22 August 2023

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

Coles Group Limited – 2023 Full Year Results Release

Please find attached for immediate release to the market the 2023 Full Year Results Release for Coles Group Limited.

This announcement is authorised by the Board.

Yours faithfully,

Daniella Pereira
Company Secretary

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Results Release

colesgroup

22 August 2023

2023 Full Year Results Release

Value campaigns and exclusive brand portfolio deliver solid sales result and growth in EBIT

Full Year Group performance highlights

- Total sales revenue growth from continuing operations of 5.9% to $40.5 billion
- Q4 sales growth of 8.0% in Supermarkets and 2.9% in Liquor
- EBITDA and EBIT growth from continuing operations of 3.8% to $3,382 million and 1.8% to $1,859 million
- Adjusted EBITDA and EBIT growth from continuing operations of 5.3% to $3,465 million and 4.5% to $1,942 million[1]
- Achieved Smarter Selling target of $1 billion in cumulative benefits across the four-year program (to end of FY23)
- Cash realisation of 102%, operating capital expenditure of $1,356 million and strong, flexible balance sheet maintained with net debt (excluding lease liabilities) of $521 million
- Stable net profit after tax from continuing operations support fully franked final dividend of 30.0 cents per share
- Improved safety with 9.2% reduction in TRIFR compared to FY22

KEY FINANCIAL RESULTS – 52 WEEKS TO 25 JUNE 2023	FY23	FY22	CHANGE
Continuing operations			
Sales revenue ($ millions)	**40,483**	**38,237**	**5.9%**
EBITDA ($ millions)	3,382	3,259	3.8%
EBIT ($ millions)	**1,859**	**1,827**	**1.8%**
Net profit after tax ($ millions)	**1,042**	**1,045**	**(0.3)%**
Basic earnings per share (cents)	78.1	78.6	(0.6)%
Total operations – continuing and discontinued operations			
Net profit after tax ($ millions)	**1,098**	**1,048**	**4.8%**
Basic earnings per share (cents)	82.3	78.8	4.4%
Interim dividend per share (cents)	36.0	33.0	9.1%
Final dividend per share (cents)	30.0	30.0	-
Total dividend per share (cents)	**66.0**	**63.0**	**4.8%**

[1] Non-IFRS: excludes major project implementation operating expenditure relating to ADCs and CFCs (FY23: $58 million, FY22 $32 million) and an additional provision relating to the 2020 Award covered salaried team member review (FY23: $25 million).

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Statement from Coles Group Chairman, James Graham

"It is pleasing to record continuing sales growth and broadly stable after-tax profits from continuing operations in another year marked by challenging operating conditions. The payment of a steady final dividend of 30 cents per share is in line with our 80 to 90 per cent full year dividend payout policy.

During the year there have been many highlights including achieving our highest ever team member engagement score amongst our 120,000 team members, reaching our target of 40% women in leadership and opening our first Automated Distribution Centre at Redbank in Queensland.

As we look forward to our 2024 Financial Year, we have a strong leadership team with our recently appointed CEO, Leah Weckert, and a number of significant new appointments ensuring we are well placed to meet our aim of building trust and creating long-term shareholder value."

Statement from Coles Group CEO, Leah Weckert

"Since demerger, our strategy has been to invest, innovate and drive sustainable growth for Coles. This past year we opened our first Automated Distribution Centre, achieved our target of $1 billion in benefits through our Smarter Selling program, divested our Coles Express business to allow greater focus on the core, opened or refreshed more than 300 stores and brought hundreds of exciting new products to market.

Cost of living is the number one focus for our customers right now and we continue to invest in providing value through 'DROPPED & LOCKED', everyday trusted pricing, weekly specials, Flybuys and our exclusive brand portfolio. These initiatives are resonating with customers and we remain well positioned to grow in the current environment as more customers choose to eat at home.

During my first few months as CEO, we have made some important additions to the executive leadership team with Michael Courtney appointed as our new Coles Liquor Chief Executive, Amanda McVay as Chief Customer Officer and Anna Croft as Chief Commercial Officer. I've also spent time listening to our team members and customers on what's important to them. Customers want consistent availability and quality, great value and innovative products that make healthy meals easier and more convenient. Our team is energised to drive improvements in our operating model and team member capability that will improve productivity and deliver a more consistent customer experience.

In parallel, the Board and executive leadership team have been working on the evolution of our strategy. With the purpose of "helping Australians eat and live better every day", our evolved strategy will focus on creating a destination for food and drinks, accelerating through digital and delivering consistently now and for the future. This will help us continue to keep pace with an ever-changing environment and evolving customer preferences.

I wish to thank our team members for their dedication to delivering for our customers and the communities we serve, and for their resilience during several years of challenges. I would also like to thank our suppliers and customers for their continued support."

Strategic highlights

Q4 sales growth

▲8.0%
in Supermarkets

▲2.9%
in Liquor

Q4 eComm sales growth

▲17.4%
in Supermarkets

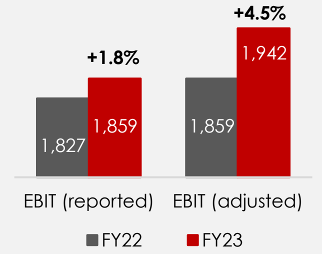
▲38.2%
in Liquor

Q4 exclusive brand sales growth

▲13.1%
Exclusive to Coles

▲11.0%
Exclusive Liquor Brand

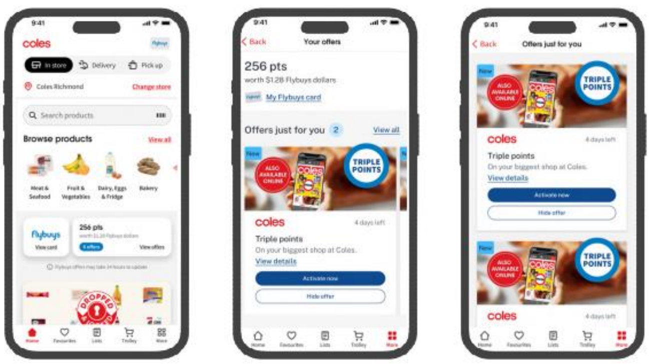
FY23 EBIT growth



Inspire Customers

- Delivered trusted value through 'LOCKED' and 'DROPPED & LOCKED' value campaigns featuring hundreds of proprietary, exclusive brand and fresh produce products
- Provided extra value to customers through the MasterChef Kitchenware, Cookware and Glassware continuity campaigns as well as the Harry Potter Magical Builders collectible campaign
- Increased focus on key events and successfully executed trade plans throughout the year from Christmas, Easter and Mother's Day to Back to School and Summer Entertaining
- Delivered Exclusive to Coles sales revenue growth of 9.6% (Q4 growth of 13.1%) with 1,421 new products introduced during the year (115 net), taking the total number of products to more than 6,000
- Extended Coles Finest premium range including across beef, lamb, sausages, cheese and chocolate
- Promoted well balanced and healthy eating including through an expanded Coles PerForm range, developed in partnership with Sports Dietitians Australia, to help customers fuel their fitness goals, and launched Joyful low-sugar snack brand with bars containing less than 2 grams of sugar per serve
- Accelerated investment in our retail media business, 'Coles 360', with media income increasing by 27.0%
- Ranked as one of Australia's most trusted brands in the December 2022 Roy Morgan 'Net Trust' rankings
- Offered more relevant and personalised customer experiences, including though our loyalty program Flybuys, resulting in Flybuys membership growth of 9% and a 30% increase in points redemption
- Delivered Supermarkets eCommerce sales revenue growth of 1.1% despite cycling elevated COVID-19 sales (Q4 growth of 17.4%). Improved immediacy offers in Click & Collect and Home Delivery, as well as improved unified website and app functionality
- Coles Plus customer contribution to eCommerce sales increased by more than 30%
- Liquor sales revenue returned to growth in the second half underpinned by our Exclusive Liquor Brands (ELB) portfolio. Strong Liquor eCommerce sales revenue growth of 34.0% also delivered in the second half (Q4 growth of 38.2%)

Coles Own Brand products received more than 100 product awards during the year including 11 of the consumer voted Product of the Year awards.



Enhancements were made to the Coles app during the year to elevate the customer experience, including integrating core Flybuys features into the app.

Smarter Selling

- Achieved Smarter Selling target of $1 billion in cumulative benefits across the four-year program, including approximately $220 million in FY23, with the following key initiatives delivered in FY23:
  - ✓ Further service transformation in store including trolley assisted check outs (TACOs) installed in an additional 167 stores
  - ✓ Implementation of energy consumption measures in store
  - ✓ Use of advanced analytics and store specific data to calculate optimal markdown rates
  - ✓ Improvements to grocery crate utilisation in Coles Online by increasing items per crate and consolidating picks, reducing distance walked to fulfil orders and manual handling
  - ✓ Deployment of compact floor scrubber machines to reduce manual handling tasks around deli, seafood, bakery and produce areas, as well as enhancing safety practices and efficiencies for Coles Services team members across 181 stores
- Fresh Produce Easy Ordering rolled out to more than 550 stores nationally with improved availability and quality of fresh produce in store for customers, while integrated replenishment improved efficiency and processes for team members
- Commenced operations at Redbank, Queensland Automated Distribution Centre (ADC), servicing more than 100 supermarkets at year end, with ramp up in line with schedule. Initial commissioning work also commenced at New South Wales ADC in line with schedule
- Opened 17 new supermarkets including a Coles Local in Toorak Village, Victoria and 46 supermarket renewals; 35 new liquor stores and 236 liquor store renewals, including the 475th Black & White Liquorland in Ocean Grove, Victoria

Win Together

- Improved safety performance with 9.2% reduction in TRIFR compared to FY22. Training delivered on mental health and manual handling, and innovations such as deli slicer guards and pallet guards were introduced to target a reduction in critical risks
- Recorded highest ever mysay engagement score, three percentage points above the May 2022 survey and ahead of the industry average[2], ten percentage points above the FY19 survey
- Achieved 40% women in leadership roles and awarded Employer of Choice for Gender Equality by the Workplace Gender Equality Agency (WGEA) for our active commitment to achieving gender equality
- Launched First Nations Ally program for non-Aboriginal and Torres Strait Islander team members who wish to support our First Nations Team Member Network, and continued to roll out learnings from our Hub Store pilot at the Big Fish Caboolture supermarket to supermarkets in Aspley and Deception Bay, and the Nguru Mandin (Redbank) ADC to improve Indigenous recruitment and retention
- Celebrated sponsorship of Sydney WorldPride, part of Coles' commitment to creating a safe and welcoming environment for LGBTQIA+ people across its workforce and stores
- Provided donations and support to community organisations including more than $8.5 million raised for FightMND's annual Big Freeze campaign and more than $1.8 million through the Coles SecondBite Christmas Appeal supporting disadvantaged families and community organisations at Christmas
- Received SBTi validation for our Scope 3 target commitment that 75% of our suppliers by spend (covering purchased goods and services and upstream transportation and distribution) will have science-based targets by end of FY27
- Strengthened commitment to reducing unnecessary plastic packaging by phasing out soft-plastic shopping bags in-store and online, removing 230 million plastic bags from circulation in one year[3]
- Achieved fifth consecutive year of improved engagement in Advantage Supplier Survey, ranking within the top three of participants, through collaboration and building strategic connections with suppliers
- Continued support of Australian producers to drive innovation and sustainability, awarding more than $3.6 million through the Coles Nurture Fund

Portfolio

- Completed the sale of Coles Express fuel and convenience business to Viva Energy for $300 million and assigned associated lease liabilities representing a liability of $816 million on Coles' balance sheet as at 30 June 2022, allowing Coles to focus on growing its omnichannel supermarket and liquor businesses
- Entered into an agreement to acquire two automated milk processing facilities from Saputo Dairy Australia (subject to ACCC approval and customary closing conditions), improving the security of milk supply and accessing capacity to facilitate growth through further product innovation

[2] Benchmarked by Culture Amp against Australian companies with more than 5,000 team members.
[3] Based on unit sales over 52-week period until 30/04/2023.

Group performance overview

GROUP SALES REVENUE ($M)	FY23	FY22	CHANGE
Supermarkets	36,746	34,624	6.1%
Liquor	3,610	3,613	(0.1)%
Other	127	-	n/m
Sales revenue – continuing operations	**40,483**	**38,237**	**5.9%**
Express – discontinued operations[4]	988	1,132	(12.7)%
Total Group sales revenue	**41,471**	**39,369**	**5.3%**

n/m denotes not meaningful.

GROUP GROSS RETAIL SALES ($M)	FY23	FY22	CHANGE
Supermarkets	38,030	35,668	6.6%
Liquor	3,620	3,627	(0.2)%
Other	127	-	n/m
Gross retail sales – continuing operations	**41,777**	**39,295**	**6.3%**
Express – discontinued operations	1,047	1,201	(12.8)%
Total Group gross retail sales (non-IFRS)	**42,824**	**40,496**	**5.7%**

n/m denotes not meaningful.

GROUP EBITDA ($M)	FY23	FY22	CHANGE
Supermarkets[5]	3,157	3,022	4.5%
Liquor	279	278	0.4%
Other	(54)	(41)	31.7%
EBITDA – continuing operations	**3,382**	**3,259**	**3.8%**
Express – discontinued operations	146	181	(19.3)%
Total Group EBITDA	**3,528**	**3,440**	**2.6%**

GROUP EBIT ($M)	FY23	FY22	CHANGE
Supermarkets[5]	1,765	1,715	2.9%
Liquor	157	163	(3.7)%
Other	(63)	(51)	23.5%
EBIT – continuing operations	**1,859**	**1,827**	**1.8%**
Express – discontinued operations[6]	111	42	**n/m**
Total Group EBIT	**1,970**	**1,869**	**5.4%**

n/m denotes not meaningful.

($M)	FY23	FY22	CHANGE
EBIT – continuing operations	**1,859**	**1,827**	**1.8%**
Financing costs	(394)	(360)	9.4%
Profit before income tax from continuing operations	**1,465**	**1,467**	**(0.1)%**
Income tax expense	(423)	(422)	**0.2%**
Profit from continuing operations	**1,042**	**1,045**	**(0.3)%**
Profit from discontinued operations, after tax[7]	56	3	n/m
Profit from continuing and discontinued operations	**1,098**	**1,048**	**4.8%**

n/m denotes not meaningful.

4 Express FY23 sales are for the ten months until completion on 1 May 2023.

5 Includes major project implementation operating expenditure relating to ADCs and CFCs (FY23: $58 million, FY22 $32 million) and an additional provision relating to the 2020 Award covered salaried team member review (FY23: $25 million).

6 Depreciation and amortisation ceased from the date the Express business assets were held for sale, including depreciation on right of use assets. Depreciation and amortisation not recognised in FY23 up to the date of completion of the divestment was $83 million of which $66 million relates to the right of use assets.

7 Includes the results of the operations of the Express business up until date of disposal (1 May 2023), and loss on sale. Refer to Appendix 3 for further detail.

FY23 performance summary

Group sales revenue from continuing operations increased by 5.9% to $40.5 billion with growth in Supermarkets sales revenue of 6.1% and Liquor sales revenue broadly flat, due to cycling COVID-19 elevated demand in the prior year. Group gross retail sales from continuing operations increased by 6.3% to $41.8 billion. Group sales revenue from continuing and discontinued operations increased by 5.3% to $41.5 billion.

Notwithstanding investments in value, inflationary cost pressures and major project implementation costs, Group EBITDA and EBIT from continuing operations increased by 3.8% and 1.8%, respectively, supported by Smarter Selling benefits and a net reduction in direct COVID-19 costs compared to the prior year.

Major project implementation operating expenditure of $58 million was incurred during the year in relation to the two ADCs and two automated Customer Fulfilment Centres (CFCs), up from $32 million in FY22. This was lower than previously forecast largely due to the delays in the construction and commissioning of the automated CFCs. Depreciation in relation to the Redbank ADC of $15 million was also incurred during the year.

Adjusted Group EBITDA and EBIT from continuing operations increased by 5.3% and 4.5% respectively, excluding major project implementation operating expenditure and a $25 million provision taken in FY23 relating to the 2020 Award covered salaried team member review[8].

Financing costs from continuing operations increased by 9.4% to $394 million with interest on lease liabilities increasing due to higher borrowing costs impacting lease renewals in addition to new leases, including the Redbank ADC. Also contributing to higher financing costs was interest on debt and borrowings which increased as a result of higher interest rates on the short-term revolving debt facilities.

Discontinued operations and divestment impacts

On 21 September 2022, Coles agreed to divest the Coles Express fuel and convenience business to Viva Energy Group Limited (Viva Energy).

The transaction was completed on 1 May 2023 with Coles receiving gross proceeds of $319 million ($300 million proceeds and a $19 million working capital adjustment) and assigning the leases relating to the Express business to Viva Energy. These leases accounted for $816 million of lease liabilities on Coles' 2022 full year balance sheet.

Underlying EBIT for the Express division for the period to 1 May 2023 was $46 million, excluding the impact of the depreciation and amortisation that ceased from the date the Express assets were held for sale of $83 million and the loss on sale of $18 million. Imputed lease interest associated with the leases being transferred up until the date of completion was $29 million.

A loss on sale (before income tax) of $18 million was recorded on a statutory basis. The profit / loss on sale was also impacted by depreciation and amortisation ceasing from the date the Express assets were held for sale. Underlying profit on sale was $65 million, after adjusting for notional depreciation and amortisation of $83 million.

Refer to Appendix 3 for a reconciliation of underlying EBIT and underlying profit on sale.

A Product Supply Arrangement (PSA) with Viva Energy was also established as part of the divestment and commenced on 1 May 2023 with the revenue and costs associated with this agreement included in the Other segment.

Dividend

The Coles Board has declared a fully franked final dividend of 30.0 cents per share in line with the prior year, with a record date of 4 September 2023 and a payment date of 27 September 2023.

[8] As outlined in Coles' ASX release on 2 June 2023.

Segment performance overview

Supermarkets

$ MILLION (52 WEEKS TO 25 JUNE 2023)	FY23	FY22	CHANGE
Sales revenue	**36,746**	**34,624**	**6.1%**
EBITDA[9]	3,157	3,022	4.5%
EBIT[9]	**1,765**	**1,715**	**2.9%**
Gross margin (%)	26.4	26.3	5bps
CODB (%)	(21.6)	(21.4)	20bps
EBIT margin (%)	4.8	5.0	(15bps)

Operating metrics (non-IFRS)

	FY23	2H23	1H23	FY22
Gross retail sales[1] ($ billions)	38.0	18.4	19.6	35.7
Gross retail sales growth (%)	6.6	8.1	5.3	3.0
Comparable sales growth (%)	5.8	6.7	4.9	2.6
eCommerce sales[2] ($ billions)	2.8	1.4	1.4	2.8
eCommerce penetration (%)	7.5	7.7	7.2	7.9
Sales density per square metre[3] (MAT $/sqm)	19,201	19,201	18,651	18,209
Net promoter score (point increase/(decrease))	(4.3)	(2.7)	(5.7)	(3.6)
Inflation / (deflation) (%)	6.7	6.0	7.4	1.7
Inflation / (deflation) excl. tobacco and fresh (%)	7.6	7.7	7.6	1.6

[1] Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.
[2] eCommerce gross retail sales include Liquor sold through coles.com.au.
[3] Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

Key highlights

Supermarkets sales revenue of $36.7 billion for the year increased by 6.1% on the prior year, with growth in the second half up 7.7% over the prior corresponding period compared to 4.6% in the first half. Gross retail sales of $38.0 billion for the year increased by 6.6% and comparable sales grew by 5.8%.

Sales growth was delivered through the 'DROPPED & LOCKED' value campaigns and the successful execution of trade plans, including festive events such as Easter, Christmas and Mother's Day. More targeted and personalised customer experiences and offers, and collectible and continuity campaigns, also supported sales growth throughout the year. Excluding tobacco sales, sales revenue increased by 7.4%.

Volumes improved throughout the year, with volume growth moderately positive in the second half. The first half was impacted by cycling elevated COVID-19 volumes in the prior year and availability challenges, particularly in fresh and frozen produce with severe flooding and cool weather impacting growing conditions. Volume growth in the second half was positive across all major categories, with the exception of health and home, which continued to cycle elevated volumes in the second half of FY22 as a result of COVID-19 (Omicron) and the flu season.

Availability improved progressively in the second half with Delivered In Full (DIF) and Delivered In Full On Time (DIFOT) availability metrics increasing to 90% (87% at 1H23) and 84% (80% at 1H23) of pre-COVID-19 levels[10], respectively. In particular, access to fresh produce volumes improved significantly as the business cycled shortages from flooding in the prior year. Whilst a number of challenges still remain, particularly in eggs and frozen vegetables, the overall improvement in availability has allowed Coles to restore its promotional activity to pre-COVID-19 levels.

[9] Includes major project implementation operating expenditure relating to ADCs and CFCs (FY23: $58 million, FY22 $32 million) and an additional provision relating to the 2020 Award covered salaried team member review (FY23: $25 million).
[10] Compared to 1H20 DIF and DIFOT rebased to 100%.

Customer satisfaction (as measured by NPS) was impacted during the year, due to availability as well as cost of living pressures that impacted price and value metrics. Pleasingly, improvements were seen in some lead indicators in the fourth quarter.

As rising cost of living pressures impact Australian households, the Exclusive to Coles range has become increasingly important in delivering trusted value to customers. Exclusive to Coles sales growth increased by 9.6% to $12.4 billion in FY23. Sales accelerated throughout the year with hundreds of Coles Own Brand products included in the 'LOCKED' and 'DROPPED & LOCKED' value campaigns, the expansion of the Coles Finest range to cater for customers seeking restaurant quality products, and bulk favourites such as Coles Australian Extra Virgin Olive Oil 3L catering for customers on a budget. Growth in the second half was 12.3% compared to 7.1% in the first half. This growth was experienced across the portfolio, from entry level pantry staples in the pasta and canned fish categories, to meals and in-store bread in the Coles Finest range.

More than 1,400 Exclusive to Coles products were launched during the year, including the Coles Kitchen Chicken Pesto Pasta Bake and the Coles Finest lamb range. In the growing pet segment, pet treats such as the Woofin' Good Peanut Butter Flavour Dog Biscuits and Elevate Joint Support Chew Dog Treats were launched. The Coles Own Brand portfolio also won 103 product awards, including 11 consumer-voted Product of the Year awards for products such as our Coles Finest Certified Carbon Neutral Beef Scotch Fillet Steak, Coles Frozen Sweet Potato Chips and Coles Salted Caramel Vienna Sticks.

Coles Own Brand continues to drive sustainability within the industry and was recognised at the Marine Stewardship Council's (MSC) Sustainable Seafood Awards, being the first and only Australian retailer to have MSC Chain of Custody certification for its deli seafood counters.

eCommerce sales for the full year increased by 1.1% to $2.8 billion (three-year growth of 116%). Strong sales growth of 10.1% was delivered in the second half (17.4% growth in the fourth quarter) while sales in the first half declined by 6.6% as COVID-19 behaviours normalised and some customers returned to shopping in store. Penetration was 7.5% for the full year with 8.0% penetration in the fourth quarter. Sales growth was underpinned by 5% growth in traffic to Coles' digital assets, as well as network expansion, particularly in immediacy. Rapid Click & Collect is now available in 606 stores (151 stores were added during the year) and Home Delivery Rapid is now available in 480 stores (463 stores were added during the year). Enhancements were made to the unified Coles app and website including the capability to opt-in to substitutions at check-out in the website, the ability to apply a range of filters (e.g. dietary, brand) and integration of Flybuys offers in the app, driving loyalty and improving the overall user experience. Efficiency improvements in grocery crate utilisation were also delivered during the period by increasing items per crate and consolidating picks, reducing distance walked to fulfill orders and reducing manual handling.

During the year, Coles' media income also increased by 27.0% with accelerated investment in product innovation, technology and talent, and the rebranding of the platform to 'Coles 360'.

In the fourth quarter, total Supermarkets price inflation of 5.8% continued to moderate (6.2% in the third quarter) with inflation in the fresh category of 2.3% (4.1% in the third quarter). In the fresh category, deflation in fresh produce was driven by vegetables, particularly cucumbers, broccoli and capsicum, while inflation in meat, deli and seafood moderated largely due to red meat. However, bakery inflation remained elevated due to higher wheat commodity prices. In the packaged category, dairy inflation increased as a result of an increase in the farmgate milk price. Higher commodity prices, such as eggs and oil, also impacted the category. The level of supplier cost price increase requests remained elevated but was lower compared to the first half, with the main drivers of the requests relating to raw materials such as wheat, dairy and sugar, and utilities.

During the year, Coles completed 46 store renewals, including 14 Format A, four Format C and four Coles Local stores. Coles also opened 17 new stores and closed six stores, taking the total network to 846 supermarkets.

Gross margin of 26.4% increased by 5 bps year-on-year despite investment in value and mix changes. Gross margin was supported by reduced COVID-19 costs, the delivery of Smarter Selling benefits, growth in Coles 360 and lower tobacco sales. However, total loss[11] increased by approximately 20% this year and remains an industry-wide headwind as a result of elevated levels of organised retail crime and theft driven by cost of living pressures.

Cost of doing business (CODB) as a percentage of sales increased by 20 bps to 21.6%. CODB increased as a result of underlying cost inflation and wage increases following the June 2022 Fair Work Commission (FWC) annual wage increase. CODB was also impacted, particularly in the second half, by increased depreciation, major project implementation

[11] Total loss includes stock loss and waste and markdown.

operating expenditure, a $25 million provision relating to the 2020 Award covered salaried team member review and a range of adverse events, such as additional public holiday costs and costs associated with the collapse of REDcycle. These costs were partially offset by Smarter Selling benefits and lower direct COVID-19 costs in FY23. Further strategic investments were also made in digital, eCommerce and technology this year, in areas such as Coles 360 and eCommerce platforms.

Supermarkets EBITDA of $3,157 million increased by 4.5% and Supermarkets EBIT of $1,765 million increased by 2.9% with an EBIT margin of 4.8%. Higher depreciation and amortisation was incurred during the year, largely a result of the commencement of depreciation at the Redbank ADC site as well as increased amortisation on software assets, in line with the increased investments in digital and technology assets.

Supermarkets adjusted EBITDA and EBIT, excluding major project implementation operating expenditure and the provision taken in FY23 relating to the 2020 Award covered salaried team member review, increased by 6.1% and 5.8%, respectively. The adjusted EBIT margin of 5.0% was in line with FY22.

Update on ADCs

Coles delivered a significant milestone during the year with the Redbank, Queensland ADC commencing outbound deliveries in March. The ADC serviced more than 100 supermarkets at year end in Queensland with ramp up remaining in line with schedule. The recruitment, induction and training of the new Redbank team members also continued.

Construction progressed at the Kemps Creek, New South Wales ADC. Initial commissioning work also commenced at the facility in line with schedule.

Update on automated CFCs

As announced on 18 August 2023, Coles has received notification from Ocado regarding delayed timing for the handover of the Victorian CFC. Additional works are required to rectify construction issues with the grid identified during quality control processes for the Victorian CFC. Following further engagement with Ocado and in light of the revised handover date, the commissioning of the Victorian CFC will be delayed with the incremental ramp up period now expected to commence in mid-FY25 (previously mid-FY24). The New South Wales CFC is expected to be commissioned with an incremental ramp up period commencing at the end of second half of FY24 (previously second half of FY24).

The impacts of the delays are likely to increase the project capital and operating expenditure by approximately $70 million and $50 million respectively. Total capital expenditure is now expected to be approximately $400 million of which 55% has been incurred to the end of FY23, with the balance expected to be incurred in FY24 and FY25.

Major project implementation operating expenditure

Outlined below is the implementation operating expenditure (including commissioning, ramp up and double running and transition costs) and depreciation related to both the ADCs and the automated CFCs for FY22 and FY23 and the projected implementation operating expenditure and depreciation for the next two years.

$ MILLION	FY22	FY23	FY24	FY25
ADCs				
Implementation operating expenditure[12]	24	45	~75	~25
Depreciation[13]	-	15	~55	~75
Automated CFCs				
Implementation operating expenditure[12]	8	13	~75	~100
Depreciation[13]	-	-	~5	~55
Total				
Major project implementation operating expenditure	**32**	**58**	**~150**	**~125**
Depreciation	**-**	**15**	**~60**	**~130**

[12] Includes ramp up, dual running and transition costs.
[13] Includes depreciation associated with right of use assets.

Liquor

$ MILLION (52 WEEKS TO 25 JUNE 2023)	FY23	FY22	CHANGE
Sales revenue	**3,610**	**3,613**	**(0.1)%**
EBITDA	279	278	0.4%
EBIT	**157**	**163**	**(3.7)%**
Gross margin (%)	23.4	22.5	91bps
CODB (%)	(19.0)	(17.9)	109bps
EBIT margin (%)	4.3	4.5	(18bps)

Operating metrics (non-IFRS)

	FY23	2H23	1H23	FY22
Gross retail sales[1] ($ billions)	3.6	1.6	2.0	3.6
Gross retail sales growth (%)	(0.2)	2.7	(2.5)	2.4
Comparable sales growth (%)	(0.7)	1.3	(2.3)	2.1
eCommerce sales[2] ($m)	203	95	108	165
eCommerce penetration[2] (%)	5.7	5.8	5.6	4.6
eCommerce penetration (inc. COL)[3] (%)	6.9	7.0	6.8	5.4
Net Promoter Score[4] (point increase/(decrease))	(0.9)	0.5	(2.5)	(0.8)
Sales density per square metre[5] (MAT $/sqm)	16,138	16,138	16,029	16,354

[1] Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.
[2] eCommerce gross retail sales and penetration excludes liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales.
[3] eCommerce penetration including Liquor sold through coles.com.au.
[4] Net Promoter Score is based on Liquorland NPS results.
[5] Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

Key highlights

Liquor sales revenue of $3.6 billion for the year was flat compared to the prior year, having declined in the first half by 2.4% as the business cycled COVID-19 related on-premise closures and restrictions, before returning to growth of 2.7% in the second half. Gross retail sales of $3.6 billion for the full year declined by 0.2% and comparable sales declined by 0.7%.

The sales performance during the year was driven by a strong performance in the Liquorland banner, supported by the completion of 215 Liquorland Black & White renewals as well as the opening of 35 new Liquor stores. The Ready-to-Drink category was the strongest performing category. In line with Liquor's strategy to "be a simpler, more accessible and locally relevant drinks specialist", a focus on optimising range and space, particularly in local products, has been a core part of the transformation of the Liquorland fleet. Growth in the ELB portfolio continued, with sales revenue increasing by 8.5% for the year and penetration reaching 21% of total sales, as customers became more value conscious throughout the year. Sales revenue also benefited from strong growth in eCommerce and inflation, driven by supplier-led cost price increases following the semi-annual excise increases.

During the period, 259 new ELB and 627 new local lines were added to the portfolio. In addition, the ELB portfolio received more than 500 awards, including the Tasmanian Gin of the Year trophy for Pure Origin Tasmanian Dry Gin at the Melbourne International Spirits Competition and Tinnies Pale Ale being awarded the Best English Beer Pale Ale Trophy in the Pale Ale category, at the World Beer Awards Competition.

eCommerce sales revenue of $203 million increased by 22.6% compared to the prior year, accelerating throughout the year with growth in the fourth quarter of 38.2%. Penetration was 5.7% for the year. Penetration including Coles Online was 6.9% for the year and 7.5% for the fourth quarter. Sales growth was driven by on-demand delivery which is now available in more than 660 stores, and the introduction of express delivery through DoorDash and UberEats.

Customer satisfaction (as measured by NPS) was also impacted by cost of living pressures which impacted value metrics.

During the year, 236 store renewals were completed, 35 new stores were opened and 11 stores closed across the Liquorland, Vintage Cellars and First Choice banners. At the end of the period the portfolio comprised 957 stores.

Gross margin of 23.4% increased by 91 bps driven by strong performance in ELB and local, value optimisation, mix benefits and strategic sourcing.

CODB as a percentage of sales increased by 109 bps to 19.0%. This was largely driven by increases in store team member remuneration relative to the prior year following the FWC annual wage increase in June 2022, coupled with the increase being paid earlier in the year than prior years, and costs (including depreciation) incurred in relation to new stores, the accelerated Black & White Liquorland renewal program, and investments in eCommerce and core IT systems.

Liquor EBITDA of $279 million was flat on the prior year despite cycling on-premise closures. EBIT of $157 million decreased by 3.7% reflecting increased depreciation and amortisation following investment in the portfolio as part of the transformation program, most notably the Black & White Liquorland renewal program and eCommerce investments. Pleasingly, EBITDA and EBIT increased by 13.2% and 19.5% respectively in the second half, benefiting from the sales and margin growth across the fixed cost base of the business.

Other

$ MILLION (52 WEEKS TO 25 JUNE 2023)	FY23	FY22	CHANGE
Sales revenue	**127**	**-**	**n/m**
EBITDA	(54)	(41)	31.7%
EBIT	**(63)**	**(51)**	**23.5%**

Coles reported negative EBIT of $63 million in Other for the year.

Other includes corporate costs, the Product Supply Arrangement with Viva Energy that was established as part of the divestment of the Coles Express fuel and convenience retailing business, Coles' 50% share of Flybuys' net result and the net gain or loss generated by Coles' property portfolio.

Corporate costs of $91 million were incurred for the year, an increase of $9 million over the prior year largely as a result of higher insurance costs and store support centre costs. Coles' 50% share of Flybuys' net result was a $13 million loss, while earnings from property operations were $39 million. EBIT of $2 million was also reported in relation to the Product Supply Arrangement that was in place from completion of the Coles Express divestment which occurred on 1 May 2023.

Balance sheet

$ MILLION	25 JUN 2023	1 JAN 2023	26 JUN 2022
Inventories	2,323	2,825	2,448
Trade and other receivables	605	473	470
Trade and other payables	(4,434)	(4,978)	(4,335)
Working capital	**(1,506)**	**(1,680)**	**(1,417)**
Property, plant and equipment	4,985	4,755	4,807
Right-of-use assets	6,507	6,434	7,199
Intangibles	2,035	1,887	1,864
Provisions	(1,281)	(1,190)	(1,278)
Assets held for sale	127	1,209	82
Other assets / (liabilities) and equity investments	115	97	190
Capital employed	**10,982**	**11,512**	**11,447**
Cash and cash equivalents	597	698	589
Total debt	(1,118)	(1,060)	(1,095)
Lease liabilities	(7,849)	(7,759)	(8,681)
Liabilities associated with assets held for sale	-	(792)	-
Net tax balances	744	780	864
Total net assets	**3,356**	**3,379**	**3,124**
Working capital days – continuing operations[1]			
Inventory days	30	30	28
Trade payable days	(33)	(34)	(33)

[1] Inventory and trade payable days have been calculated on a continuing operations basis, excluding Express which has been classified as a discontinued operation. For FY22, inventory and trade payable days include Express.

Key highlights

Net assets were $3,356 million as at 25 June 2023, an increase of $232 million compared to the prior year.

Working capital of ($1,506) million increased by $89 million compared to June 2022, with higher trade payables largely due to the timing of year end payments, and increased trade and other receivables, largely driven by trade receivables relating to the PSA with Viva Energy. Inventory levels declined primarily driven by the Express divestment.

Property, plant and equipment of $4,985 million increased by $178 million compared to June 2022 driven by increased capital expenditure incurred during the year, partially offset by depreciation and property divestments.

Right-of-use assets of $6,507 million decreased by $692 million compared to June 2022 primarily as a result of the divestment of the Express business.

Lease liabilities of $7,849 million decreased by $832 million compared to June 2022 as a result of the sale of the Express business and the derecognition of the associated lease liabilities.

Net debt (excluding lease liabilities) as at 25 June 2023 was $521 million, a $159 million increase from the half year net debt position. At full year end, Coles' average maturity of drawn debt was 5.0 years, with undrawn facilities of $2.3 billion.

Coles maintains access to diversified funding sources and no debt is maturing until FY26. The lease-adjusted leverage ratio at the full year was 2.6x on a continuing operations basis, with current published credit ratings of BBB+ with Standard & Poor's and Baa1 with Moody's. Coles retains headroom within its rating agency credit metrics and a strong balance sheet to support growth initiatives.

Cash flows before financing activities[1]

$ MILLION	FY23	FY22
EBIT	1,970	1,869
Depreciation and amortisation	1,558	1,571
EBITDA	**3,528**	**3,440**
Movement in working capital	6	232
Movement in provisions and other	70	(94)
Net cash from operating activities – excluding interest and tax	**3,604**	**3,578**
Income tax paid	(370)	(485)
Interest component of lease payments	(372)	(363)
Net interest paid	(55)	(40)
Net cash from operating activities	**2,807**	**2,690**
Net capital expenditure	(1,266)	(1,136)
Net proceeds from sale of business, net of transaction costs	280	-
Net investments in joint venture and associates	(14)	(6)
Net cash from investing activities	**(1,000)**	**(1,142)**
Net cash flow before financing activities	**1,807**	**1,548**
Cash realisation ratio[2]	**102%**	**104%**

[1] Cash flows includes both continuing and discontinued operations.
[2] Calculated as operating cash flow excluding interest and tax, divided by EBITDA.

Key highlights

Net cash from operating activities excluding interest and tax was $3,604 million with cash realisation of 102%.

Net cash flow before financing activities increased by $259 million relative to the prior year, largely driven by the proceeds received from the sale of the Express business to Viva Energy, partially offset by higher capital expenditure (see below).

Capital expenditure

Gross operating capital expenditure on an accrued basis of $1,356 million increased by $157 million compared to the prior year.

Within Supermarkets, capital expenditure increased largely due to investments in new stores and renewals, with 17 new supermarkets and 46 renewals completed during the year, and efficiency initiatives focused on investments in the ADCs as well as service transformation in store. In Liquor, capital expenditure was driven by new store openings and renewals, with 35 new liquor stores and 236 renewals completed, as well as investments in core IT systems.

Coles continued to optimise its property portfolio during the year with net property capital expenditure reducing by $60 million compared to the prior year, largely driven by higher property divestments during the year, resulting in a net property inflow of $72 million.

Strategy evolution

Coles is one of Australia's leading retailers with an extensive national footprint of circa 1,800 supermarket and liquor stores. Approximately 17 million transactions take place across our store and digital platforms each week and our Flybuys loyalty program reaches approximately 80% of all Australian households.

In 2019 following demerger, Coles launched our "Winning in the Second Century" strategy with targets to FY23. Since then, the Australian retail environment has changed – including COVID-19 lockdowns, bushfires and floods, supply chain disruptions, and persisting pressures on household cost of living. These events have impacted all Australians and are shaping how we evolve our strategy.

To reflect the changing environment, we have refreshed our purpose to ***Helping Australians eat and live better every day.*** Our priority is to provide leading food, drink and home solutions that are delicious, sustainable, and healthy for our customers. We seek to deliver a consistent experience for our customers every day, both in-store and online.

We will deliver on our purpose by focusing on three "strategic pillars". These strategic pillars are mutually reinforcing, with actions in one area building on the next, creating a virtuous cycle or 'flywheel':

- **Destination for food and drink** is why our customers come to Coles and what we aspire to be known for. This pillar recognises that our customers are seeking food and drinks that solve for their differing needs (e.g. convenience, dietary, health, price). We will become a destination, by tailoring our product range, quality, value, merchandising and communication, in a way that meets and surpasses our customers' needs both in-store and online. We are focused on delivering great value and driving loyalty to be the destination for food and drink.
- **Accelerated by digital** is how we intend to meet our customers increasing digital usage by creating an easier, faster and more enjoyable omnichannel shopping experience. We will further unify the digital experience for our customers on our app and website by seamlessly integrating the in-store and online experience, anticipating needs, tailoring shopping journeys and expanding our offer. Through digital channels, we are also able to grow differently, including through Coles Media, to offer our customers and suppliers new ways to solve problems and personalise their experience.
- **Delivered consistently for the future** is our focus on delighting our customers with our food and drink offering each and every day, today and into the future. To do this, we will revitalise our store network, build-out the supply-chain of the future and support our team members to be customer-focused. In our endeavour to deliver consistently, we will simplify our business, enabling us to save and reinvest strategically across our business. We will also strengthen our action on high-impact sustainability and community initiatives to ensure Australians of future generations can eat and live better every day.

Underpinning our strategic pillars are building blocks which enable us to deliver on our refreshed purpose:

- **Win Together** is recognition that we only succeed together with our team, community and suppliers. With our team, we will make safer choices, advance diversity & inclusion, and ensure we are a Great Place to Work. We continue to deepen relationships with our local communities, partnering with local and national organisations, and supporting our communities in times of need. We are committed to building strong, multi-generational, and collaborative supplier relationships and working together to offer quality, safe and trusted products.

- **Foundations** of financial discipline, technology, and data help us deliver on our strategic pillars and enable us to drive value for our stakeholders. Our focus on financial discipline ensures we can continue making investments for the future while delivering great results today. Our modernised technology core and future-proofed data capabilities will underpin our ability to solve problems for customers, team members and suppliers alike.

In our first horizon of activity, we will be focusing on delivering value, restoring availability, reducing loss, improving store presentation and providing a high-quality fresh food offering.

As part of this strategy, we are also launching our Simplify and Save to Invest program which forms part of the third strategic pillar and is designed to deliver in excess of $1 billion in cumulative savings over the next four years. This is an evolution of our Smarter Selling program which successfully concluded this year.

By focusing on what matters most to our customers and prioritising our investment accordingly, we are confident that Coles will deliver on our vision **to become the most trusted retailer in Australia and grow long-term shareholder value.**

Outlook

As we listen to our customers and look ahead in FY24, cost of living pressures are likely to remain for many Australian households and we will continue to focus on delivering trusted value to meet the needs of those who are facing challenges. At the same time, there are still customers who are looking for premium offerings or in-home alternatives to dining out and we will continue to innovate across the breadth of our exclusive brand portfolio and tailor our ranges, including convenience and meal solutions, to meet the full range of customer needs.

In the early part of FY24, Supermarkets volumes have remained modestly positive compared to the prior corresponding period and we have seen early signs of customers shifting from out of home dining. Headline inflation has continued to moderate with the fresh produce category remaining in deflation. However, inflation in bakery, grocery and dairy remains consistent with the fourth quarter.

Stock loss is a priority and we are taking immediate actions to address this, including accelerating investment in technology, increased range optimisation across high risk SKUs and increased security at high risk stores. Restoring availability also continues to be a focus and we expect improvements throughout the year will support sales growth and customer satisfaction. Our new Simplify and Save to Invest program will also be important in helping to offset cost inflation. The recent increase in Victorian payroll tax is estimated to have an impact of approximately $20 million per annum and the FWC annual wage increase means store remuneration will increase by 5.75%.

Consistent with our evolved strategy, we are also looking to continue to invest in our physical and digital footprint. Operating capital expenditure this year is expected to be in the range of $1.2 to 1.4 billion, reflecting investment in our Kemps Creek ADC and our automated CFCs.

In Supermarkets, in FY24, we expect to open approximately 15 new stores, close six stores and renew 50 stores. In Liquor, we expect to open approximately 20 new stores, close six stores and renew more than 100 stores. We also expect to open our second ADC.

Depreciation and amortisation is expected to be approximately $1.65 billion, reflective of the higher level of capital expenditure over the last few years, as well as a full year of operations at the Redbank ADC and the opening of the Kemps Creek ADC. Within financing costs, there will also be an increase in right of use assets lease interest and borrowing costs that were previously capitalised associated with the ADCs of approximately $25 million compared to FY23.

In Other, we are not expecting any material property divestments this year, resulting in lower property earnings. This will be partially offset by a full year of earnings from the Product Supply Arrangement.

The FY24 year includes a 53rd week ending on 30 June 2024. Given the timing of year end, it is expected that this will have an impact on working capital levels on balance date. As a result, cash flow conversion may be lower for FY24 relative to prior periods.

Medium term outlook

As we build upon our strong foundations in this next evolution of our strategy, we are well positioned to benefit from continued growth and innovation in our exclusive brand portfolio, Australia's high population growth and increases in at home consumption. In addition, we will see benefits over the next few years from a more resilient and efficient supply chain as our ADCs ramp up and we focus on delivering improved availability. We are also confident that there are opportunities to enhance our fresh offering, drive growth and loyalty through our digital platforms and the launch of our automated CFCs, improve productivity and deliver a more consistent customer experience that will further strengthen the business and underpin growth in shareholder value in years to come.

Note - FY24 year will include a 53rd week. The guidance contained in this outlook statement reflects a 52-week basis for comparability. Refer Appendix 2 for more information on the FY24 and FY25 reporting calendar.


Coles supported the 2023 SecondBite Winter Appeal through the purchase of $2 donation cards or by customers making a donation of their choice in store.


Coles' latest national campaign showcases the great lengths our team members, farmers and suppliers go through to source and deliver the highest quality products for our customers.

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Appendices

Appendix 1

Number of retail stores

	OPEN AS AT 27 JUN 2022	OPENED	CLOSED	DIVESTED	OPEN AS AT 25 JUN 2023
NSW & ACT	260	5	(2)		263
QLD	182	2	(1)		183
VIC & TAS	236	6	(3)		239
SA & NT	60	1	-		61
WA	97	3	-		100
Supermarkets	**835**	**17**	**(6)**		**846**
Liquor	933	35	(11)		957
Express – discontinued operation	711	1	(6)	(706)	-
Group store numbers	**2,479**	**53**	**(23)**	**(706)**	**1,803**

Appendix 2

Reporting calendars for FY24 and FY25

	1Q24	2Q24	3Q24	4Q24
Reporting period	26 Jun 2023 - 24 Sep 2023	25 Sep 2023 - 31 Dec 2023	1 Jan 2024 - 24 Mar 2024	25 Mar 2024 - 30 Jun 2024
Number of days	91 days	98 days	84 days	98 days
Number of weeks	13 weeks	14 weeks	12 weeks	14 weeks

	1Q25	2Q25	3Q25	4Q25
Reporting period	1 July 2024 - 29 Sep 2024	30 Sep 2024 - 5 Jan 2025	6 Jan 2025 - 30 Mar 2025	31 Mar 2025 - 29 Jun 2025
Number of days	91 days	98 days	84 days	91 days
Number of weeks	13 weeks	14 weeks	12 weeks	13 weeks

Appendix 3
Express divestment impacts

$ MILLION (52 WEEKS TO 25 JUNE 2023)	FY23
Convenience (c-store) sales revenue	**988**
EBITDA – underlying	**164**
EBIT – underlying	**46**
Divestment impacts	
- Notional depreciation and amortisation[1]	83
- Loss on sale	(18)
EBITDA – discontinued (statutory)	146
EBIT – discontinued (statutory)	111

$ MILLION	FY23
Total consideration	319
Book value of net assets disposed	(321)
Transaction costs	(16)
Loss on sale before income tax	**(18)**
Adjustment for notional depreciation and amortisation[1]	83
Profit on sale before income tax - underlying	**65**

[1] Depreciation and amortisation ceased from the date the Express business assets were held for sale, including depreciation on right of use assets. Depreciation and amortisation not recognised in FY23 up to the date of completion of the divestment was $83 million of which $66 million relates to the right of use assets.

Appendix 4
Restatement of Supermarkets sales revenue

Supermarkets sales revenue has been restated due to an understatement in the first three quarters of FY23 with the following impacts:

	1Q23	2Q23	1H23	3Q23
Sales revenue - reported ($m)	**8,771**	**10,082**	**18,853**	**8,596**
Sales revenue - reported growth (%)	1.6	7.4	4.6	7.0
Sales revenue – restated ($m)	**8,774**	**10,083**	**18,857**	**8,629**
Sales revenue – restated growth (%)	1.7	7.4	4.7	7.4
Variance – restated ($m)	**3**	**1**	**4**	**33**
Variance – restated growth (bps)	3bps	1bps	2bps	41bps

Note: This understatement did not affect Gross retail sales.

Appendix 5

Non-IFRS financial information and forward-looking statements

- This release contains International Financial Reporting Standards (IFRS) and non-IFRS financial information.
- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information.
- Any non-IFRS financial information is clearly labelled to differentiate it from the statutory or IFRS financial information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information.
- Operating metrics that are prepared on a non-IFRS basis have been included in the segment commentary to support an understanding of comparable business performance. Non-IFRS information is not subject to audit or review.

Balance Sheet and Cash Flow information presented in this release is consistent with underlying information disclosed in the Appendix 4E Full Year Financial Report.

This release contains forward-looking statements in relation to Coles, including statements regarding Coles' intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to Coles' business and operations, market conditions, results of operations and financial conditions, and risk management practices. This release may also include forward-looking statements regarding climate change and other environmental and energy transition scenarios. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance' and other similar expressions.

Any forward-looking statements are based on Coles' current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect Coles' business and operations in the future. Coles does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions, that could cause the actual results, performance or achievements of Coles to be materially different from the relevant statements. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, Coles does not undertake to publicly update, review or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

Appendix 6

Glossary of terms

bps – Basis points. One basis point is equivalent to 0.01%

Capital employed – Total net assets excluding net tax balances, net debt and lease liabilities

Cash realisation – Calculated as operating cash flow excluding interest and tax, divided by EBITDA (excluding significant items)

CODB – Costs of doing business. These are expenses which relate to the operation of the business below gross profit and above EBIT

Coles Own Brand – refers to the portfolio of product brands owned by Coles. It includes grocery, fresh produce, meat and non-food products that are available in Coles supermarkets under Coles Brands (e.g. Coles Finest, Coles Nature's Kitchen) and Exclusive Own Brands (e.g. Koi, Daley St)

Coles Liquor Own Brand – refers to the portfolio of brands owned by Coles Liquor. It includes liquor products that are sold in Coles Liquor stores under Coles Liquor Brands (e.g. Vintage Cellars Collaborations) and Private Label Brands (e.g. Pensilva)

Comparable sales – A measure which excludes stores that have been opened or closed in the last 12 months and excludes demonstrable impact on existing stores from store disruption as a result of store refurbishment or new store openings

EBIT – Earnings before interest and tax

EBITDA – Earnings before interest, tax, depreciation and amortisation

EPS – Earnings per share

Exclusive brands – refers to the portfolio of product brands consisting of Exclusive to Coles in Coles supermarkets and Exclusive Liquor Brands in Coles Liquor stores

Exclusive to Coles – refers to the portfolio of product brands that are exclusively available at Coles, and includes Coles Own Brand and Exclusive Proprietary Brand products

Exclusive Liquor Brands (ELB) – refers to the portfolio of product brands exclusively available in Coles Liquor stores, including brands that are owned by Coles (e.g. James Busby, Mr Finch) and brands that are owned by suppliers but exclusive to Coles Liquor (e.g. Coal Pit, Abbey Vale)

Exclusive Proprietary Brand – refers to the portfolio of products where the brands are owned by suppliers but are exclusively available in Coles supermarkets (e.g. La Espanola, Great Ocean Road)

Gross margin – The residual income remaining after deducting cost of goods sold, total loss and logistics from sales, divided by sales revenue

Gross retail sales – comprises retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points

Group sales revenue or Group EBIT – Total sales revenue or EBIT generated by Group for the period

IFRS – International Financial Reporting Standards

Leverage ratio – Calculated as gross debt, less cash at bank and on deposit, add lease liabilities, divided by EBITDA

MAT – Moving annual total

Net Promoter Score (NPS) – metric used to measure customer advocacy, derived from an externally facilitated survey with a nationally representative sample. The point movement reported represents the NPS measured over the relevant period relative to the prior corresponding period. Liquor NPS is based on Liquorland NPS results

pp – Percentage point

Sales density - Sales density is calculated as sales divided by net selling area. Both sales and net selling area are on a MAT basis, calculated on a rolling 52-week basis

SKU – Stock Keeping Unit

TRIFR – Total Recordable Injury Frequency Rate. The number of lost time injuries, medically treated injuries and restricted duties injuries per million hours worked, calculated on a rolling 12-month basis. TRIFR includes all injury types including musculoskeletal injuries

Working capital – Includes all current assets and liabilities that form part of the day-to-day operations of the business (inventories, receivables and payables)