

This Announcement contains Inside Information

1st November 2022

Ocado Group/Lotte Group

Announcement of partnership between Ocado Solutions and Lotte Shopping

We are pleased to announce the signing of a partnership between Ocado Solutions (“Ocado”) and Lotte Shopping (“Lotte”) to develop Lotte’s online business in South Korea with the Ocado Smart Platform (“OSP”).

Lotte Group is one of the largest business conglomerates in South Korea, with interests spanning retail, food, hotels and chemicals, with a total annual revenue of 75 trillion KRW (£45bn). Lotte Shopping, the largest retail affiliate of Lotte Group, operates department stores, hypermarkets, supermarkets and e-commerce in South Korea, with more than 1,000 stores nationwide and an annual revenue of 15.6 trillion KRW (£9.5bn).

Under this agreement, Ocado and Lotte will develop a network of Customer Fulfilment Centres (“CFCs”) across the market, underpinned by the end-to-end capabilities of the Ocado Smart Platform. Ocado’s in-store fulfilment (“ISF”) solution will also be rolled out across Lotte’s store estate.

The agreement plans for the development of a nationwide fulfilment network, with 6 CFCs planned by 2028¹. CFCs will cover multiple geographies and cater to a wide range of online grocery missions. We plan to implement ISF in 2024, with the first CFC due to go live in 2025.

This partnership will also bring new technologies announced at Ocado Re:Imagined to Lotte’s operations, and it will introduce multi-storey CFCs for the first time. This innovation features OSP grids installed on multiple levels, unlocking a wider range of property types for CFCs and enabling more efficient use of space in densely built environments.

The structure of fees agreed with Lotte are similar to those agreed with other international Ocado Solutions partners. Lotte will pay Ocado Solutions certain fees upfront and during the development phase, then ongoing fees linked to both sales achieved and installed capacity within the CFC and service criteria.

The partnership is exclusive in South Korea on the basis of Lotte ordering an agreed schedule of CFC capacity and in the longer term meeting mutually agreed market share targets.

Kim Sang-hyun, CEO of Lotte Shopping, said

“This partnership with Ocado, one of the most innovative companies worldwide, will be a great opportunity for Lotte Shopping to provide our customers with a new online grocery

¹ Equivalent to 30 modules of capacity

shopping experience. Also I expect this will be the first step for us on the way not only to increasing our competitiveness and presence in the e-grocery market, but also to achieving the leading position in the overall grocery market in Korea.”

Tim Steiner, CEO of Ocado Group, said

“This partnership brings the Ocado Smart Platform, the most advanced technology for serving online grocery, to one of the most mature ecommerce markets in the world. I'm delighted to welcome Lotte to the innovative group of retailers developing their online operations with Ocado. With this new partnership, our unique, proprietary technology will now power the online businesses of twelve major retailers across ten countries worldwide.”

Luke Jensen, CEO of Ocado Solutions, said

"South Korea is among the most developed and dynamic markets for grocery ecommerce in the world. Lotte is a powerhouse grocery player in the market, with deep connections to its customers and the ambition to dominate the ecommerce channel in grocery. We can't wait to introduce a game-changing proposition to Korean shoppers with Lotte.

This partnership also gives Ocado another important foothold in Asia Pacific as we target further growth across the region.”

Expected financial impact for Ocado Group

Ocado Group expects this deal to create significant long term value to the business. The impact of this transaction should be negligible on earnings in the current financial year as no cash fees will be recognised in revenue until operations commence. Ocado Group expects minimal additional capex in FY23 with the majority of additional capex in the 12 months prior to the opening of CFCs, the first of which is expected in 2025.

Ocado Group will be hosting an analyst conference call at 7.30am today. We encourage you to register [here](#) for access.

Alternatively the following details can be used although please note there may be a queue to register: +44 (0) 33 0551 0200 and confirmation code: 9680553.

A replay facility will be available shortly after the call.

Contacts

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- Tim Steiner, Chief Executive Officer, on 01707 228 000
- Stephen Daintith, Chief Financial Officer, on 01707 228 000
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- Martin Robinson at Tulchan Communications, on 020 7353 4200

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Notes to Editors

About Ocado Group

Ocado Group is a UK based technology company trading on the London Stock Exchange (Ticker OCDO). It provides end-to-end online grocery fulfilment solutions to twelve of the world's largest grocery retailers and holds a 50% share of Ocado Retail Ltd in the UK in a Joint Venture with Marks & Spencer. Ocado has spent two decades innovating for grocery online, investing in a wide technology estate that includes robotics, AI & machine learning, simulation, forecasting, and edge intelligence.

About Lotte Group

Lotte Group, established in 1967, is Korea's fifth-biggest conglomerate encompassing four key business areas including Food, Retail, Chemical and Hotels with more than 90 affiliates. Lotte Shopping, the largest retail affiliate of Lotte Group, operates department stores, hypermarkets, supermarkets and e-commerce in Korea, with more than 1,000 stores nationwide and an annual revenue of 15.6 trillion KRW (£9.5bn) and is in charge of overall grocery business of Lotte Group. Lotte Shopping continues to develop new store formats and various services to provide customers with the best shopping experience online and offline.

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