation and any recognised impairment charge. Cost includes the original purchase price of the asset, any costs attributable to bringing the asset to its working condition for its intended use, and major spares. An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Depreciation on an item of property, plant and equipment is calculated on a straight-line basis from the date on which the item is brought into use, is charged to administrative expenses, and is calculated based on the useful lives indicated below:

Fixtures and fittings, plant and machinery 3-5 years

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property assets.

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised within operating profit.

Estimation of useful life

The charge in respect of periodic depreciation is derived by estimating an asset's expected useful life and the expected residual value at the end of its life. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

Management also assess the useful lives based on historical experience with similar assets as well as anticipation of future events which may impact their useful life, such as changes in technology. A review of useful lives took place in the current period and no changes in useful lives were required.

Impairment of property and equipment
Those non-financial assets which do not have indefinite useful lives are subject to an annual amortisation or depreciation charge. These assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. Management makes an assessment based on the current usage level and condition of an asset and assesses whether the asset will continue to stay in use for the remainder of its useful life. Those non-financial assets which do have indefinite useful lives are reviewed for impairment at least once a year.

	Fixtures, fittings, plant and machinery £m	**Total £m**
Cost		
At 28 November 2021	0.6	0.6
Additions	-	–
At 27 November 2022	**0.6**	**0.6**
Accumulated depreciation		
At 28 November 2021	(0.3)	(0.3)
Charge for the period	**(0.3)**	**(0.3)**
At 27 November 2022	**(0.6)**	**(0.6)**
Net book value		
At 28 November 2021	0.3	0.3
At 27 November 2022	-	-

Notes to the Financial Statements (continued)

Section 3 – Operating assets and liabilities (continued)

3.2 Investment in Subsidiaries

Accounting policies
Investments in Group companies are valued at cost less accumulated impairment. Where the recoverable amount of an investment is less than its carrying amount, impairment is recognised. Impairment reviews are undertaken whenever there is an indication of impairment, or at least once a year.

	27 November 2022 £m	28 November 2021 £m
Beginning of the period	**0.3**	0.1
Additions	**2.1**	0.2
End of the period	**2.4**	0.3

During the period, the Company made an additional capital contribution in Ocado Solutions Sweden AB, a wholly owned subsidiary. Refer to note 5.1 for the details of this entity.

3.3 Trade and other receivables

Trade receivables are non-interest bearing and are on commercial terms. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other receivables are non-interest bearing and are recognised initially at fair value, and subsequently at amortised cost, reduced by appropriate allowances for estimated irrecoverable amounts.

Provision for expected credit loss ("ECL")
The Company elected to apply the IFRS 9 "Financial Instruments" simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Company's historical credit losses, adjusted for reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

	27 November 2022 £m	28 November 2021 £m
Gross trade receivables	**13.9**	19.2
Less: Provisions for expected credit loss	**-**	(0.1)
Trade receivables	**13.9**	19.1
Amounts due from parent undertakings	**0.8**	1.0
Amounts due from fellow subsidiary undertakings	**204.0**	259.0
Prepayments and other receivables	**0.8**	1.2
Accrued income	**1.3**	0.1
	220.8	280.4
Disclosed as:		
Current	**16.0**	20.4
Non-current	**204.8**	260.0
	220.8	280.4

3.4 Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand.

	27 November 2022 £m	28 November 2021 £m
Cash at bank and in hand	**29.5**	17.2

Notes to the Financial Statements (continued)

Section 3 – Operating assets and liabilities (continued)

3.5 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method.

	27 November 2022 £m	28 November 2021 £m
Trade payables	**0.6**	0.3
Amounts due to fellow subsidiary undertakings	**60.2**	116.2
Accruals	**1.2**	1.6
	62.0	118.1

3.6 Contract liabilities

	27 November 2022 £m	28 November 2021 £m
Contract liabilities	**387.8**	337.5

Analysis of total contract liabilities:

	27 November 2022 £m	28 November 2021 £m
Current	**24.8**	16.4
Non-current	**363.0**	321.1
	387.8	337.5

The contract liabilities primarily relate to the advance consideration received from customers for Solutions contracts, for which revenue is recognised as the performance obligation is satisfied.

Significant changes in the contract liabilities balance during the period:

	27 November 2022 £m	28 November 2021 £m
At the beginning of the period	**337.5**	255.6
Amount invoiced	**68.2**	92.5
Recognised in revenue	**(17.9)**	(10.6)
At the end of the period	**387.8**	337.5

£17.9m (2021: £10.6m) of revenue recognised during the period was included in contract liabilities at the beginning of the period.

Notes to the Financial Statements (continued)

Section 4 – Capital structure and financing costs

4.1 Share capital and reserves

Equity instruments issued by the Company are measured at the proceeds received, net of direct issue costs.

Authorised, Issued and fully paid

The movements in the number of allotted, called up and fully paid ordinary shares and called up share capital are set out below:

	Ordinary shares number	Share capital £m
At 28 November 2021 and 27 November 2022	1	-

The share is fully paid and carries no right to fixed income. It has a nominal value of £1.

Section 5 – Other notes

5.1 Subsidiaries

The Company has investments in the following subsidiary undertakings. All subsidiaries are held directly by the Company unless otherwise stated:

Name	Country of incorporation	Principal activity	Share class	Proportion of share capital held
Ocado Solutions Australia Pty Limited	Australia[1]	Business services	Ordinary shares	100%
Ocado Solutions Canada Inc.	Canada[2]	Business services	Ordinary shares	100%
Ocado Solutions France SAS	France[3]	Business services	Ordinary shares	100%
Ocado Solutions Japan K.K.	Japan[4]	Business services	Ordinary shares	100%
Ocado Solutions Sweden AB	Sweden[5]	Business services	Ordinary shares	100%
Ocado Solutions ProCo (US) LLC*	United States of America[6]	Business services	Ordinary shares	100%
Ocado Solutions USA Inc.	United States of America[6]	Business services	Ordinary shares	100%
Ocado Solutions Spain, S.L.	Spain[7]	Business services	Ordinary shares	100%
Ocado Solutions Polska sp z.o.o	Poland[8]	Business services	Ordinary shares	100%
Ocado Solutions Korea Limited	South Korea[9]	Business services	Ordinary shares	100%
O' Logistics SAS**	France[10]	Business services	Ordinary shares	50%

* Ocado Solutions ProCo (US) LLC is a wholly owned subsidiary of Ocado Solutions USA Inc.
** O' Logistics SAS is a Joint Venture with Groupe Casino.

Registered offices of the above subsidiary entities are as follows:
[1] Level 9, 63 Exhibition Street, Melbourne, VIC 3000
[2] Suite 600, 1741 Lower Water Street, Halifax, NS, B3J 0J2 Canada:
[3] TMF Pôle, 3-5 rue Saint-Georges, 75009 Paris
[4] Tokyo Club 11F, 3-2-6 Kasumigaseki, Chiyoda-ku Tokyo:
[5] TMF Sweden, Sergels Torg 12, Stockholm
[6] 12 Timber Creek Lane, Newark, Delaware 19711
[7] calle Badajoz 112, 08018, Barcelona, Spain
[8] ul. Gryzbowska 2 Lok 29, 00-131, Warsaw, Poland
[9] 4th Floor, 504, Teheran-ro, Gangnam-gu, Seoul
[10] 1 cours Antoine Guichard, 42000 Saint-Etienne, France

5.2 Related party transactions

The Company has taken advantage of the exemption permitted by FRS 101.8 not to disclose related party transactions with entities that are wholly-owned by Ocado Group plc.

Notes to the Financial Statements (continued)

Section 5 – Other notes (continued)

5.3 Contingent liabilities

Obligations under Solutions Contracts
In the construction phases of its Solutions contracts, the Company agrees to reach key milestones by agreed points in time. If it fails to reach these milestones, financial penalties may be incurred. These potential financial penalties could have a material impact on the Company's financial statements, and therefore are considered to be contingent liabilities.

At the end of the period, after considering the effects of the COVID-19 pandemic, management undertook a review of the agreed milestones within its Solutions contracts, and concluded that the possibility of not reaching them was remote.

Claims and litigation
The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business, all of which the Company expects will be either covered by its insurances or will not be material in the context of the Company's financial position.

5.4 Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking and ultimate controlling party is Ocado Group plc, a company incorporated in the United Kingdom. Ocado Group plc is the parent undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared. The consolidated financial statements of Ocado Group plc can be obtained from its registered office at Buildings One & Two, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, United Kingdom, or alternatively from its corporate website www.ocadogroup.com.

5.5 Post Balance Sheet Events

There are no post balance sheet events to report.