colesgroup

2025
Annual Report

colesgroup

FY25 marked a year of significant progress in our eCommerce business with the opening of our two automated Customer Fulfilment Centres in Melbourne and Sydney, further strengthening our customer offer.

Next day home delivery customers in the Melbourne and Sydney catchment areas are experiencing the benefits of an extended range, improved availability and freshness of product, as well as increases in perfect order rates.

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Glossary of terms

Please refer to pages 136 and 137 for a glossary of terms included in this report.

Acknowledgement of Country

Coles Group acknowledges the Traditional Owners of Country throughout Australia.

We recognise their strength and resilience and pay our respects to Elders past and present.

We recognise their ongoing connection to the lands, waters and skies.

Forward-looking statements

This report contains forward-looking statements in relation to Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group', or 'the Group'), including statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to the Group's business, market and financial conditions, results of operations and risk management practices. 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', 'likely', 'aim', 'aspire' and other similar expressions. Similarly, statements that describe the Group's objectives, plans, goals, or expectations are forward-looking statements.

Any forward-looking statements are based on the Group's current knowledge and assumptions as at the date of this report. They are not guarantees or predictions of future performance or outcomes and the Group does not give any assurance that the assumptions will be correct.

The forward-looking statements involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group, that could cause the actual outcomes to be materially different from the relevant statements. Factors that may affect forward-looking statements include legal and regulatory change, industry competition, changes to consumer behaviour, technological changes and economic and geopolitical factors, including global market conditions.

Readers should not place undue reliance on forward-looking statements and such statements should be considered together with the risks, uncertainties and assumptions associated with the relevant statements particularly given the inherent unpredictability of future policy, market and technological developments. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements in this report 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.

This document may contain statements that have been prepared by Coles on the basis of information from publicly available sources, and other third-party sources, and this information has not been verified by the Group. The Group does not make any representation or warranty as to the currency, accuracy, reliability or completeness of such information in this report.

This report also includes forward-looking statements regarding climate change including energy transition and other environmental scenarios. In addition to the factors described above, there are additional limitations with 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. The long-term nature of sustainability targets also means related forward-looking statements are inherently uncertain and should not be relied upon, as outlined above.

Non-IFRS information

This report contains 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 included in this report has been labelled to differentiate it from 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.

Our 2025 reporting suite

Our corporate reporting suite contains detailed information on Coles' strategy, financial and non-financial performance, risk management and governance frameworks.

The suite also includes our progress against our sustainability and human rights commitments. We continually evolve our reporting suite in response to shareholder and stakeholder feedback, and to align with legislation, disclosure frameworks and leading practices.

To view these reports visit **colesgroup.com.au**

- 2025 Annual Report
- 2025 Corporate Governance Statement
- 2025 Sustainability Report
- 2025 Modern Slavery Statement
- 2025 Economic Contribution Report

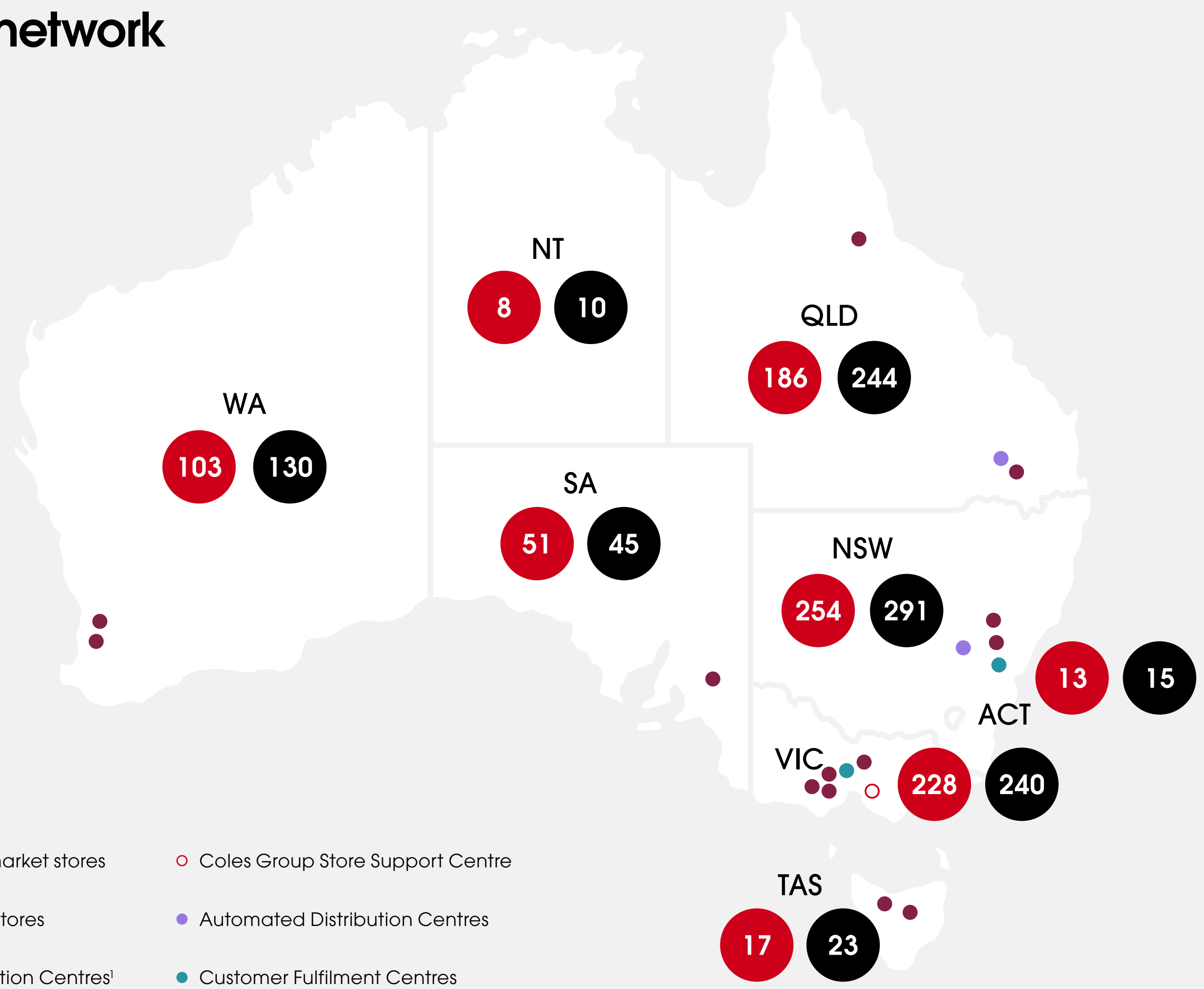
This report is interactive

Click on the contents list and use the navigation bar (repeated on every page after contents page) to jump to relevant sections.

Coles Group

Coles is one of Australia's leading grocery retailers with an extensive network of 860 supermarkets and 998 liquor stores across Australia, and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers.

Our network



- Supermarket stores
- Liquor stores
- Distribution Centres[1]
- Coles Group Store Support Centre
- Automated Distribution Centres
- Customer Fulfilment Centres

Our brands[2]

coles · coles local · LIQUORLAND · First Choice Liquor Market · Vintage Cellars · Liquorland Warehouse · Liquorland Cellars

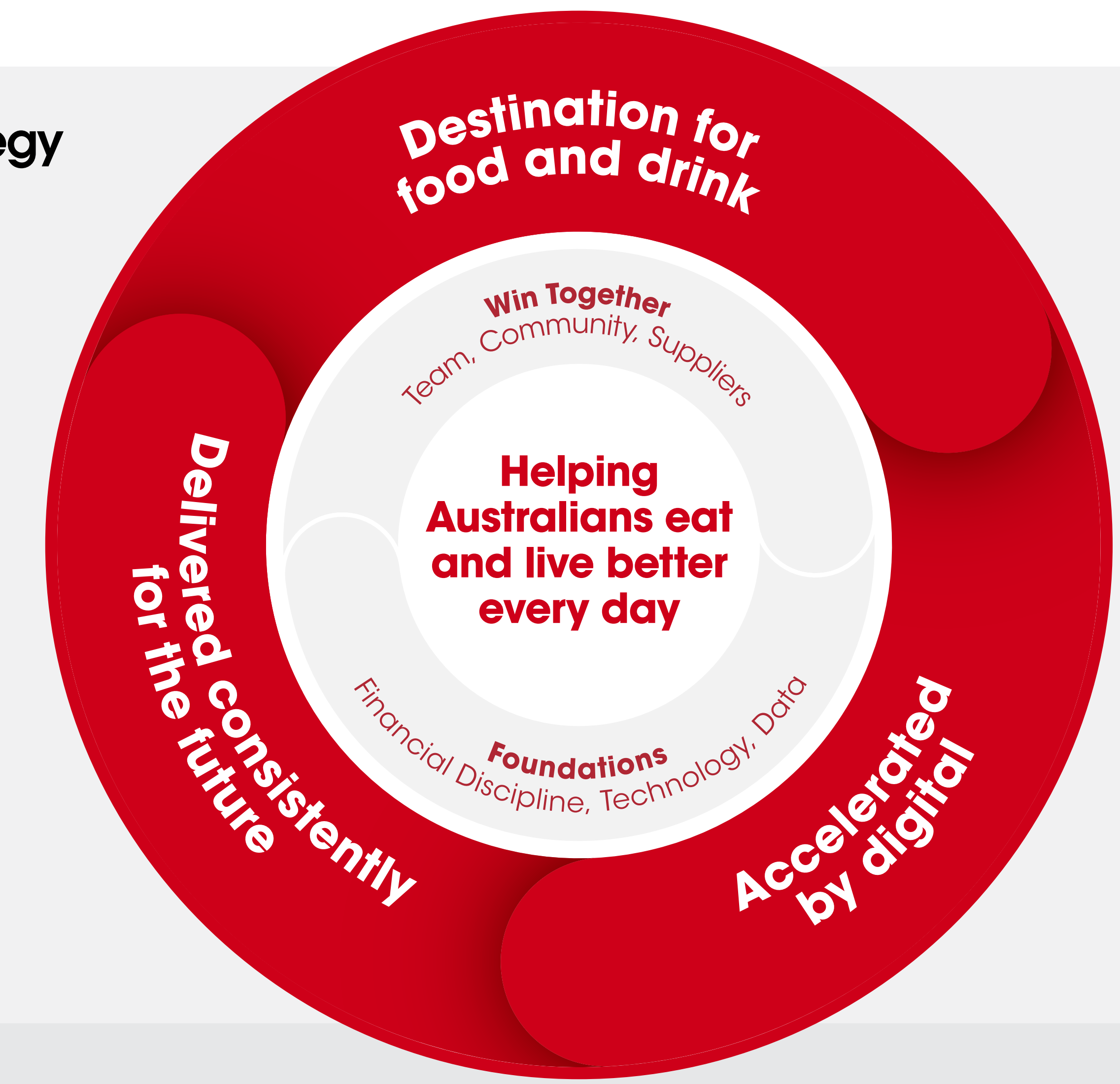
1. Comprised of Coles and non-Coles Distribution Centres which exclusively serve Coles.
2. In March 2025, Coles Group announced that it was proceeding with the national rollout of 'Simply Liquorland', converting Vintage Cellars and First Choice Liquor Market stores to the Liquorland brand. All Coles Liquor stores will be unified under three banners: Liquorland, Liquorland Cellars and Liquorland Warehouse.

Our vision

To become the most trusted retailer in Australia and grow long-term shareholder value.

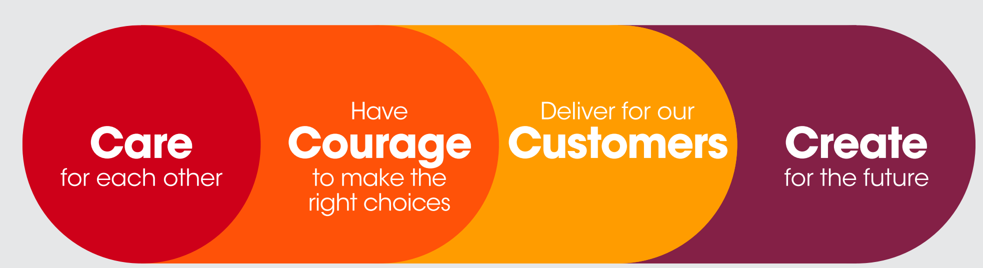
Our strategy

Read more about our strategy and see our key strategic highlights on **pages 12–13**



Our values

We are proudly coles

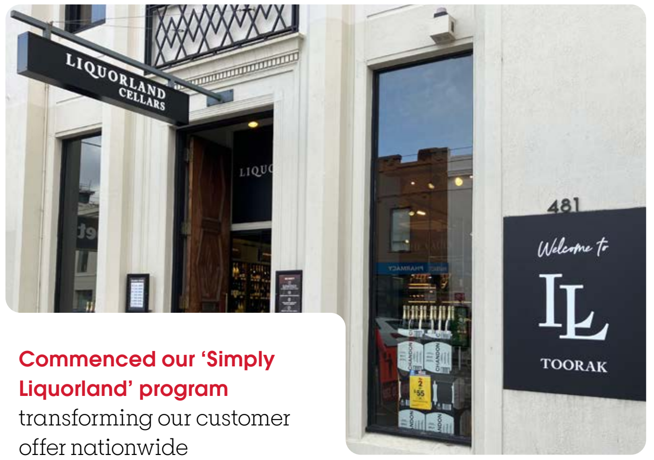


FY25 highlights

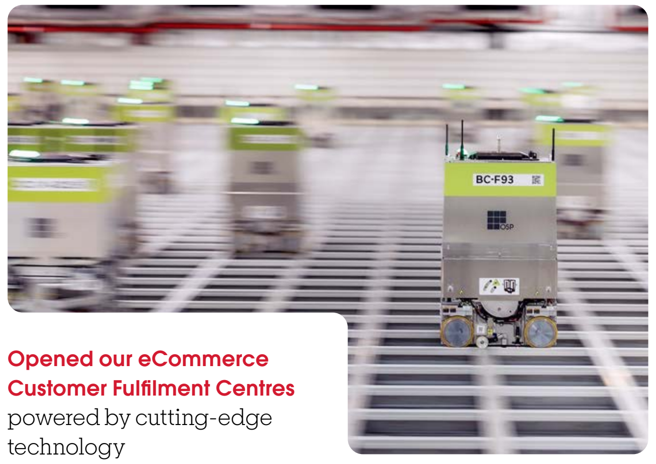
Pictured: Matt and Luise Fowles with their family at Avenel in regional Victoria. Fowles Wine was awarded a grant from the Coles Nurture Fund to develop 'BatNavs' for natural vineyard pest control.

Group sales revenue	Group EBIT[1]	NPAT
$44.4bn	$2.1bn	$1.1bn
Exclusive to Coles products	**eCommerce sales growth (normalised)[2]**	**New stores and renewals**
~4,000	23.3%	202

Launched hundreds of new Exclusive to Coles products as part of our unique value proposition



Commenced our 'Simply Liquorland' program transforming our customer offer nationwide



Opened our eCommerce Customer Fulfilment Centres powered by cutting-edge technology

Completed ramp up at our second Automated Distribution Centre step changing our supply chain efficiency and resilience

1. From continuing operations and excluding significant items.
2. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Delivering for our stakeholders

Coles' impact in FY25

Customers

We serve millions of Australians every week. We are committed to providing customers with choice and value and we aspire to become the most trusted retailer in Australia.

~18m
average transactions per week

Hundreds
of products lowered in price through our 'Great Value, Hands Down' seasonal value campaigns

Team members

We are one of Australia's largest employers. Our team members reflect the diverse communities in which we operate and we strive to make Coles a great place to work.

$6.4bn
paid in salaries, wages and benefits

Highest ever
mysay team member engagement score, placing Coles in the top quartile[1]

Suppliers

We partner with more than 8,000 suppliers to deliver more than 35,000 product lines for our customers. We value long-term partnerships and enjoy many positive relationships with our suppliers spanning decades.

$35.6bn
supplier spend for products and services

>$40m
awarded to 119 Australian producers through the Coles Nurture Fund since 2015

Community

We believe we have an important role to play in the communities in which we operate. We support a range of causes including health and wellbeing, food security, and aid in times of natural disasters.

$40.2m
in community support to charitable causes[2]

#1
corporate giver in Australia as a percentage of pre-tax profit[3]

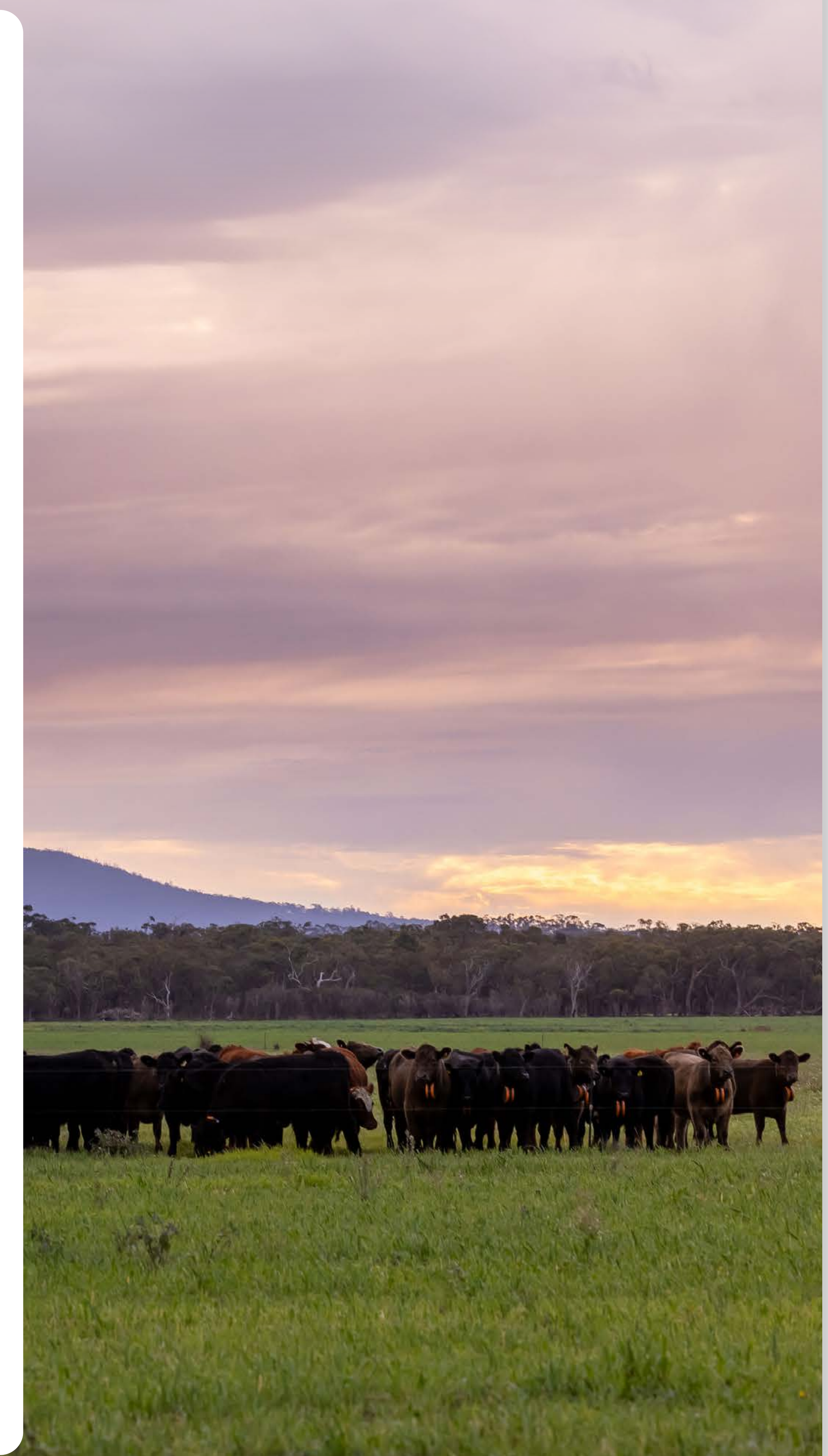
Shareholders

We have more than 400,000 shareholders, of which many are Australian families and companies, including superannuation funds.

$925m
paid out in dividends to shareholders in FY25

85.4%
FY25 dividend payout ratio

1. Relative to the Australian benchmark. Based on results of our May 2025 *mysay* team member engagement survey (69% participation). Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The top quartile benchmarks cover the period January – December 2024.
2. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at $109.2m, are not included in this number. Coles' community support is aligned to the Business for Societal Impact (B4SI) Framework.
3. On a three-year rolling basis in the 2024 GivingLarge report from Strive Philanthropy.



Message from our Chairman and CEO

Our purpose, 'Helping Australians eat and live better every day', reflects our commitment to value, quality, strong partnerships, and enriching the lives of the communities we serve.

Dear Shareholder,

2025 marked a year of positive momentum for Coles as we advanced our strategy, delivered value for our customers, and continued to make significant investments in the future of our business. Our achievements were underpinned by a focus on our three strategic pillars of 'Destination for food and drink', 'Accelerated by digital' and 'Delivered consistently for the future'.

Strategic and business highlights

As shopping habits continue to evolve, we are enhancing our omnichannel experience to meet our customers' changing needs. We are opening new stores, renewing existing locations, tailoring our range and space to cater to local communities, innovating in eCommerce and creating a more seamless and personalised digital experience.

This year, we delivered a major milestone in our eCommerce offer with the opening of our two automated Customer Fulfilment Centres (CFCs). The CFCs now service all our next day home deliveries across metropolitan Sydney and Melbourne, using cutting-edge technology to offer customers an expanded range, better availability, improved freshness and a significant uplift in perfect order rates.

They have also enabled us to reduce congestion in many of our stores across Sydney and Melbourne which has led to an improved in-store customer experience.

In our supply chain, we opened our second Automated Distribution Centre (ADC) which is located in Kemps Creek, New South Wales. With both ADCs now fully operational, we can deliver a more efficient, safer, and sustainable supply chain, leading to better product availability throughout Queensland and New South Wales.

We have also started building a third ADC in Melbourne to serve our Victorian and Tasmanian stores while also integrating with our existing supply chain in South Australia and Western Australia. Together, these three ADCs reflect a $1.9 billion long-term investment that will fully automate Coles' ambient supply chain across the eastern seaboard, serving us for decades to come.

Delivering for customers

Despite inflation easing from its peak in FY23, cost of living remains front of mind for households and families. We are working harder than ever to deliver value at the checkout. Our commitment to value, through seasonal price promotions, collectible and continuity programs and thousands of weekly specials, is resonating with customers who are looking to save and manage their budget.

Flybuys is also delivering even more value for shoppers through increased personalised offers and we have seen significant growth in engagement, with more customers redeeming their points for dollars off their shop.

Our Exclusive to Coles range continues to perform well, with 970 new products launched in FY25. This is a growing reason why customers choose Coles.

In our Liquor business, we announced our move to a single brand, unifying all 998 liquor stores under the Liquorland brand with an enhanced customer offer. This is already resonating with customers, with increased sales, transaction growth and customer experience metrics and we continue to focus on delivering competitive prices across our drinks offering with the expansion of our 'Price Match Promise' to all liquor stores nationally.

Focusing on our team

The passion and dedication of our more than 115,000 team members continues to be one of our greatest assets. This year, we achieved our highest ever team member engagement score, reflecting five years of consecutive improvement and placing us in the top quartile of companies.

Across our incredibly diverse workforce, we saw even greater representation of women in leadership roles at 42.7%, our First Nations workforce representation remained well above target at 3.5% and more of our leaders identified as culturally diverse.

In FY25, we improved safety for most of our workforce. The Group Safety Index was 24% better than our target, especially in Supermarkets, which make up most of our team. The Total Recordable Injury Frequency Rate (TRIFR) increased by 8.9% to 14.7 due to the new CFCs which commenced operations during the year. Comprehensive plans are in place to improve this as operations at the CFCs mature. Without these sites, TRIFR was 13.0, a 3.7% underlying improvement from FY24.

We continued to invest in training programs, mental health and other support, alongside an ongoing commitment to team safety. Sadly, acts of violence and aggression continue to rise across the entire retail sector, and we have again stepped up our investment in measures to keep our team safer, and continue to work with local police, state and federal governments on addressing this critical issue.

Delivering solid financial performance

Heading into the 2025 financial year, we were clear that value, quality and availability remained important to our customers. In addition, continuing to manage our cost base and delivering on our Simplify and Save to Invest commitments remained key to achieving our financial objectives. Pleasingly, we were able to make good progress in each of the areas resulting in sales and earnings growth, with a particularly strong result in our Supermarkets segment. We achieved Group Sales Revenue from continuing operations of $44,352 million and Net Profit After Tax of $1,079 million. We also reported Group EBITDA and EBIT from continuing operations (excluding significant items) of $3,941 million and $2,112 million respectively underpinned by Supermarkets EBITDA and EBIT growth, on a normalised 52 week basis, of 11.8% and 9.0% respectively. The Board declared fully franked dividends for the year of 69.0 cents per share, including the final dividend of 32.0 cents per share.

Regulatory climate

In March, the ACCC published its findings from its 12-month inquiry into supermarkets. We shared our perspective with the ACCC on how we manage our business and balanced the needs of customers, suppliers and shareholders during a period of unprecedented cost inflation. In response to the ACCC's key recommendations, Coles has already made a number of changes, and remains willing to be part of industry-led solutions, including working closely with suppliers on issues such as greater transparency.

Regarding the ACCC's proceedings related to the Down Down program, we continue to defend these.

Community and sustainability

Natural disasters once again impacted many local communities this year. We are especially grateful to our teams across Queensland and Western Australia who mobilised quickly to support our stores and transport networks in the face of floods, cyclone and major disruption.

In addition to providing crucial access to food and essentials, we continued to drive support for food relief, medical research, health and other meaningful causes. With the support of our team members, customers and suppliers, we contributed $40.2 million to community and charitable causes and donated the equivalent of 39.1 million meals to people facing food insecurity across the nation. Reflecting our ongoing contribution, we were very proud to once again be recognised as the number one corporate giver as a percentage of profit on a three-year rolling basis in the 2024 GivingLarge report from Strive Philanthropy. This is made possible by strong partnerships with leading organisations and programs like SecondBite, Foodbank, Hospitals United for Sick Kids, Redkite and many other worthy charities. Additionally, we have now awarded more than $40 million in grants to Australian farmers and producers through the Coles Nurture Fund since 2015, supporting these businesses to innovate and grow.

Sustainability remains a key part of our strategy. This year, we achieved our target to source 100% renewable electricity for our operations and delivered a 71.4% reduction in combined Scope 1 and 2 greenhouse gas emissions (from FY24). We also achieved our waste diversion target, with 88.0% of the Group's solid waste diverted from landfill in FY25. Our objective for FY26–FY30 is to maintain this level above 85%.

Recognising the bulk of our emissions sit outside our own operations, this year we set a target, validated by the Science Based Targets initiative, to deliver a 30.3% reduction in Forest, Land and Agriculture (FLAG) sector emissions by the end of FY30. This complements our existing supplier engagement target and signals the importance of collaboration with our suppliers and partners to reduce emissions and nature-related impacts in the coming years.

Board and management changes

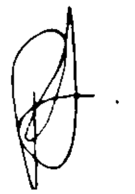
In April, we farewelled former Chairman James Graham after more than six years on the Board. James had a significant impact on our business since demerger from Wesfarmers in 2018, and we wish him well for his next endeavours.

We were delighted to announce the appointments of Michael Courtney as Chief Customer & Digital Officer, Deborah Yates as Chief People Officer, Claire Lauber as Chief Executive, Liquor, and Mike Sackman as Chief Technology Officer. All are exceptional leaders and executives and will make a strong contribution to the future of the business.

Looking ahead

As we enter FY26, we are clear on the priorities for the year ahead: ensuring our value proposition and offer resonates with customers, delivering consistent quality and availability, continuously improving customer experience in store and online and managing our cost base. We are also focused on unlocking the full benefits from our ADC and CFC investments for the benefit of both customers and shareholders.

On behalf of the Board and management team, thank you to our team for your strong commitment to our purpose and values, customers for your trust and loyalty, suppliers for your partnership, and shareholders for your ongoing confidence and support.



Peter Allen
Chairman, Coles Group Limited

Leah Weckert
Managing Director and Chief Executive Officer, Coles Group Limited

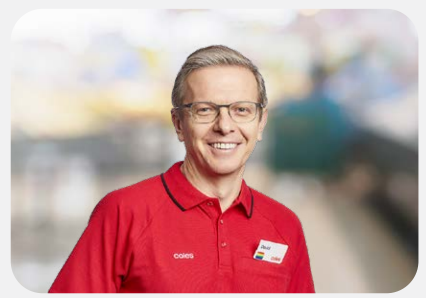
Executive Leadership Team

Leah Weckert
Managing Director & Chief Executive Officer

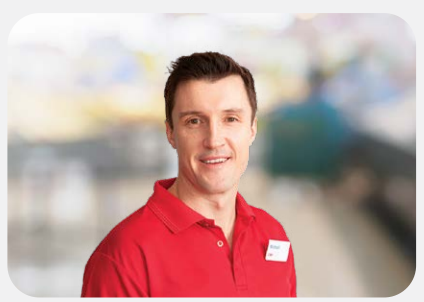
Charlie (Sharbel Raymond) Elias
Chief Financial Officer

Anna Croft
Chief Commercial & Sustainability Officer

Matt Swindells
Chief Operations & Supply Chain Officer

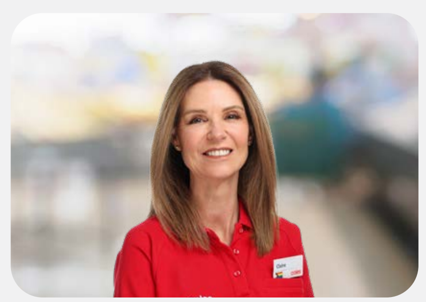


David Brewster
Chief Legal & Safety Officer

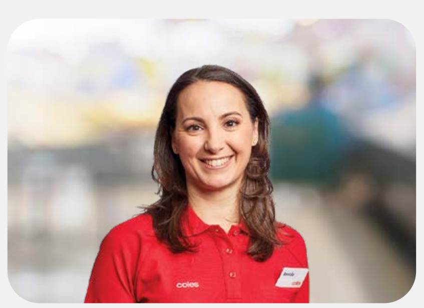


Michael Courtney
Chief Customer & Digital Officer

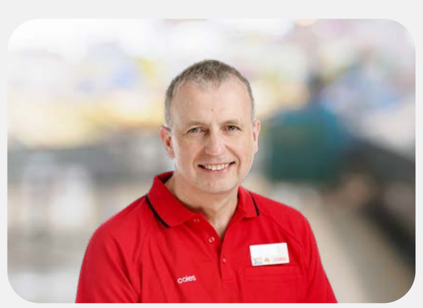
Sally Fielke
Group Corporate & Indigenous Affairs Officer



Claire Lauber
Chief Executive, Liquor



Daniella Pereira
Group Company Secretary



Mike Sackman
Chief Technology Officer

Deborah Yates
Chief People Officer

Business model and strategy

Pictured: Yaru Water Partner Paul Dodd and Yaru Water Co-Founder Tessa Martin, with Coles team member Lucy. Founded on Bundjalung Country in Northern NSW, Yaru Water is Australia's first Indigenous majority-owned bottled water company. It has expanded its bottled water range to now include sparkling natural mineral water and flavoured sparkling waters sold in Coles supermarkets.

This Operating and Financial Review (OFR) relates to Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group', or 'the Group').

Business model

Coles is one of Australia's leading retailers, with an extensive national supermarket and liquor store footprint and a range of digital platforms, allowing us to deliver a full service omnichannel experience for customers. We employ more than 115,000 team members, engage with more than 8,000 suppliers, have more than 400,000 shareholders and welcome millions of customers through our store network and digital platforms every week.

Coles' reportable segments from continuing operations are:

Supermarkets: fresh food, groceries and general merchandise retailing. Includes Coles Online, Coles Financial Services and Coles 360 retail media services.

Liquor: liquor retailing, including online services.

Other: business operations that are not separately reportable, including Property, Coles' share of the Flybuys loyalty program and a product supply arrangement (PSA) with Viva Energy Group Ltd (Viva Energy), as well as costs associated with enterprise functions, such as Insurance and Treasury.

Coles' brand portfolio includes Coles Group, Coles, Coles Local, Liquorland, First Choice Liquor Market, Vintage Cellars, Liquorland Warehouse and Liquorland Cellars. In March 2025, Coles Group announced that it was proceeding with the national rollout of 'Simply Liquorland', converting Vintage Cellars and First Choice Liquor Market stores to the Liquorland brand. As a result, all Coles Liquor stores will be unified under three banners: Liquorland, Liquorland Cellars and Liquorland Warehouse.

Coles' brand portfolio also includes Swaggle, QuiteLike, Coles 360 and Coles Financial Services. In addition, Coles is a 50% shareholder of Flybuys, which has more than nine million active members.

The Group's core competencies include merchandising, product development and supplier relationships, marketing, customer service and maintaining and operating a national store and digital network. To support its operations, Coles also operates an integrated supply chain, including a national distribution centre network.

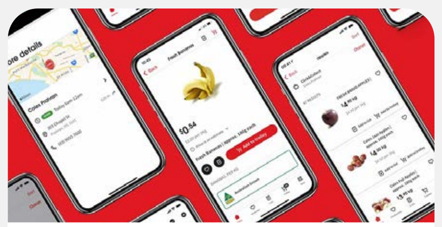
Delivering our strategy

Our strategy is centred around our purpose of 'Helping Australians eat and live better every day'. It is comprised of three strategic pillars and underpinned by Win Together and Foundations.

Our strategic pillars

Destination for food and drink

is how we tailor our product range, quality and value to meet and surpass our customers' needs



Accelerated by digital

is how we create a more seamless, personalised and enjoyable omnichannel experience

Delivered consistently for the future

is our focus on making our operations more efficient and investing in our network for the future

FY25 key strategic highlights

Destination for food and drink

- Delivered value through seasonal 'Great Value, Hands Down' campaigns in Supermarkets and 'Price Match Promise' in Liquor
- Launched 970 Exclusive to Coles and 196 Exclusive Liquor Brand products
- Increased Flybuys active members by 4.4% with a 13.3% increase in customers redeeming Flybuys points through Coles supermarkets
- Commenced range reviews across key non-food categories, improving value perception, range and product positioning with positive early results
- Launched 'Simply Liquorland' banner simplification

Accelerated by digital

- Delivered Supermarkets eCommerce sales growth of 24.4% and Liquor eCommerce sales growth of 7.2% (normalised)[1]
- Completed transition of next day home delivery volumes to Customer Fulfilment Centres (CFCs) in Melbourne and Sydney catchment areas
- Achieved a significant uplift in online NPS[2] driven by improved availability, fulfilment and overall digital customer experience
- Enhanced omnichannel experience through web and App
- Increased Coles 360 retail media income by 13.5% (normalised)[1]

Delivered consistently for the future

- Delivered Simplify and Save to Invest benefits of $327 million and improved total loss rate by 25 bps
- Completed ramp up of Kemps Creek Automated Distribution Centre (ADC) and commenced construction of new ADC in Truganina, Victoria
- Implemented Liquor Easy Ordering in more than 700 stores
- Completed 60 renewals and opened eight new stores in Supermarkets, and completed 118 renewals[3] and opened 16 new stores in Liquor
- Reduced combined Scope 1 and 2 emissions by 71.4% from FY24 (81.3% reduction from FY20 baseline year)[4]

1. FY24 was a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes. — 2. Net Promoter Score. Metric used to measure customer advocacy, derived from an externally facilitated survey with a nationally representative sample. — 3. Inclusive of 'Simply Liquorland' conversions. — 4. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope 2 market based methodology using large-scale generation certificates. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction.

Win Together

is recognition that we only succeed together with our team, community and suppliers

Foundations

of financial discipline, technology, and data help us deliver on our strategic pillars and enable us to drive value for our stakeholders

Win Together

- Achieved highest ever team member engagement score in the *mysay* survey[5], placing us in the top quartile relative to the Australian benchmark[6]
- Progressed our Diversity & Inclusion Strategy with 42.7% women in leadership[7], 3.5% of team members identifying as Aboriginal or Torres Strait Islander[5] and awarded Platinum employer status at the 2025 Australian Workplace Equality Index LGBTQ+ Inclusion Awards
- Awarded $3.5 million in grants through the Coles Nurture Fund to support 11 small and medium sized Australian businesses to drive innovation and sustainability
- Contributed $40.2 million in community support[8] and donated equivalent of approximately 37.9 million meals to SecondBite and 1.2 million meals to Foodbank[9]

Foundations

- Delivered Master Data Management, enabling enriched product data for our digital customers
- Invested in Generative AI and Agentic AI capability, improving team member experience and productivity
- Modernised AI and computer vision platforms, enabling rapid deployment of solutions, including loss technology
- Continued focus on delivering the Group's Cyber Strategy, focused on uplifting and sustaining key cyber controls
- Enhanced telecommunications services across our Store Support Centres, stores, and distribution centre network to improve resiliency and availability

5. Based on results of our May 2025 *mysay* team member engagement survey (69% participation). — 6. Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The top quartile benchmarks cover the period January – December 2024. — 7. Leadership positions are comprised of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles. — 8. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at $109.2m, are not included in this number. Coles' community support is aligned to the Business for Societal Impact (B4SI) Framework. — 9. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank.

Group performance

Sales revenue from continuing operations

$44,352m

FY25 Growth ▲ 1.8%

FY24 $43,571m

normalised growth ▲ **3.6%**

EBIT from continuing operations

$2,077m

FY25 Growth ▲ 1.0%

FY24 $2,057m

normalised growth ▲ **5.8%**

Cash realisation

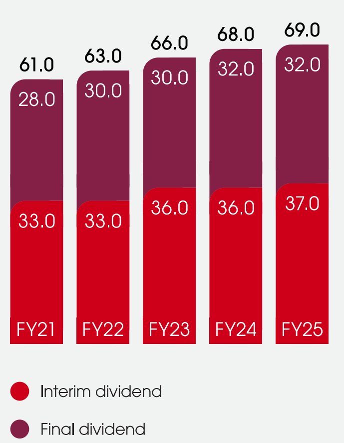
102%

Net debt

$1,279m

Total dividend in respect of the financial year

69.0cps



Group sales revenue ($m)	FY25 52 weeks	FY24 53 weeks	Change	Normalised[1] 52 weeks
Supermarkets	39,987	39,042	2.4%	4.3%
Liquor	3,667	3,692	(0.7%)	1.1%
Other	698	837	(16.6%)	(15.2%)
Total Group sales revenue	**44,352**	**43,571**	**1.8%**	**3.6%**

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Group performance ($m)	FY25 52 weeks	FY24 53 weeks	Change	Normalised[1] 52 weeks
Supermarkets[2]	2,108	2,018	4.5%	9.0%
Liquor[3]	113	133	(15.0%)	(8.6%)
Other	(109)	(94)	16.0%	16.0%
Segment EBIT	**2,112**	**2,057**	**2.7%**	**7.5%**
Significant items[4]	(35)	–	n/m	n/m
EBIT - continuing operations	**2,077**	**2,057**	**1.0%**	**5.8%**
Financing costs	(541)	(442)	22.4%	23.0%
Income tax expense	(457)	(487)	(6.2%)	(0.5%)
Profit from continuing operations	**1,079**	**1,128**	**(4.3%)**	**1.4%**
Profit from discontinued operations, after tax	–	(10)	n/m	n/m
Net profit after tax	**1,079**	**1,118**	**(3.5%)**	**2.4%**

n/m denotes not meaningful.

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.
2. Includes major project implementation, dual running and transition costs in relation to our ADCs and CFCs (FY25: $103 million; FY24: $107 million).
3. Includes non-recurring expenses recorded within the Liquor division (FY25: $8 million; FY24: $11 million).
4. Significant items of $35 million were recorded during the period relating to future closure and site reconfiguration costs following the announced development of a new Victorian ADC.

Performance overview from continuing operations

Group sales revenue increased by 1.8% to $44,352 million. Normalising for the impact of the 53rd week in FY24, sales growth was 3.6%, with growth in Supermarkets sales revenue of 4.3% and Liquor sales revenue of 1.1%. Revenue in the Other segment relates solely to the Product Supply Arrangement (PSA) with Viva Energy Group Ltd (Viva Energy) which declined largely due to lower tobacco sales.

Segment EBIT increased by 2.7% to $2,112 million, and 7.5% on a normalised basis, underpinned by strong growth in Supermarkets earnings.

During the year, major project implementation, dual running and transition costs of $103 million were incurred in relation to our ADCs and CFCs in Supermarkets (FY24: $107 million). In addition, non-recurring expenses in the Liquor division of $8 million were incurred (FY24: $11 million).

Significant items of $35 million were recorded in the first half relating to future closure and site reconfiguration costs associated with the announced development of a new ambient ADC in Truganina, Victoria.

Financing costs increased by $99 million to $541 million, reflecting the first full year of interest on lease liabilities associated with the Kemps Creek ADC and two CFCs as well as lease interest on new stores and manufacturing facilities. A full year of interest on Coles' $600 million bond that was issued in November 2023 was also incurred.

Award covered salaried team member review

In February 2020, Coles announced it was conducting a review into the pay arrangements for all team members who received a salary and were covered by the General Retail Industry Award 2010 (GRIA). The review assessed the remuneration paid to 15,011 team members against the GRIA. Coles conducted a remediation program, and has paid $31 million of remediation costs to date. In addition, at 29 June 2025, a provision of $19 million (30 June 2024: $19 million) is reflected in the financial statements.

Following the announcement in February 2020, the Fair Work Ombudsman (FWO) commenced an investigation into Coles' pay arrangements for a group of the affected salaried team members covered by the GRIA.

In December 2021, the FWO filed proceedings in the Federal Court of Australia which include issues relating to the interpretation and application of various provisions of the GRIA. The FWO alleges that Coles is obligated to pay a further $108 million in remediation payments to 7,687 team members for the period 1 January 2017 to 31 March 2020. This group is a subset of the award covered salaried employees which were assessed as part of the 2020 review by Coles. Additionally, the period of time covered in the proceedings is a lesser period than the period covered in Coles' remediation.

The FWO matter was heard in a seven week trial from 5 June 2023 and judgment is pending. As such, the potential outcome, extent to which further remediation may be necessary, and costs associated with this matter remain uncertain as at the date of this report.

In May 2020, a class action proceeding was filed in the Federal Court of Australia in relation to payment of Coles managers employed in supermarkets. This matter was heard in conjunction with the FWO proceedings and judgment has also been reserved. The potential outcome and total costs associated with this matter remain uncertain as at the date of this report.

ACCC proceedings

On 23 September 2024, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings against Coles Supermarkets Australia Pty Ltd in the Federal Court of Australia alleging contraventions of the Australian Consumer Law regarding the Coles Down Down program between February 2022 and May 2023.

The ACCC proceedings allege Coles increased the prices of at least 245 products before placing them on Down Down promotions at prices that were higher than, or the same as, the price at which each product had ordinarily been offered for sale before the price increase.

It is alleged that Coles made representations that the prices of the products were discounted and that these representations were false and misleading.

In November 2024, Coles was notified that a class action proceeding against Coles had been filed in the Federal Court of Australia alleging misleading conduct in relation to the same products that are the subject of the ACCC proceedings.

Coles is defending the ACCC and class action proceedings. At this stage in the proceedings, the potential outcome and total costs associated with these matters remain uncertain.

Earnings per Share and dividends

Basic Earnings per Share (EPS) from continuing operations was 80.8, a decrease of 4.5% from the prior year. Basic EPS from continuing operations increased by 1.3% on a normalised basis.

	FY25 52 weeks	FY24 53 weeks
Profit for the period		
Continuing operations ($m)	1,079	1,128
Discontinued operations ($m)	–	(10)
Total profit for the period	**1,079**	**1,118**
Weighted average number of ordinary shares for basic EPS (shares, million)	1,336	1,334
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,340	1,338
EPS attributable to equity holders of the Company		
Basic EPS (cents)	80.8	83.8
Diluted EPS (cents)	80.5	83.5
EPS attributable to equity holders of the Company from continuing operations		
Basic EPS (cents)	80.8	84.6
Diluted EPS (cents)	80.5	84.3

The Board has determined a fully franked final dividend of 32.0 cents per share (cps).

In respect of the year	cps	Franked amount per security
FY25		
Interim dividend	37.0 cents	37.0 cents
Final dividend	32.0 cents	32.0 cents
FY24		
Interim dividend	36.0 cents	36.0 cents
Final dividend	32.0 cents	32.0 cents

Balance Sheet

A summary of key balance sheet accounts for the Group:

$m	FY25	FY24	Change
ASSETS			
Cash and cash equivalents	705	675	4.4%
Trade and other receivables	487	496	(1.8%)
Inventories	2,733	2,703	1.1%
Income tax receivable	28	–	n/m
Property, plant and equipment	5,866	5,619	4.4%
Right-of-use assets	6,942	7,048	(1.5%)
Intangible assets	2,246	2,203	2.0%
Deferred tax assets	671	717	(6.4%)
Other	616	409	50.6%
Total assets	**20,294**	**19,870**	**2.1%**
LIABILITIES			
Trade and other payables	4,637	4,584	1.2%
Income tax payable	–	73	n/m
Provisions	1,275	1,266	0.7%
Interest-bearing liabilities	1,984	1,652	20.1%
Lease liabilities	8,343	8,417	(0.9%)
Other	249	261	(4.6%)
Total liabilities	**16,488**	**16,253**	**1.4%**
Net assets	**3,806**	**3,617**	**5.2%**

n/m denotes not meaningful.

Property, plant and equipment increased to $5,866 million reflecting the investment in the Group's annual capital program, partially offset by depreciation and property divestments during the year.

Right-of-use assets of $6,942 million decreased by $106 million driven by lease asset depreciation, which increased in the current year following the recognition of a full year of depreciation on the two CFCs and one ADC, partially offset by lease additions and remeasurements.

Deferred tax assets decreased to $671 million driven by tax depreciation exceeding book depreciation for property, plant and equipment and intangible assets.

Other assets increased to $616 million predominantly driven by an increase in assets held for sale.

Capital management

Interest-bearing liabilities reflect external borrowings and debt capital funding commitments. In April 2025, Coles issued $300 million of fixed rate Australian dollar medium term notes (Notes) with a term of 7.5 years. The proceeds from this issuance were used for general corporate purposes.

At 29 June 2025, Coles' average debt maturity was 5.0 years, with undrawn facilities of $2,582 million. Coles remains committed to maintaining diversified funding sources and extending its debt maturity profile over time.

The lease-adjusted leverage ratio at the reporting date was 2.6x on a continuing basis, with current published credit ratings of BBB+ with Standard & Poor's and Baa1 with Moody's.

Cash Flow

Summary cash flows of the Group:

$m	FY25 52 weeks	FY24 53 weeks	Change
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	46,787	46,145	1.4%
Payments to suppliers and employees	(42,806)	(42,556)	0.6%
Interest paid	(108)	(57)	89.5%
Interest component of lease payments	(425)	(363)	17.1%
Interest received	3	6	(50.0%)
Income tax paid	(515)	(382)	34.8%
Net cash flows from operating activities	**2,936**	**2,793**	**5.1%**
Net cash flows used in investing activities	**(1,364)**	**(1,513)**	**(9.8%)**
Net cash flows used in financing activities	**(1,542)**	**(1,202)**	**28.3%**
Net increase in cash and cash equivalents	**30**	**78**	**(61.5%)**

Net cash flows from operating activities increased to $2,936 million driven by the increase in EBITDA underpinned by growth in Supermarkets earnings, partially offset by the increase in interest payments and income tax paid. The increase in interest payments reflects the first full year of interest on lease liabilities associated with the Kemps Creek ADC and two CFCs as well as lease interest on new stores and manufacturing facilities, along with a full year of interest on Coles' $600 million bond that was issued in November 2023. Income tax paid increased due to higher taxable income in FY24, paid in FY25, with income tax paid in FY24 including prior period income tax refunds received.

Net cash flows used in investing activities decreased to $1,364 million, which reflects the Group's decreased annual capital program spend. In addition, the prior year included $74 million in payments for the acquisition of the two automated milk processing facilities acquired from Saputo Dairy Australia and liquor business acquisitions.

Net cash flows used in financing activities increased to $1,542 million which reflects an increase in the principal components of lease payments, including the full impact of leasing payments for the Kemps Creek ADC and two CFCs, offset by a net decrease in Notes issuance during the year.

Pictured: Coles Traralgon opened in August 2024.

Group performance continued

Supermarkets

Supermarkets sales revenue of $39,987 million increased by 2.4% on the prior year (normalised: 4.3%).

Total sales revenue

$40.0bn

eCommerce sales[1]

$4.5bn

Exclusive to Coles sales revenue growth[2]

5.7%

Pictured: Curtis Stone launched a new glass container range for customers to collect at Coles. Customers could earn 'Glass Container Credits' to redeem the Curtis Stone Glass Containers for free when they spent $20 or more in one transaction and scanned their Flybuys card.

Highlights

Sales revenue was supported by solid volume growth underpinned by the successful execution of events throughout the year including Christmas, Easter, Halloween and Mother's Day, and our collectible and continuity programs, including the Curtis Stone Glassware and Harry Potter Magical Discs campaign.

eCommerce sales grew by 24.4% (normalised) driven by strong trade plans and digital campaigns, including Black Friday, Coles Fest and the May Mega Sale. We introduced a windowless Rapid offer in home delivery and Click & Collect, allowing customers to select an 'as soon as possible' option and receiving an estimated time of arrival, and extended our home delivery catchment areas in Melbourne and Sydney. Investments were also made to improve the overall omnichannel customer experience through App and web enhancements with customers now able to receive more tailored specials through a new recommendation model, and a simplified checkout process on the App. During the year, we opened our two automated CFCs and successfully transitioned our next day home delivery volumes in our Melbourne and Sydney CFC catchments.

Exclusive to Coles sales of $13.7 billion increased by 5.7% (normalised). Product innovation across the portfolio saw 970 new products launched during the year. Coles Finest continued to be the strongest performing tier with sales revenue growth of 13.6% (normalised).

1. eCommerce sales includes Liquor sold through coles.com.au.
2. Normalised growth rate. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Pictured: Coles Chadstone Village team members Georgia and Iman.

Group performance continued

Supermarkets continued

Segment overview

$m	FY25 52 weeks	FY24 53 weeks	Change	Normalised[1] 52 weeks
Sales revenue	39,987	39,042	2.4%	4.3%
EBITDA[2]	3,788	3,487	8.6%	11.8%
EBIT[2]	2,108	2,018	4.5%	9.0%
Gross margin (%)	27.4	26.6	75bps	76bps
Cost of doing business (CODB) (%)	(22.1)	(21.5)	65bps	53bps
EBIT margin (%)	5.3	5.2	10bps	23bps

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.
2. Includes major project implementation, dual running and transition costs in relation to our ADCs and CFCs (FY25: $103 million; FY24: $107 million).

Operating metrics (non-IFRS)

	FY25 52 weeks	2H25 25 weeks	1H25 27 weeks	FY24 53 weeks
Sales growth excl. tobacco - normalised[1] (%)	5.7	5.9	5.6	5.7
Comparable sales growth - normalised[1, 2] (%)	3.7	4.1	3.4	3.5
eCommerce sales[3] ($ billions)	4.5	2.3	2.2	3.7
eCommerce penetration[3] (%)	11.2	11.7	10.7	9.4
Sales density per square metre[4] (MAT $/sqm)	19,774	19,774	19,434	19,179
Inflation (%)	1.5	1.5	1.4	2.5
Inflation excl. tobacco (%)	1.2	1.4	1.0	2.2
Inflation excl. tobacco and fresh (%)	0.2	0.4	0.1	3.8

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.
2. Comparable sales for FY25 are based on the period 3 July 2023 to 30 June 2024 (weeks 2 to 53 of FY24) to more closely align the dates of the reporting period in FY25 to the prior corresponding period in FY24.
3. eCommerce sales and penetration are based on sales revenue and include liquor sold through coles.com.au (previously based on gross retail sales, comparatives have been restated).
4. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis and is based on sales revenue (previously based on gross retail sales, comparatives have been restated).

Customers responded positively to our seasonal 'Great Value, Hands Down' value campaigns, our focus on fewer, deeper promotions and our expanded range of products on everyday low prices. Our Flybuys program continued to resonate with customers including through personalised Flybuys offers and the ability to redeem $10 off at check out. Flybuys active members increased by 4.4%, swipe rates increased by 6.0% and customers redeeming Flybuys points through Coles supermarkets increased by 13.3%.

Coles 360 retail media income increased by 13.5%[1] (normalised). With an omnichannel focus, we saw an improvement in the utilisation of our in store and digital media assets through our supplier campaigns, while new digital media assets were introduced in the App.

Total Supermarkets price inflation for the year was 1.5% remaining stable in the second half.

During the year, Coles completed 60 store renewals, opened eight new stores and closed four stores, taking the total network to 860 supermarkets.

1. Includes Coles 360 income in Supermarkets and Liquor.

The increase in gross margin was supported by a 25 basis point improvement in loss (39 basis points in 1H25 and 10 basis points in 2H25), benefits delivered through our strategic sourcing, Simplify and Save to Invest and ADC programs, growth in Coles 360 retail media income and lower tobacco sales.

Cost of doing business (CODB) as a percentage of sales increased with the primary driver being an increase in depreciation and amortisation attributable to our capital investment program and additional right of use lease depreciation. Wage and other inflationary cost impacts and the new costs associated with operating our CFCs were largely offset by operating leverage and savings delivered through our Simplify and Save to Invest program.

Supermarkets EBIT of $2,108 million increased by 4.5% (normalised: 9.0%) with a 10bps expansion in EBIT margin and includes major project implementation, dual running and transition costs in relation to our ADCs and CFCs (FY25: $103 million; FY24: 107 million).

Pictured: Coles Thurgoona Village opened in July 2025.

Group performance continued

Liquor

Liquor sales revenue of $3,667 million decreased by 0.7% on the prior year (normalised: increased by 1.1%).

Total sales revenue

$3.7bn

eCommerce sales[1]

$269m

Exclusive Liquor Brand products launched in FY25

196

Segment overview

$m	FY25 52 weeks	FY24 53 weeks	Change	Normalised[1] 52 weeks
Sales revenue	3,667	3,692	(0.7%)	1.1%
EBITDA[2]	246	261	(5.7%)	(2.2%)
EBIT[2]	113	133	(15.0%)	(8.6%)
Gross margin (%)	23.5	23.4	6bps	5bps
Cost of doing business (CODB)(%)	(20.4)	(19.8)	58bps	38bps
EBIT margin (%)	3.1	3.6	(52bps)	(33bps)

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.
2. Includes non-recurring expenses (FY25: $8 million; FY24: $11 million).

Operating metrics (non-IFRS)

	FY25 52 weeks	2H25 25 weeks	1H25 27 weeks	FY24 53 weeks
Comparable sales growth - normalised[1, 2] (%)	(1.3)	(1.2)	(1.3)	(1.0)
eCommerce sales[3] ($ millions)	269	120	148	255
eCommerce penetration[3] (%)	7.4	7.3	7.5	7.0
eCommerce penetration (inc. COL)[4] (%)	8.6	8.5	8.7	8.1
Sales density per square metre[5] (MAT $/sqm)	15,645	15,645	15,689	15,823

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.
2. Comparable sales for FY25 are based on the period 3 July 2023 to 30 June 2024 (weeks 2 to 53 of FY24) to more closely align the dates of the reporting period in FY25 to the prior corresponding period in FY24.
3. eCommerce sales and penetration are based on sales revenue and exclude liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales. B2B sales are now included (comparatives have been restated).
4. eCommerce penetration includes liquor sold through coles.com.au.
5. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis and is based on sales revenue (previously based on gross retail sales, comparatives have been restated).

Highlights

Sales growth was impacted by a subdued liquor market, with cost-of-living pressures continuing to influence customer behaviours. However, sales growth was supported by new stores, including our Tasmanian acquisition, strong trading across key events, including Christmas and Easter, and a positive response to increased tailoring of store ranges to cater for local demand, particularly in the wine category.

eCommerce sales[1] revenue increased by 7.2% (normalised) supported by key trade campaigns, including Cyber Week and Click Frenzy, and continued growth in the on-demand channel.

Our Exclusive Liquor Brand (ELB) expanded the portfolio by adding 196 new lines.

1. eCommerce sales are based on sales revenue and exclude liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales. B2B sales are now included.

Pictured: Coles Liquor team member Meng serves a customer at the Caulfield Village Liquorland store.

Group performance continued

Liquor continued

Customer value perception improved as we moved to consistent pricing across all banners and launched our 'Price Match Promise' and our Flybuys 'Buy More, Save More' offer.

Coles 360 delivered strong growth in retail media income with an expanded in-store offer and digital screens rolled out to almost 300 stores.

In the third quarter, the 'Simply Liquorland' banner simplification commenced following a successful pilot across selected stores in South Australia, Victoria and Queensland. At year end, 52 stores had been converted to the Liquorland banner.

During the year, 16 new stores were opened, ten stores closed and 118 store renewals completed, inclusive of the 'Simply Liquorland' conversions. At the end of the year, the portfolio comprised 998 stores.

Gross margin increased by 6bps with investments in value offset by promotional optimisation, strategic sourcing and Coles 360 benefits.

CODB as a percentage of sales increased by 58bps reflecting cost inflation exceeding sales growth, particularly wages and tenancy costs, coupled with an increase in right of use lease depreciation and ongoing investments in core IT systems. These costs were partially offset by benefits from our Simplify and Save to Invest program.

Liquor EBIT of $113 million decreased by 15.0%, and 8.6% on a normalised basis. During the year, non-recurring costs of $8 million were incurred in relation to 'Simply Liquorland'.

Other

$m	FY25 52 weeks	FY24 53 weeks	Change	Normalised[1] 52 weeks
Sales revenue	698	837	(16.6%)	(15.2%)
EBITDA	(93)	(89)	4.5%	4.5%
EBIT	(109)	(94)	16.0%	16.0%

1. FY24 was a 53-week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Coles reported negative EBIT of $109 million in the Other segment for the year.

Other includes corporate costs, Coles' 50% share of Flybuys' net result, the net gain or loss generated by Coles' property portfolio and the PSA with Viva Energy.

In Other, Coles reported sales revenue of $698 million in relation to the PSA. The EBIT result includes corporate costs of $107 million, which are higher than the prior year by $12 million largely due an increase in insurance related costs, a net loss of $5 million from Coles' 50% share of Flybuys and a net property loss of $6 million partly offset by a $9 million positive contribution from the PSA.

Looking to the future

As we enter the third year of our evolved strategy we remain focused on our purpose of 'Helping Australians eat and live better every day'.

Over the last two years we have made good progress against each of our strategic priorities. Our focus on value, quality, availability and customer experience has strengthened the customer offer. At the same time, we have invested capital to grow and renew our store network, step-changed our eCommerce offer and improved the resilience and efficiency of our supply chain and operations. As a result of these efforts, we are well positioned to further strengthen and grow our business going forward.

We continue to monitor emerging trends and our own customer insights to ensure we deliver a compelling and seamless omnichannel experience built on a deep understanding of what is important to our customers today as well as anticipating their changing needs over the longer term.

Ensuring that our value proposition resonates with customers remains a key focus as many households continue to face cost-of-living pressures.

Work is also ongoing to ensure our product range and quality meets and surpasses our customers' expectations. We will continue to leverage data to tailor our range and space to cater for local demographics across our network, create a more integrated and convenient food and liquor offer and innovate within our Exclusive to Coles and Exclusive Liquor Brand ranges to provide a point of differentiation.

As customers increasingly seek flexibility in the way they shop in store and online, we are growing and adapting our digital platforms and eCommerce fulfilment channels to create a more seamless omnichannel experience. We are removing friction points, making it easier to find information and navigate both our digital platforms and physical stores and using data to further personalise our customer interactions and build loyalty. In parallel, we are building new revenue streams through businesses such as Coles 360, our retail media business, QuiteLike, our meal kit subscription service, and Swaggle, our specialty pet business.

In FY26, as we enter the first full year of our CFC operations, we are also focused on ensuring that customers in our Sydney and Melbourne catchment areas understand the differentiated home delivery service that we can now provide through our CFCs, with industry-leading perfect order rates, improved freshness and an extended range.

As a business, we have always maintained a disciplined approach to cost control and we will continue to challenge ourselves to become more sustainable, safer and efficient every year. In FY25 we completed the ramp up of our second ADC and this year we will benefit from our first full year of both our ADCs being operational. We will also continue to deliver on our Simplify and Save to Invest commitments.

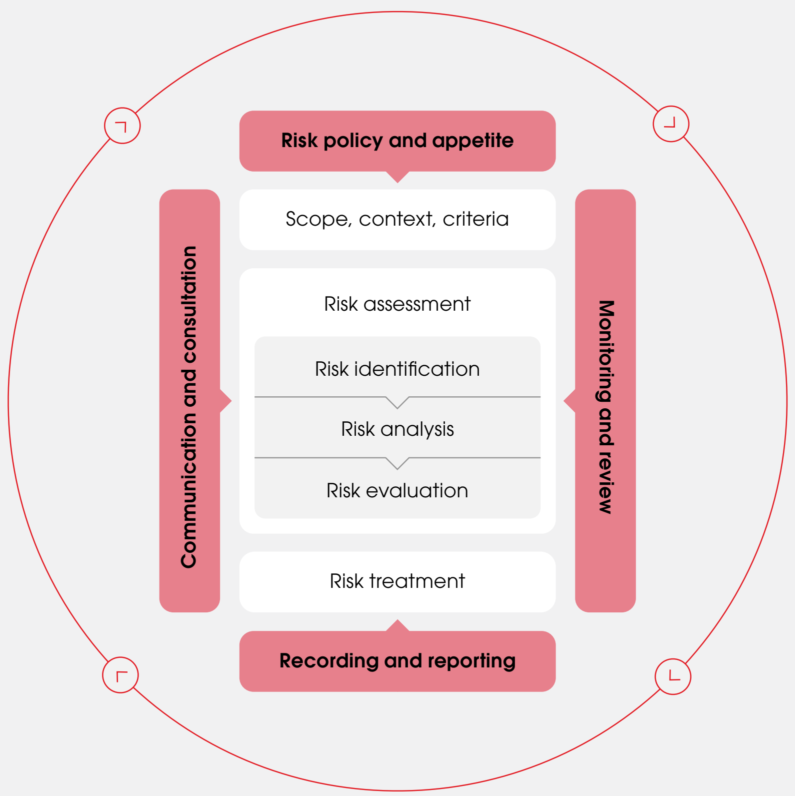
We understand that it is important to deliver for today whilst also laying foundations for the future and we will continue to strive to do this so that we deliver on our commitments to our team members, suppliers, community partners and shareholders.

Pictured: Coles CEO Leah Weckert at the opening of Coles' Customer Fulfilment Centre in Truganina, Victoria, in September 2024.

Risk management

Our operating environment continues to evolve, resulting in changes to the risks and uncertainties that we face. We regularly review risks and measures to mitigate risks, and support the delivery of our purpose and strategy.

Coles Risk Management Process



Supported by three lines of accountability

First line	Second line	Third line
Team members and management responsible for managing risks	Group Risk and Compliance team responsible for defining the Risk Policy and Standard	Group Internal Audit responsible for independent assurance

In FY25, Coles' Risk Policy and Coles' Risk Standard were reviewed, with the Board approving amendments to the Risk Standard. The design of both the Risk Policy and Risk Standard are based on ISO 31000:2018 Risk Management – Guidelines (ISO 31000), an internationally recognised set of principles for managing risks in organisations.

Further information about our Risk Policy and Risk Standard is available in our Corporate Governance Statement.

A key component of the Risk Standard is the risk management process, which defines the requirements for identifying, analysing, evaluating, treating, monitoring, communicating, and reporting risks, within Coles' business. Through application of our risk management process, we have identified the material external, strategic, operational and financial risks that could adversely affect the achievement of our vision and purpose, business objectives and future financial prospects. These risks can also have material reputational, operational, safety, and legal and regulatory impacts, if they were to occur.

These risks are described in the following tables, together with key mitigations designed to manage them. The occurrence of one or more of these risks can potentially have a compounding effect across the suite of material risks. This means an increased exposure to one material risk may affect risk levels in other areas of our risk profile.

In addition to the material risks described in the following tables, our performance may be affected by other risks that apply generally to Australian businesses and the retail industry, as well as by the emergence of new material risks. We will continue to monitor and respond to further developments as required, including ongoing review and enhancement of our risk mitigation plans.

External and strategic risks

1. Geopolitical and macro-economic

Context

While domestic inflationary pressures and interest rates have recently eased, we continue to face uncertainty in the geopolitical and macro-economic environment, notably significant US-led tariff increases impacting most countries, which continues to create heightened uncertainty in the cost of doing business, consumer sentiment, economic growth and exchange rates.

These factors, together with global conflicts in the Middle East, Ukraine and elsewhere continue to pose a risk to Coles through increased input prices, and disruptions to supply chain operations and product availability including for agricultural commodities, fuel, packaging and funding costs.

Cost-of-living pressures can further lead to reduced consumer spending, changing consumption choices, and increased stock loss from opportunistic theft and organised crime.

Key mitigations

- Strategic and corporate planning, and financial review processes that incorporate scenario planning and consideration of future market conditions.
- Stakeholder engagement processes covering government, suppliers, unions, shareholders and other stakeholder groups.
- Established and practised crisis management and business continuity processes to prepare for disruptive events.
- Maintenance of a strong Balance Sheet to fund operations and maximise financial performance.
- Execution of cost efficiency programs with the aim of offsetting inflation and reducing costs while investing in the business.
- Investment in technology, processes and training to reduce stock loss.
- Additional information about how we are responding to legal and regulatory risk is described in the *Legal and regulatory* risk section on page 32.

2. Climate change and environment

Context

Coles has a responsibility to reduce the effect of our operations on the environment. Inability to do so may result in negative impacts to nature and biodiversity, loss in customer trust and customer impacts, reputational damage, diminished access to capital, loss of market share, disruption to the supply of products and services required to operate our business, and enforcement action.

Our operations and supply chain may also be adversely affected by changes in the natural environment including through biodiversity loss and water scarcity. This could impact agricultural yield and potentially lead to an increase in the cost of goods.

Climate change presents an evolving set of risks and opportunities for Coles, and has the potential to contribute to, and increase, our exposure to other material risks. This includes risks and opportunities associated with:

- our transition to a lower carbon economy[1]
- an increase in the frequency and intensity of extreme weather events, such as cyclones, floods, droughts and heat waves.

Key mitigations

- During FY25, we refreshed our sustainability strategy. Our FY26-FY30 Sustainability Strategy focuses on the three key strategic pillars of climate, nature and circularity.
- Detail on our targets and commitments supporting the delivery of our sustainability strategy is reported in our 2025 Sustainability Report.
- During FY25, we progressed the Nature Roadmap that we commenced in FY24. This year we undertook a high-level nature scan to enhance our understanding of Coles' impacts[2] and dependencies[3] on nature across the Group and identify where nature risk is potentially present in our value chain.
- Further information on climate change including climate change strategy, governance, risk management and emissions reduction targets is provided in the *Climate change* section commencing on page 36.

1. An economy in which power needs are derived not primarily from carbon-intensive sources such as fossil fuels but from less carbon-intensive energy sources, such as wind, solar and hydroelectric power.
2. Freshwater and land use, greenhouse gas and non-greenhouse gas emissions, water use, soil and water pollution, and solid waste generation.
3. Extreme weather, water quality and availability, the availability of biomass and genetic material, soil retention and quality, regulation of water flow, solid waste remediation and biological pest and disease control.

3. Changing consumer behaviour and competition

Context

Consumer behaviour and perceptions towards retailers continue to change due to factors including macro-economic conditions and cost-of-living pressures which have driven a focus on price and value.

Other changes in consumer behaviour include increased focus on:

- online shopping and use of digital channels and personalised options
- preference for private label products as a better value alternative
- loyalty program adoption, including use of points redemptions to reduce grocery bills
- cross-shopping food retailers to benefit from specials and price differences
- sustainable packaging[1] and local and responsibly sourced products, especially among younger shoppers
- demand for convenient, healthy options.

Changes in consumer behaviour and the challenging macro-economic environment require us to remain competitive, including with traditional grocery peers, international retailers, independent retailers, and e-commerce businesses including non-food retailers.

Failure to adequately respond to and keep pace with changing consumer behaviour and the competitive environment, could lead to customer dissatisfaction and challenge our ability to deliver on our vision 'to become the most trusted retailer in Australia and grow long-term shareholder value.'

Key mitigations

- Active monitoring of customer sentiment and experience, and customer feedback, to develop action plans for improvement.
- Focus on value, including through loyalty offers, expansion of the Coles Simply range, introduction of value bays in stores, seasonal value campaigns and targeted specials and promotions including for Flybuys customers.
- Added features to Coles' website and App, including expanded personalisation, integration of shoppable recipes and purchase recommendations.
- Customer Click & Collect, Rapid Delivery and related programs to support omnichannel experience, value and loyalty. This includes FY25 launch of customer deliveries in CFC catchment areas, highlighting benefits of improved availability, freshness and range.
- Cost efficiency programs which aim to offset inflation and reduce costs while investing in the business.
- Highlight sustainable packaging outcomes, responsibly sourced and local products, and partnerships with local suppliers to boost relevance and trust.

4. Strategic program prioritisation and execution

Context

Inability to effectively prioritise and execute key strategic and transformational programs could result in increased costs, delays in implementation, loss of commercial benefits and inability to deliver on our strategy.

These risks may occur due to multiple factors including program and resource prioritisation, inter-project dependencies, disruptions to third party partners or providers, or macro-economic and geopolitical factors that may impact resource availability or cost.

In FY25 key strategic priorities and programs included modernisation of our distribution centre (DC) network, including ramp-up of the Kemps Creek ADC, and announced investment to develop a new ambient ADC in Truganina, Victoria. We also commenced national rollout of the Liquorland banner simplification and consolidation program, following successful pilot in selected stores.

Key mitigations

- Planning and budgeting processes to establish priorities and funding for programs and projects.
- Review and approval of business cases by capital and operational expenditure committees supported by program and project risk assessments and mitigation plans. Project expenditure is approved by management and the Board as per delegations of authority.
- Central governance structures and processes to review execution of strategic priorities, including Board monitoring and reporting.
- Regular review of projects and programs to monitor progress of delivery, costs and benefits, and the allocation of resources.
- Post-implementation reviews completed by relevant management and presented to internal management governance forums and the Board.
- Assurance on the execution and governance of key projects by Internal Audit.

1. The primary function of packaging is to contain and protect products from the point of manufacture, through the supply chain to the retail store or end user, to attract people to buy a product to achieve more sales, and to provide product information. 'Sustainable packaging' is packaging where the design considers environmental outcomes while maintaining its functional purpose. This includes prioritising materials that are reusable or recyclable, reducing problematic and unnecessary plastics, and increasing the use of recycled content.

Operational risks

5. Third party dependencies

Context

We rely on third parties including suppliers, service providers, and joint venture partners, to support our purpose of 'Helping Australians eat and live better every day'.

Disruptions to third parties, including due to severe weather, cyber events, input unavailability and capacity constraints, may negatively impact our operations, safety outcomes, customer satisfaction, reputation and financial performance.

This was illustrated in early FY25 by store, operational and system disruptions due to the CrowdStrike outage, which is an IT service provider to Coles.

Failure to source products and services from third parties in an ethical manner that complies with relevant legal requirements, may also negatively impact worker safety and wellbeing, customer trust and reputation, financial performance and result in compliance breaches.

Key mitigations

- Due diligence processes assess the adequacy and suitability of key suppliers, service providers and strategic partners and whether they meet our supplier and third party engagement requirements, including for ethical sourcing.
- Monitoring and management of key suppliers and strategic third parties throughout their engagement with Coles. Defined service level and key performance indicators are in place for key supply contracts. Risks are intended to be managed through contractual protections.
- Business continuity plans consider critical third party dependencies required to continue operating in the event of a business disruption. Crisis simulations involving the executive and Board are completed to test and refine our resilience and response capability.
- Coles' Ethical Sourcing Policy is a condition of trade and sets out the minimum standards for suppliers across Exclusive to Coles, Fresh Produce, GNFR, and Coles Liquor Own Brand. Additional information on the Ethical Sourcing Program can be found in our annual modern slavery statement.

6. Supply chain resilience

Context

An inability of our supply chain to rapidly adapt to disruptions while operating efficiently to meet customer expectations and support critical business activities, can result in unavailability of key products, price volatility, customer dissatisfaction, loss of market share and increased costs.

In FY25 we managed impacts related to:

- supplier disruptions, notably due to elevated cyber and extreme weather events
- an avian flu outbreak that continues to negatively impact availability, and prices of eggs and related products
- cost of inputs and supply chain volatility impacting raw materials.

Concurrent severe weather events, including Cyclone Alfred and flooding in Far North Queensland disrupted transport and supply chain networks, resulting in short-term impacts to supplier deliveries and store availability.

We expect that we will continue to experience impacts to our supply chain and operational resilience due to changing climate conditions and extreme weather events.

Our supply chain and operations may also be impacted in the future by industrial action and/or disruptions.

Key mitigations

- Execution of 'Delivered consistently for the future' strategic pillar supported by priorities focused on improving the resilience of our supply chain through sourcing, automation, and improved forecasting. This includes ramp-up of our ADCs, planned investment in a new ambient ADC in Victoria, and integration of two dairy processing plants acquired in FY24.
- Development and regular review of category, range and supplier plans. This includes geographical and supplier diversification and sourcing of alternative supply arrangements.
- Business Continuity Plans consider interruptions to our supply chain and delivery of goods to stores during business disruptive events. Crisis simulations involving the executive and Board are conducted to validate and enhance our preparedness, response and recovery capability.
- Coles Critical Infrastructure Risk Management Program aims to manage material risks to distribution and supply of essential food or groceries and meet our compliance obligations under the Security of Critical Infrastructure Act (SOCI Act).
- Additional information about how we manage risks related to climate change can be found in the *Climate change* section commencing on page 36.
- Additional information about how we respond to industrial relations risk can be found in the *People* risk section on page 31.

Risk management continued

7. IT, resilience, data management, and cyber security

Context

Coles continues to operate in a complex technological environment which creates the potential for impacts to systems availability and performance, confidentiality breaches, cyber security risks, and reputational damage. Contributing factors include:

- our growing external digital footprint and number of third party providers
- high reliance on technology
- external threat landscape including geopolitical unrest and high profile/high impact cyber security events such as ransomware, data theft and third party compromise
- increasing usage of data analytics and AI.

A failure, attack, inadvertent disclosure of information or disruption to our IT applications and infrastructure, could impede the processing of customer transactions, or limit our ability to receive or distribute stock or funds or otherwise impact the operations of our business and negatively impact customers.

Data and cyber security events can also result in unauthorised disclosure of confidential, financial, or personal information that may lead to a loss in customer trust and customer impacts, market share impact, regulatory and legal action and penalties and reputational damage. Similarly, ransomware attacks may result in disruption to operations, compromise of data, loss in customer trust and customer impacts, and financial risks including demands for ransom payments.

Increased usage of data and AI could result in the introduction of unintended bias or ethical issues, which can adversely impact the effectiveness of outcomes and cause undue stress to our customers and team members, and potentially lead to legal and regulatory exposure and reputational damage.

Additional information on the SOCI Act and Coles' approach to managing related risks can be found in the *Legal and regulatory* risk section on page 32.

Key mitigations

- Five-year rolling technology strategy that prioritises and phases ongoing investment to enhance system stability and resilience.
- Group Cyber Strategy to ensure risk management activities keep pace with evolving and emerging cyber threats. The strategy is supported by a program focused on key controls spanning Coles' technology, team members, third parties and data. Controls are aligned to principles set out in the Australian Cyber Security Centre Essential Eight Maturity Model and National Institute of Standards and Technology (NIST) Cybersecurity Framework.
- Privacy and information security policies, standards and procedures, supported by security awareness campaigns and mandatory training for team members.
- The Australian Government's Ethical AI principles guides the procurement, development, design, deployment and use of AI systems across our business. This is supported by a cross-functional working group that reviews and endorses AI use cases.
- Crisis simulations involving operational teams, the executive and Board are conducted to validate and enhance our IT continuity and information security preparedness, response and recovery capability. This includes IT incident, disaster recovery plans (DRP) and penetration testing.
- Monitoring in place 24/7 for technology operational and cyber incidents. IT incident response capability, DRPs and business continuity plans guide our response should an incident or disruption occur. Industry experts are retained to be on-call in the event of a cyber security incident.

8. Product and food safety

Context

Product and food safety and quality are critical for Coles, particularly as the business continues to expand its exclusive and own brand range and invest in its manufacturing businesses, that provide dairy, meat and ready meals to our customers.

The risk of selling or serving a product that is unsafe may cause serious illness, injury or death and/or result in reputational damage or litigation.

No serious illnesses or injuries relating to food safety incidents were reported in FY25. Safety processes were initiated as required, including the recall of Coles Own Brand packaged spinach products due to potential microbial contamination. The recall impacted multiple supermarket brands and did not relate to Coles processes.

Key mitigations

- Product and food safety programs – including risk and safety plans and assurance programs for exclusive brands/products – are managed by safety specialists with oversight by safety governance and management forums.
- Safety programs include product risk and hazard assessment processes, supplier quality management, quality, complaints and incident management and product withdrawal and recall processes based on the Food Standards Australia New Zealand (FSANZ) Standard.
- Training is provided to suppliers and team members in food safety and quality management.

9. People

Context

We employ over 115,000 team members across the Coles Group.

Our ability to attract, retain and develop skilled team members is imperative to the delivery of our purpose and execution of our strategy, operational plans and business performance.

Coles has identified skills in supermarkets, technology and data, commercial, supply chain, and strategic program delivery, as key to supporting our strategy.

Workforce changes (company, industry or legislation driven) may also lead to industrial action and/or disruptions to our operations, which can result in increased costs, litigation, and reputational damage.

Key mitigations

- Leadership and development programs support our leaders and career growth of key talent.
- Graduate and industry learning programs.
- Recruitment processes which seek to attract appropriately skilled and experienced talent aligned to our goals and values.
- Talent and succession planning discussions with the executive and the People and Culture Committee.
- Team member performance review process that considers skills development requirements.
- Flexible working arrangements and policy.
- Team member engagement, including our *mysay* team member engagement survey.
- Coles Enterprise Agreements, which provide increased certainty for eligible wage-paid team members, are proactively renegotiated and consider stakeholder and team member input.

10. Health, safety and wellbeing

Context

The safety of our team, customers, third parties and contractors is paramount to Coles.

We employ and engage an extensive and diverse workforce, including third parties. There is a risk of injury, illness or fatality to team members, customers, suppliers, contractors or visitors, due to accidents, incidents or unsafe work environments.

The geographical spread of our physical operations as well as hybrid work arrangements, requires us to manage physical and psychological risks faced by workers at our sites and those working remotely. Similarly, growth in our eCommerce offer requires us to prioritise safety measures for team members working in CFCs and as customer delivery drivers.

Key mitigations

- During FY25, we continued to enhance our safety, risk management and governance processes in subsidiaries and emerging businesses, and provided ongoing training and support to our team members and leaders.
- Health, Safety and Injury Management system (SafetyCARE) supported by a team of safety professionals throughout our network. Our SafetyCARE performance is measured, tracked and reported, and its effectiveness independently assessed and verified.
- Annual safety and wellbeing plan which focuses on key safety obligations and risks.
- Management and governance forums to regularly review safety risk management and consultation processes, including for contractors and third parties.
- Injury management and return to work programs to support team members who suffer an injury.
- Whistleblower, confidential disclosure and grievance mechanisms.
- Supporting team members' mental health and wellbeing, including through employee assistance and mental health support programs, identification and mitigation of psychosocial risk factors including sexual harassment, and enabling flexible working arrangements.
- Continued focus on prevention and reduction of threatening situation risks through loss and crime prevention initiatives and partnerships, training, technology and post incident support.

Risk management continued

11. Legal and regulatory

Context

The diversity of our operations necessitates compliance with extensive and often evolving legislative requirements at all levels of government.

Non-compliance with laws and regulations, or misinterpretation or misapplication of laws could expose Coles to multiple risks, including legal or regulator action, and associated penalties and reputational damage, a deterioration in relationships with regulators, suppliers and other key stakeholders, class action or other litigation.

Where Coles is a party to litigation and/or regulatory enforcements, the outcomes are inherently uncertain and can involve reputational damage, financial costs, and high investment of Coles' resources and time.

These risks may increase due to the introduction of new and changing regulations and reporting requirements that may adversely impact execution of our strategy and costs to operate.

In FY25, Coles undertook activities to achieve compliance with new laws and regulation including Food and Grocery Code, merger and acquisition reform, Australia's first Cyber Security Act, and reforms to the SOCI Act and Privacy Act.

Coles acknowledges heightened government and public scrutiny and expectations relating to the supermarket and grocery sectors' competitive and supplier management practices. This included parliamentary and competition regulator reviews of the supermarkets sector in which Coles actively participated.

The ACCC's Supermarkets Inquiry final report was released in FY25 that made recommendations including pricing transparency, record keeping obligations, shrinkflation, and further enhancements to the Food and Grocery Code. The regulator did not conclude that supermarkets engaged in price gouging, land banking or recommend compulsory divestiture.

Coles continues to proactively engage with regulators and stakeholders to meet its ethical and legal commitments, and address the recommendations of relevant supermarket and competition reviews.

Key mitigations

- Coles' Code of Conduct sets out expectations of behaviour for directors, team members, consultants, contractors and business partners, including legal compliance and appropriate ethical standards. The Code of Conduct is underpinned by our Coles Group values, and Group policies in key areas.
- Compliance standards, requirements and accountability to manage compliance obligations are set out in our Compliance Policy and Framework, which is based on AS ISO 37301:2023, Compliance Management Systems – Requirements with guidance for use.
- Mandatory training is in place for relevant roles covering key regulatory areas, including the revised Food and Grocery Code.
- Legal and compliance teams monitor and manage legal issues, matters, claims and disputes – supported by a panel of external law firms.
- Program in place to comply with SOCI Act obligations, which seeks to uplift the security and resilience of Australia's critical assets.
- Relationships maintained with regulators and industry bodies to monitor new and impending legislative and policy changes in order to respond accordingly.
- Independent and confidential reporting lines for team members and suppliers to raise issues and concerns.
- The Audit and Risk Committee oversees the Group's systems for compliance with legal and regulatory requirements. Further information about the role of the Audit and Risk Committee is available in our 2025 Corporate Governance Statement.

Financial risks

12. Financial, treasury and insurance

Context

The availability of funding and management of capital and liquidity are important requirements to fund our business operations and growth.

Changes in the macro-economic environment can expose us to adverse movements in interest rates, foreign exchange rates and commodity prices, that can present barriers to funding our business operations and impact business profitability.

Key mitigations

- Group Treasury manages our cash funding position and supports interest rate and foreign currency risk management.
- Treasury policies (including liquidity, interest rates, foreign currency, commodity risks and use of derivatives).
- Self-insurance and external insurance processes optimise cover and value.
- Self-insured risks are monitored, and programs are in place to pre-empt and mitigate losses. An external actuary helps determine self-insurance liabilities recognised in the Balance Sheet.
- Further information is included in Note 4.2 Financial risk management of the Financial Report.

Pictured: Coles Customer Fulfilment Centre team member Wyntyn delivers groceries in Melbourne.

Sustainability approach

Our approach to sustainability continues to evolve as we build on the strong foundations established in recent years.

Our progress to date has been shaped by our sustainability strategy and is underpinned by an understanding of the environmental and social challenges facing our industry.

This year, we refined our approach further, to align more closely with our most material issues and stakeholder expectations, and also prepare for changing regulatory and reporting requirements including the mandatory Australian Sustainability Reporting Standards (ASRS) from FY26.

Our refreshed FY26–FY30 Sustainability Strategy is focused on three strategic pillars – **climate**, **nature** and **circularity**. These are the areas in which we aim to have the most significant impact, enhancing long-term business resilience and delivering shareholder value. Each strategic pillar has an objective describing what we are seeking to achieve.

Supporting these three strategic pillars is our ongoing commitment to: human rights; enable and develop teams; diversity and inclusion; health, safety and wellbeing; community support; and healthy, safe and affordable food. These are the foundations of our sustainability strategy, integral to our operations and aligned with our purpose and values.

For detailed information on our progress, refer to our 2025 Sustainability Report, available at **colesgroup.com.au**

Our FY26–FY30 Sustainability Strategy

Strategic Pillars

Climate

Progress towards decarbonisation of our operations and work with our suppliers and partners to reduce emissions to drive a more resilient food system in Australia

Nature

Collaborate with farmers and suppliers to drive the delivery of resilient supply chains, mitigate potential environmental impacts across Coles Own Brand products containing higher-risk commodities[1] and support animal welfare outcomes

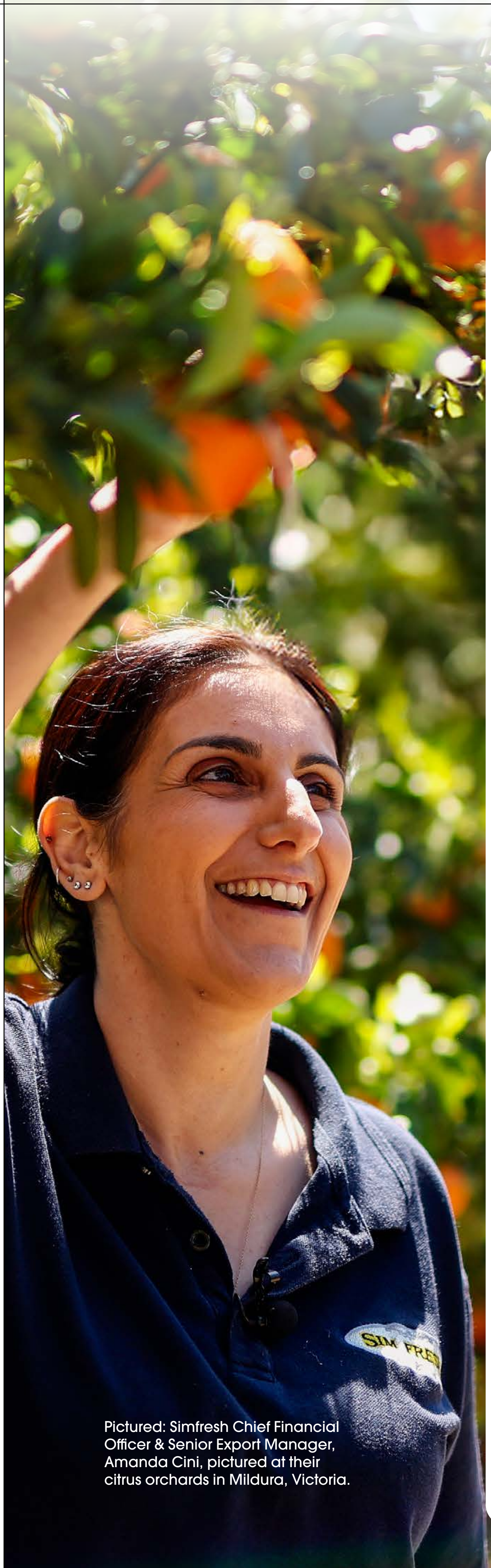
Circularity

Transition towards a circular economy by materially reducing waste through recycling, reuse and product stewardship

Foundational Pillars

Human rights	Enable and develop teams	Diversity and inclusion
Health, safety and wellbeing	Community support	Healthy, safe and affordable food

1. Refer to the *Sustainable Products and Ingredients* section of our 2025 Sustainability Report for further details on our Coles Own Brand products containing higher-risk commodities.



Pictured: Simfresh Chief Financial Officer & Senior Export Manager, Amanda Cini, pictured at their citrus orchards in Mildura, Victoria.

FY25 sustainability snapshot

71.4%
reduction in combined Scope 1 and 2 emissions from FY24 (81.3% reduction from FY20 baseline year)[1]

100%
renewable electricity[2] sourced for our operations

88.0%
of total solid waste[3] diverted from landfill

87.6%
of packaging across Coles Own Brand and Coles Liquor Own Brand is recyclable[4]

3.5%
of team members[5] identify as Aboriginal or Torres Strait Islander

42.7%
women in leadership roles[6]

39.1m
equivalent meals donated to SecondBite and Foodbank[7]

$3.5m
awarded through the Coles Nurture Fund

1. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope 2 market-based methodology using large-scale generation certificates (LGC). Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction.
2. Renewable electricity percentage includes voluntary LGC surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated. FY25 electricity consumption includes one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data.
3. Excludes liquid waste except high-strength sludges (that contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers).
4. Based on packaging data overlaid with unit sales over a 52-week period until June 2025. Recyclability is determined utilising the Packaging Recyclability Evaluation Portal (PREP) which assesses the recyclability of packaging in Australia and New Zealand and it provides a way to assess whether an item of packaging is recyclable through household kerbside collection. PREP considers how widespread the collection services are for the item and generates an ARL (Australasian Recycling Label) for use on pack that provides clear and accurate instructions for consumers to dispose of their packaging correctly. Due to the limited ability for customers to recycle soft plastics currently, we consider soft plastics as non-recyclable in our reporting.
5. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).
6. Leadership positions are comprised of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.
7. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank.

Climate change

Climate change is an important environmental, social and economic challenge facing the global community.

Pictured: Solar panels at Coles Cobram which opened in December 2024.

Coles seeks to contribute to the goals of the Paris Agreement[1] by setting targets to reduce our greenhouse gas emissions, taking actions to address operational emissions[2] and working with suppliers to reduce emissions in our value chain.

As part of our sustainability strategy, we have set a long-term net zero by 2050 target[3] for Scope 1 and 2 emissions, and a near-term FY30 Scope 1 and 2 emissions reduction target.[4] We are addressing Scope 3 emissions with a FY30 Forest, Land and Agriculture (FLAG) sector emissions reduction target of 30.3%.[5] In addition, we have a supplier engagement target of 80%[6] of suppliers by spend to have science-based[7] emissions reduction targets by the end of FY29.

As we continue to work towards our climate targets, we commit to engaging with stakeholders on our progress, including identifying challenges and limitations as we develop our climate transition plan (CTP).

While climate change creates additional risks for our business, it also presents opportunities. For example, it may provide opportunities to: save costs as a result of greater resource efficiency; build business resilience; develop new product ranges to meet changing consumer preferences; or increase stakeholder collaboration to drive positive impact at scale.

Since FY20, we have been identifying, assessing and managing climate-related risks and opportunities using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This year we have also been considering the requirements of Australia's forthcoming mandatory climate-related financial disclosure regime – the Australian Sustainability Reporting Standards (ASRS) – against which we will be required to comply from FY26. Coles has assessed it will be a Group 1 entity for the purposes of phasing in of the ASRS. Our annual climate risks and opportunities assessment, for example, has been informed by the forthcoming ASRS requirements.

In addition to preparing for the introduction of ASRS, we have also been focused on Scope 3 emissions, working with our suppliers to support them to reduce their emissions and developing an achievement pathway for our new FLAG target. Key activities in our Climate Action Roadmap (Climate Roadmap) have also commenced, with both our climate data management and Group-wide decarbonisation plans progressing.

1. An international treaty on climate change with an overarching goal to hold 'the increase in the global average temperature to well below 2°C above pre-industrial levels' and pursue efforts 'to limit the temperature increase to 1.5°C above pre-industrial levels'. — 2. This refers to Scope 1 and 2 emissions. — 3. Target is to 'Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050'. — 4. Target is to 'Reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% (FY20 baseline year) by the end of FY30'. — 5. Target is to 'Deliver 30.3% reduction in Scope 3 FLAG sector emissions by the end of FY30 (FY24 baseline year)'. — 6. During Science-Based Targets Initiative's (SBTi) recent validation of our FY30 FLAG target, Coles was required to separate FLAG sector emissions from the Supplier Engagement Target (SET) boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our target has been modified from 75% to 80% and the target date extended from end of FY27 to end of FY29. Reporting against the updated target boundary will commence in FY26. — 7. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria which includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C).

Climate governance

Board oversight of climate-related risks and opportunities

The Board oversees and approves the strategic direction of the Group, and oversees the effectiveness of Coles' sustainability and governance policies and practices, including exposure to climate change, and other environmental and social risks and opportunities. The Audit and Risk Committee supports the Board in fulfilling its responsibilities by evaluating the adequacy and effectiveness of the Group's identification, and management of environmental and social sustainability risks and its disclosure of any material exposures to those risks, including financial and non-financial risks.

Climate change risk exposure, together with associated management plans, risk appetites and metrics, is reported to the Audit and Risk Committee, the Board and the Executive Leadership Team (ELT) regularly during the year, along with the broader suite of material risks to the Group.

The Chief Commercial & Sustainability Officer (CCSO), a member of the ELT reporting to the Chief Executive Officer (CEO), provides regular updates to the Board on current and emerging sustainability issues. Standardised quarterly reporting, with performance monitoring against our sustainability commitments (including emissions reduction targets) is provided to the Board.

During FY25, the Board received updates on progress against key deliverables in the Climate Roadmap, organisational preparedness for the Group to comply with the ASRS from FY26, and market developments, domestically and internationally, in relation to climate change. In FY25, the Board discussed and approved the new FY30 FLAG sector emissions reduction target prior to it being submitted to the Science Based Targets initiative (SBTi) for validation at the end of December 2024.

Ongoing internal and external education programs provided to the Board included presentations related to climate transition.

Further information about our Board and Committees, including the skills and experience of Directors, is available in the *Governance* section commencing on page 48.

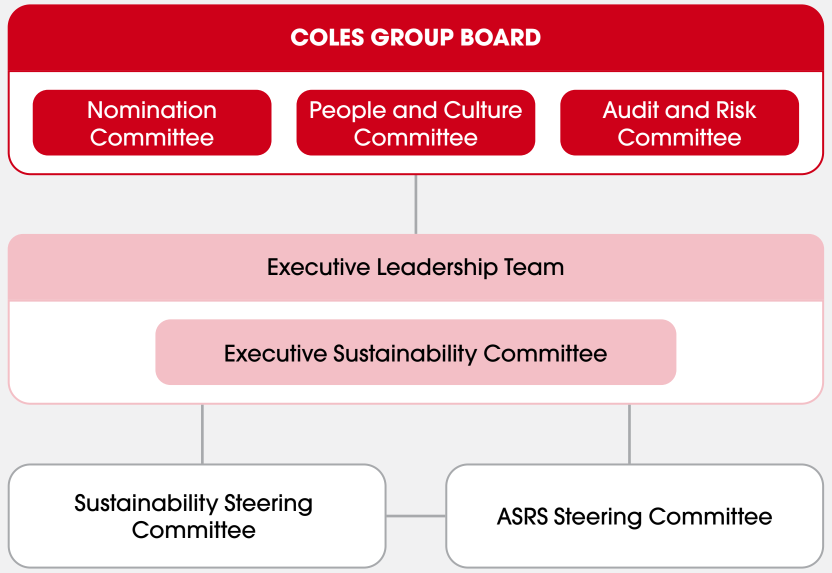
Management's role in assessing and managing climate-related risks and opportunities

While it is the responsibility of all areas of our business to identify climate-related risks and opportunities, the Risk, Strategy and Sustainability functions lead the development of the Group's strategic response.

The Sustainability Steering Committee is the key management committee overseeing Coles' sustainability strategy implementation and performance, including its response to climate change. Chaired by our CCSO, the Sustainability Steering Committee has senior representatives from across the business. The Sustainability Steering Committee meets bi-monthly and one of its primary responsibilities is to consider Coles' response to its current and emerging environmental, social and governance obligations, risks and opportunities – including those related to climate change.

Updates are provided to the Sustainability Steering Committee from working groups and other steering committees with oversight of key sustainability issues.

In FY24, we established the ASRS Steering Committee to oversee progress towards the Group's implementation of ASRS. This cross-functional committee monitors the Group's readiness for ASRS and oversees the program of work necessary to implement ASRS. Both the Sustainability Steering Committee and the ASRS Steering Committee report to the Executive Sustainability Committee, a sub-group of the ELT. This committee was established in FY25 to provide dedicated oversight of the strategic sustainability pillars under Coles' FY26–FY30 Sustainability Strategy, the implementation of ASRS requirements and the monitoring of Coles' performance against its climate risks and opportunities.



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Climate strategy

Impacts of climate change on Coles

Our organisational approach to climate change continues to evolve as we build our understanding of how climate change may impact our business over the short (0–4 years), medium (4–10 years) and long-term (10+ years).

We have undertaken a range of activities since FY20 to help identify, and inform our response to, the climate-related risks and opportunities that could impact our business. In addition to setting science-based emissions reduction targets, we have assessed 55 core commodities (covering ~60% of Coles' revenue) against both physical and transitional climate vulnerabilities (FY22) and completed a risk analysis of the physical impacts of climate change on Coles' asset portfolio (FY23).

In FY24, we developed our Climate Roadmap that provides a strategic pathway for Coles to manage the risks and opportunities associated with climate change impacts, meet mandatory climate reporting obligations and respond to stakeholder expectations.

Actions set out in the Climate Roadmap have been distilled into four key streams of work, which we commenced in FY24 and have continued to progress in FY25.

Climate data management plan

Funding was allocated in FY25 to enhance data systems for Scope 3 emissions, including FLAG sector emissions, to enable more accurate measurement and reporting of emission reductions associated with our targets and prepare for reporting requirements under the ASRS. A dedicated project team has been established to drive this multi-year program of work, which seeks to improve data reliability and transparency, and facilitate data-driven decision-making on emissions (underpinning our decarbonisation plan). In time, other sustainability metrics including nature-related metrics may be included.

Decarbonisation plan

A focus this year has been documenting a decarbonisation plan for Coles. This plan is a key milestone in our ASRS implementation plan. The document consolidates our climate work to date, including emissions modelling, targets and activities into one plan. It outlines our strategic approach to reducing our greenhouse gas emissions and objectives for how we propose to transition to a lower-carbon business model.

The decarbonisation plan's key objectives are to:

- detail agile pathways for near-term (FY30) Scope 1, 2 and 3 emissions reduction targets
- prioritise and coordinate emissions reduction activities across the Group
- support identification and planning of long-term decarbonisation opportunities for the business.

The plan is based on the relevant carbon accounting standards and in alignment with the SBTi standards for target-setting, acknowledging the evolving landscape of regulation, peer action, and scientific knowledge may give rise to other relevant guidance against which we may choose to align in future.

It will serve as a guiding framework for management, supporting:

- decision-making: informing investment choices, supplier selection, and product sales strategies
- risk management: mitigating climate-related risks to enhance operational resilience and reduce capital risk
- innovation: encouraging advancements in sustainable technologies and business models
- reputation enhancement: attracting environmentally conscious consumers and responding to stakeholder expectations.

Corporate and financial planning

This stream of work is focused primarily on delivering a consistent approach to the integration of Coles' climate risks and opportunities into corporate strategy, informing risk-based decision-making on issues such as: asset acquisition and expansion; products and services development; supplier relationships; business continuity; internal policies; and future growth strategy. It will include, for example, the application of climate scenarios in the annual corporate planning process and the consideration of emissions impacts in capital allocation decisions. Formalisation of these processes is an integral part of our ASRS implementation plan.

Climate Transition Plan (CTP)

Our primary focus in FY26 will be the completion of a CTP for Coles. The decarbonisation plan will be a key element of the CTP, and our ongoing value chain mapping, and climate-related risks and opportunities assessment will continue to inform it. Furthermore, our CTP will outline our approach to the concept of 'just transition'. It is our intention to disclose our plan from FY27 in accordance with the requirements of the ASRS, which will apply to our FY26 reporting.

Testing the resilience of our strategy through climate-related scenarios

During FY24, we refreshed and updated assumptions for our four climate change scenarios in line with the following internationally recognised resources: the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report on Climate Change 2021; the TCFD recommendations; and the Commonwealth Scientific Industrial Research Organisation (CSIRO). We considered both the macro and retail sector context when refreshing and updating the assumptions for our four climate change scenarios.

Two scenarios were selected as primary scenarios for further analysis during FY24: 1.5°C temperature increase to 2100 (SSP1: Sustainability) and 4.4°C temperature increase to 2100 (SSP5: Fossil-fuelled development)[1]. These same two scenarios were applied to the assessment of climate-related risks and opportunities during FY25. Consideration was given as to how risks and opportunities can directionally change under the different scenarios, over the three time horizons.

Undertaking further qualitative and quantitative scenario analysis (in preparation for meeting the requirements of the ASRS) will continue to be a key area of focus during FY26.

1. Shared socioeconomic pathways (SSPs) are climate change scenarios of projected socio-economic global changes up to 2100 and are aligned with the latest IPCC report.
2. Representative Concentration Pathways (RCPs) refer to greenhouse gas concentration trajectories from the IPCC.

Climate scenarios

Scenario	Key assumptions
SSP1: Sustainability RCP[2] 1.9 1.5°C to 2100	• strong environmental regulation and climate policy positions • rapid technological development • consumers demonstrate 'Environment, Social and Governance (ESG) conscious' behaviour • extreme weather events increase at a slower rate compared to the other selected scenario
SSP5: Fossil-fuelled development RCP 8.5 4.4°C to 2100	• policy and regulation focus on economic growth and development • rapid technological development – energy intensive • consumer demand focuses on cost and convenience • extreme weather events have significant impacts

While scenario analysis is an important planning tool for Coles, there are inherent limitations with scenario analysis and scenarios do not constitute definitive outcomes or probabilities. It is difficult to predict which, if any, of the scenarios might eventuate and scenario analysis relies on assumptions that may or may not prove to be correct.

Climate risk management

Coles has been conducting a climate-related risk and opportunity assessment annually since FY20. The purpose of the assessment is to identify our climate-related risks and opportunity profile, in line with the TCFD.

This profile also supports the assessment and management of climate change risk, which continues to be identified and disclosed as a material risk for the Group, based on the range of potential cumulative impacts that climate-related risks and opportunities can have on our business, including legal and regulatory, operational, reputational and financial impacts.

We also acknowledge potential changes in climate can amplify existing risks that Coles faces, such as health, safety and wellbeing; product and food safety; legal and regulatory compliance; and supply chain resilience.

Refer to the *Risk management* section commencing on page 26 for further information on Coles' material risks. The identification, assessment and management of climate-related risks and opportunities is integrated within our Risk Standard, with climate-related risks being assessed and evaluated using the same risk management process and criteria applied to our other risks.

Specifically, the Risk Standard is applied to the following types of climate-related risks and opportunities:

- Transition – risks and opportunities associated with the transition to a lower carbon economy[1] including management of heightened stakeholder expectations, policy, regulatory and legal changes, and technological developments
- Physical – risks and opportunities associated with acute event-driven weather impacts, for example increasing severity of extreme weather events, and chronic long-term shifts in climate patterns.

Information from prior years was leveraged to conduct the assessment during FY25, with cross-functional workshops held to:

- validate existing or identify new climate-related risks and opportunities and identify their potential financial (qualitative) and non-financial impacts
- qualitatively assess the likelihood and consequence of impacts over the short-, medium-, and long-term and assign a risk rating
- prioritise climate-related risks and opportunities based on risk rating and time horizon.

1. An economy in which power needs are derived not primarily from carbon-intensive sources such as fossil fuels but from less carbon-intensive energy sources, such as wind, solar and hydroelectric power.

Climate change continued

The time horizons used to assess climate-related risks and opportunities are as follows:

Short-term	0–4 years (FY29) aligned with our short-term planning horizon
Medium-term	4–10 years (FY35)
Long-term	10+ years (2050) aligned with our net zero emissions target[1]

1. Coles' commitment refers only to Coles' Scope 1 and Scope 2 emissions.

We assigned executive accountability for each of the prioritised climate-related risks and opportunities, and identified current and planned actions to respond to them, along with management responsibility for each action.

We also continued to apply two climate change scenarios, SSP1: Sustainability and SSP5: Fossil-fuelled development (outlined in the *Climate strategy* section commencing on page 38) to qualitatively assess under which climate scenario the impacts of each prioritised climate-related risk and opportunity, is anticipated to be most likely and/or severe.

During FY25, we commenced work on mapping our prioritised climate-related risks and opportunities to our value chain in preparation for the introduction of the ASRS, and we will keep progressing and refining this work in FY26.

Climate-related risks were considered in assessing the potential financial impacts of climate change on the Group's CGU impairment testing, through the inclusion of committed initiatives. This review did not indicate any impairment due to the current headroom in each of the Group's CGUs and scenario analysis. Refer to Note 4.1 of the Notes to the Consolidated Financial Statements. Management will continue to monitor and assess the financial impact of this risk.

Climate-related risk and opportunity assessment

The following table summarises Coles' prioritised climate-related transition and physical risks and opportunities, their potential financial impacts based on qualitative assessment, as well as our management response.

Transition risks and opportunities

Impacts of the following transition risks and opportunities are anticipated to be most likely and/or severe under scenario SSP1: Sustainability (1.5 °C to 2100).

1. Changing stakeholder expectations of acceptable climate performance (excluding customers)

Description	Risks • Increased expectations and scrutiny from stakeholders regarding our climate change disclosures, and the robustness of action plans to manage climate risks and achieve emissions reduction targets.	Opportunities • Enhanced ability to transition to a lower carbon economy, innovate and access new markets through collaboration with stakeholders including our team members, customers, investors, NGOs, community groups and partners.
TCFD risk/ opportunity category	Transition risk Reputation	Opportunity Market
Potential financial impacts	• Impact to share price; increased costs to meet stakeholder expectations; increased cost of finance and insurance. • Reduced operational costs/improved efficiencies from partnerships with stakeholders and third parties.	
Management response	• Sustainability strategy that incorporates our emissions reduction targets, and which is informed by engagement with internal and external stakeholders on the sustainability issues that matter to them most. • Teams and processes in place to understand, monitor and respond to the concerns and expectations of our stakeholders, including team members, customers, investors, NGOs, community groups and partners. • Documenting a decarbonisation plan to prioritise and coordinate emissions reduction activity across our value chain and inform our forthcoming CTP.	

2. Changing policy, regulatory and legal requirements to decarbonise and manage climate risk

Description	Risks • International or domestic regulations that impose climate-related obligations (e.g. mandatory disclosures, carbon tax). • Increased scrutiny and action from regulators on climate-related issues, such as greenwashing.
TCFD risk/ opportunity category	Transition risk Policy and Legal
Potential financial impacts	• Increased costs to comply with changing climate-related requirements that impact Coles.
Management response	• Monitoring new and impending legislative and policy changes. • Participation in policy consultations and direct engagement with policy makers. • Training and external support provided to relevant teams, including the legal team, on sustainability-related topics including advertising and claims to ensure they are not misleading or contrary to Australian Consumer Law.

3. Changing customer behaviour and preferences driven by environmental and climate-related factors

Description	Risks • Inability to adapt and respond to increased customer demand for products and services that are considered more sustainable, and seek to reduce environmental impacts (e.g. lower carbon, less water-intensive, use of recyclable packaging).	Opportunities • Potential entry into new markets through the identification of sustainable product innovations, and development of more sustainable products and services that meet customer preferences.
TCFD risk/ opportunity category	Transition risk Reputation	Opportunity Market | Products/Services
Potential financial impacts	• Decreased revenue and/or loss of market share if customer preferences are not met; increased costs associated with sourcing more sustainable products, including obtaining product certifications. • Increased sales/revenue from climate conscious customers or those seeking diverse diets; increased opportunity from substitution or move into higher margin products.	
Management response	• Teams and processes in place to anticipate and respond to changes in customer behaviour and preferences, including the drivers of customer sustainability perception. • Use of third party certification and verification programs across certain Coles Own Brand products that contain higher-risk commodities.[1] • Engaging with suppliers to encourage the use of methane-reducing feed supplements for cattle to reduce emissions in our supply chain. • Designed and modelled a pathway to reduce FLAG sector emissions in our supply chain by 30.3% by end of FY30 (FY24 baseline year).	

1. Refer to the *Responsibly sourced products and ingredients* section of the 2025 Sustainability Report for a list of higher-risk commodities and the certification and verification programs on which Coles relies.

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Climate change continued

4. Dependencies on third parties to support the achievement of our emissions reduction targets

Description	**Risks** • Reliance on our third parties, including goods for sale and goods not for resale suppliers, to support the achievement of our emissions reduction targets.	**Opportunities** • Creating collaborative programs with suppliers to scale up emissions reduction opportunities in our shared supply chain.
TCFD risk/ opportunity category	**Transition risk** Reputation	**Opportunity** Resource Efficiency | Energy Source
Potential financial impacts	• Increased sourcing costs; increased investment required to meet climate targets. • Reduced operating costs through efficiency gains and cost reductions.	
Management response	• Sustainability supplier engagement program in place to support suppliers to set emissions reduction targets, which includes providing guidance and demonstrating the value of emissions reduction activity in terms of long-term business resilience. • Project commenced to implement a technology solution to support our suppliers to store, calculate and report their emissions. • Ongoing initiatives to support emissions reduction activity in our meat supply chain, including engaging with suppliers to encourage the use of methane-reducing feed supplements for cattle, and engaging with beef and lamb producers to explore production efficiencies and potential emissions reduction opportunities.	

5. Adoption of low emissions technology – decarbonisation of our manufacturing sites and conversion of refrigeration and HVAC assets

Description	**Risks** • Exposure of our gas intensive manufacturing sites including Retail Ready Operations Australia (RROA), Fresh MilkCo and Chef Fresh to gas shortages and increased energy costs if we do not transition to lower emissions assets. • Delayed conversion of emissions intensive refrigeration and heating, ventilation and air conditioning (HVAC) assets in supermarkets and liquor stores away from high Global Warming Potential (GWP)[1] gases to lower GWP gases and natural refrigerants[2], considering the legislated phase down of high GWP refrigerant supply by 2036.	**Opportunities** • Reducing energy costs and our exposure to gas shortages through the delivery of solar and electrification of gas assets in our manufacturing sites. • Reducing energy and asset maintenance costs through the conversion of refrigeration and HVAC assets to systems that run on lower emissions.
TCFD risk/ opportunity category	**Transition risk** Market | Technology	**Opportunity** Energy Source | Resource Efficiency

1. Global Warming Potential (GWP) is a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of carbon dioxide (CO_2).
2. Natural refrigerants are substances occurring naturally in the environment (e.g. ammonia, carbon dioxide) and used in refrigeration, air conditioning, and heat pump systems. They are alternatives to synthetic refrigerants (e.g. chlorofluorocarbon, hydrochlorofluorocarbon) and generally have a low or zero global warming potential and ozone depletion potential.

5. Adoption of low emissions technology – decarbonisation of our manufacturing sites and conversion of refrigeration and HVAC assets continued

Potential financial impacts	• Exposure to increased and/or more volatile energy costs; decreased or loss of revenue due to unplanned down time; increased costs to run and maintain existing assets and/or source and install new assets. • Reduced operating costs through energy efficiency gains and cost reductions, and increased production capacity.
Management response	• Delivery of a 0.3 MW rooftop solar project at Chef Fresh, and project underway to deliver 1.6 MW of solar installations across our MilkCo sites. • Approved capital program to replace existing refrigeration assets in supermarkets and liquor stores with systems that use lower GWP or natural refrigerants, which will also reduce operating costs associated with energy use and asset maintenance. Additionally, when building new supermarkets, the majority (>90%) now use natural refrigerants, which have close to no GWP compared with older synthetic refrigerant gases which have higher GWP. • Harvesting and re-using gas, creating circularity and improving gas supply security. Continued investment in trials to reduce energy consumption.

Physical risks and opportunities

Impacts of the following physical risks and opportunities are anticipated to be most likely and/or severe under scenario SSP5: Fossil-fuelled development (4.4 °C to 2100).

6. Access to insurance

Description	**Risks** • Decreased access to insurance (or increased cost of insurance) for sites and operations that are vulnerable to climate events, such as floods and storms.	**Opportunities** • Access to insurance or alternative risk transfer mechanisms (e.g. parametric insurance) for climate-related transition activities, which can in turn provide Coles with an opportunity to facilitate actions within our supply chain.
TCFD risk/ opportunity category	**Physical risk** Acute | Chronic	**Opportunity** Market
Potential financial impacts	• Decreased access to insurance, or higher insurance premiums for sites and operations that are vulnerable to extreme weather events, such as floods and storms; increased cost of self-insurance; increased non-insurable costs associated with responding to the impact of weather-related events. • Access to insurance for climate-related transition activities.	
Management response	• Transferring risk through the insurance market where it is competitive to do so and based on exposure to the Balance Sheet. Coles Captive Insurance is used as a mechanism to fund exposures that cannot be risk transferred through the direct insurance market. • Natural catastrophe modelling, which is revisited at least every two years or earlier if there is evidence it has become outdated.	

Climate change continued

7. People health, safety and wellbeing (Coles' team members and broader supply chain)

Description	Risks • Risk to the health, safety and wellbeing of Coles' team members and third-party suppliers due to changing climate conditions and extreme weather events, including: – fatigue or heat stroke due to more extreme hot days – slips, trips and falls due to increased wet weather or humidity – transport-related injuries due to the need to re-route or increase freight in response to climate events. • Increased mental health and psychosocial challenges, such as anxiety and stress from experiencing severe weather events.
TCFD risk/ opportunity category	Physical risk Acute | Chronic
Potential financial impacts	• Increased costs associated with employee leave, absenteeism or turnover; increased workers compensation and public liability claims.
Management response	• SafetyCARE and the safety plans for each of our segments factor in acute and chronic climate change impacts that may result in operational hazards. • Emergency response plans are in place for every store and supply chain site, and factor in bushfire, flood and cyclone zones. • Employee assistance and mental health support programs to support the mental health and wellbeing of team members.

8. Resilience of our store and supply chain operations (including manufacturing)

Description	Risks • Disruption to our store and supply chain operations (including distribution centres, ADCs, CFCs and manufacturing sites) due to changing climate conditions and extreme weather events, including: – property damage to stores or supply chain sites – prevention of access to stores or supply chain sites – disruption to transport routes or infrastructure – power outages impacting site operations and digital connectivity.	Opportunities • Enhanced resilience of our supply chain and our assets and infrastructure.
TCFD risk/ opportunity category	Physical risk Acute | Chronic	Opportunity Resilience
Potential financial impacts	• Decreased or loss of revenue due to reduced availability of supply or the inability to operate; increased loss/waste; increased costs to repair, maintain or replace assets; higher insurance premiums; increased investment required to strengthen operational resilience. • Enhanced ability to operate in various conditions, increasing sales and revenue and asset value.	

8. Resilience of our store and supply chain operations (including manufacturing) continued

Management response	• Crisis management, business continuity and emergency response plans in place to manage potential disruptions during extreme weather events and natural disasters, including protocols to achieve availability or resilience of inventory. • Maintenance of our Critical Infrastructure Risk Management Program that incorporates management of risks relating to extreme weather events and natural disasters. • Store design brief considers future conditions to strengthen resilience in extreme weather. • Insurance arrangements in place for property and business interruption (subject to policy terms, conditions and exclusions). • Project commenced to enhance our ability to identify and assess location-based climate risks that may impact our stores and supply chain operations, which can be used to inform location planning and the prioritisation of capital investment to enhance our operational resilience.

9. Supply security – growth and/or production of agricultural raw materials

Description	Risks • Risks to the growth and/or production of agricultural raw materials due to changing climate conditions and extreme weather events, impacting product availability and price, including: – unseasonal weather patterns resulting in lower yields, poor product quality and increased food fraud and substitution – extreme weather events impacting supplier farms/production sites and increasing the risk of environmental contamination and biological and chemical hazards – increased temperatures resulting in changes to the persistence and occurrence of pests, diseases and bacteria.	Opportunities • Supporting our suppliers to strengthen the climate resilience[1] of their operations. • Enhanced resilience of our supply chain.
TCFD risk/ opportunity category	Physical risk Acute | Chronic	Opportunity Resilience
Potential financial impacts	• Decreased or loss of revenue due to reduced availability of supply or poor product quality; increased sourcing costs; increased loss/waste. • Enhanced availability of supply leading to increased sales and revenue; increased opportunity from substitution or move into higher margin products.	
Management response	• Geographically distributed growing regions for categories such as meat and fresh produce. Changes made to growing or production methods to mitigate climate impacts (e.g. cropping under cover for fresh produce). • Supporting farmers to improve their climate resilience through the Coles Nurture Fund and Coles Dairy Farm Sustainability Accelerator Fund (e.g. funding projects relating to the installation of solar energy). • Disaster recovery checklists to help suppliers recover from extreme weather events. • Group product and food safety controls, including safety plans, storage and handling protocols and product surveillance programs.	

1. The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.

Climate metrics and targets

We outline the metrics and targets we use to assess our sustainability performance, including in relation to climate, in our 2025 Sustainability Report available at **colesgroup.com.au**.

Our main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel for onsite back-up generators.

Scope 2 emissions are those associated with our electricity purchases, and make up the bulk of our combined Scope 1 and 2 emissions.

Scope 3 emissions are the indirect emissions associated with our value chain and make up more than 90% of our total greenhouse gas emissions.

Pictured: Fourth-generation dairy farmer Adrian Bond and his family at their farm in Cooriemungle, Victoria. Adrian has worked directly with Coles for three seasons.

Following is a summary of our climate-related targets – further detail on target performance, in addition to Scope 1, Scope 2 and Scope 3 emissions data, is available in our 2025 Sustainability Report and 2025 Sustainability Data Pack at **colesgroup.com.au**.

Target[1]	FY25 performance	FY26 planned actions
Source 100% renewable electricity[2] by the end of FY25	**100%** renewable electricity[3] sourced for our operations.	Coles has met its target to source 100% renewable electricity by FY25 through onsite solar and large-scale generation certificate (LGC)[4] arrangements which match our consumption. Coles will continue to install solar systems at our sites nationally, including as part of our partnership with Origin. Coles will maintain sourcing of 100% renewable electricity (as part of our FY26–FY30 sustainability strategy).
Reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% (FY20 baseline year) by the end of FY30[5] Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050	**71.4%** emissions reduction from FY24 (81.3% emissions reduction from FY20 baseline year).[6] Our FY30 Scope 1 and 2 emissions reduction target has been validated by the SBTi.	Coles will continue to source renewable electricity for our operations. We will also continue to roll out refrigeration and energy efficiency initiatives. Coles will seek to continue to deliver the actions set out in the Climate Roadmap (discussed in the *Climate strategy* section starting on page 38), which will culminate in a CTP for the Group.
Achieve Scope 3 supplier engagement target (SET) of: 80%[7] of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based[8] emissions reduction targets by the end of FY29	**42.3%** of suppliers have set Scope 1 and 2 science-based emissions reduction targets.	Coles will continue to develop and deliver our supplier engagement program, working together with suppliers to build and scale industry-wide action to set targets and reduce emissions.
Deliver 30.3% reduction in Scope 3 FLAG sector emissions by the end of FY30 (from a FY24 baseline year)	Performance against this target will be reported from the end of FY26.	We have established three key areas of focus for the achievement of our FLAG target and will continue working on these in FY26: *Supplier activity* – engaging with suppliers on science-based targets to help them reduce FLAG sector emissions. *Farm efficiency* – supporting farmers within our value chain to assess and benchmark their current emissions profile to identify initiatives aimed at reducing emissions or nature impacts; for example, optimising fertiliser use, increasing ground or crop cover, or electrifying diesel farm equipment. *Commercial strategy* – reviewing our commercial and category strategies, making changes to our offering that reduce emissions while meeting business and customer needs.

1. Refer to *Our approach to sustainability* commencing on page 7 of our 2025 Sustainability Report for details on our FY26–FY30 sustainability targets. — 2. Electricity that is derived from natural sources (e.g. sunlight and wind) that are replenished at a higher rate than they are consumed. Solar, wind, geothermal and hydro are common sources of renewable electricity. — 3. Renewable electricity percentage includes voluntary large-scale generation certificate (LGC) surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated. FY25 electricity consumption includes one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data. — 4. An LGC is a tradeable certificate created for every megawatt hour (MWh) of eligible renewable electricity generated by accredited large-scale renewable energy power stations, such as wind farms and solar farms, under the Renewable Energy Target (RET). Voluntarily surrendering LGCs allows an organisation to claim the associated renewable electricity in its market-based Scope 2 emissions reporting. Without surrender, the renewable generation is not attributed to the purchaser and cannot be used to claim renewable electricity use. — 5. Coles does not plan to rely on the use of carbon offsets for the achievement of our FY30 Scope 1 and 2 emissions reduction target. — 6. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope 2 market-based methodology using LGCs. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction. — 7. The Supplier Engagement Target originally set in FY24 was '75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27'. During SBTi's recent validation of our FY30 FLAG target, Coles was required to separate FLAG sector emissions from the SET boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our target has been modified from 75% to 80% and the target date extended from the end of FY27 to the end of FY29. Reporting against the updated target boundary will commence in FY26. — 8. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria which includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C).

Corporate governance overview

The Board and management are committed to high standards of corporate governance and consider a robust corporate governance framework to be central to the success of our business.

Our governance framework underpins and supports the delivery of our strategy as well as our decision-making and risk management processes in our day-to-day operations.

The role of the Board

The Board provides leadership and approves the strategic direction and objectives of the Group in the long-term interests of, and to maximise value to, shareholders. The Board has a charter that outlines its responsibilities, including powers that are expressly reserved to the Board, and powers that are specifically delegated to the CEO and management. The CEO is responsible for the day-to-day management of the Group and its businesses.

The Board has established three standing committees and has delegated to each committee a number of duties to assist the Board in exercising its responsibilities and discharging its duties. Together, they play an important role in assisting the Board's oversight and governance of the Group's operations.

Board composition, skills and experience

The Constitution provides that the number of directors shall be not less than three directors and not more than 10 directors. The Board is currently comprised of nine directors. On 1 May 2025, Peter Allen succeeded James Graham AM as Chairman of the Board following Mr Graham's retirement on 30 April 2025.

The current mix of skills and experience represented on the Board is set out in the Board Skills Matrix on page 53.

Board focus areas and activities in FY25

As part of its annual program, recurring items before the Board and/or Committees include strategy, safety, operations and performance, people and culture, financial management and external reporting, risk and sustainability. Directors receive in-depth briefings from management and subject matter experts on material issues, as well as deep dives into particular focus areas. In FY25, this included presentations on the global retail landscape and other retail and consumer trends, data and artificial intelligence, and climate transition planning. Directors also attend store, site and supplier visits during the year.

Coles' 2025 Corporate Governance Statement contains a comprehensive overview of our corporate governance framework and is available at **colesgroup.com.au/corporategovernance**

Board of Directors

Peter Allen

Chairman and Non-executive Director

B.AppSc (Valuation)

Age: 64

B A P N

Peter Allen has been a Non-executive Director of the Company since 1 September 2024, and Chairman since 1 May 2025. Peter is currently a director of Built Group Holdings Pty Ltd and the Victor Chang Cardiac Research Institute.

From 2014 to 2022, Peter served as the inaugural Managing Director and Chief Executive Officer of Scentre Group, having been appointed following the restructure of Westfield Group. Prior to Scentre Group, Peter held various executive positions within the Westfield Group over an 18-year career, including Executive Director and Chief Financial Officer of Westfield Group, as well as Chief Executive Officer of Westfield UK/Europe. Peter has also held leadership positions at Citibank in Australia, United Kingdom, Europe, and the United States.

Peter and his family own and operate a 4,500-acre sheep and cattle enterprise in the central west of NSW, specialising in lamb and beef production.

Peter brings to the Board his significant experience as a former Chief Executive of a major ASX-listed company, as well as his extensive background and expertise in property development, acquisition and management, and engagement with large Australian retailers.

Directorships of listed entities, current and recent (last three years):

Executive Director of Scentre Group (June 2014 to September 2022).

Leah Weckert

Managing Director and Chief Executive Officer

BEng (Hons), BSc, MBA, GAICD

Age: 46

B

Leah Weckert became the Managing Director and Chief Executive Officer of Coles on 1 May 2023.

Leah joined Coles in 2011 and has held several senior roles across the business. Most recently, Leah was Chief Executive, Commercial & Express, leading the Supermarkets and Coles Express business units. Before this, Leah was Chief Financial Officer and played a leadership role in the demerger of Coles from Wesfarmers in 2018. Leah has also held roles as Director Strategy, Director People & Culture, State General Manager Victoria Operations, and General Manager Merchandise, Strategy and Innovation.

Prior to joining Coles, Leah worked at McKinsey & Company, and Foster's Group in Strategy and Business Development.

Leah is a director of the Consumer Goods Forum and has a deep understanding of the retail and FMCG industry. Leah's extensive experience spans strategy, product merchandising, sourcing and development, store operations, marketing, supplier relationships and sustainability initiatives.

Key

- Denotes Chair of Board/Committee (filled circle)
- Denotes member of Board/Committee (outlined circle)
- B Board
- A Audit and Risk Committee
- P People and Culture Committee
- N Nomination Committee

Board of Directors continued

Terry Bowen
Non-executive Director

BAcc, FCPA, MAICD

Age: 58

B A N

Terry Bowen has been a Non-executive Director of the Company since 1 October 2022. In July 2025 Terry was appointed President and Chief Operating Officer of global technology ecommerce business, Rokt Inc. He was previously Chair of the Operations Group at the Australian private equity firm BGH Capital, and has held Non-executive Director roles at both BHP Group Limited and Transurban Group Limited.

Terry previously served as Finance Director of Coles (2007 to 2009), Finance Director of Wesfarmers Limited (2009 to 2017) and Managing Partner and Head of the Operations Group at BGH Capital (2018 to 2019). Terry was also formerly Managing Director of Wesfarmers Industrial and Safety, Chief Financial Officer of Jetstar Airways, Finance Director of Wesfarmers Landmark, and before this, he held senior finance roles with Tubemakers of Australia Limited.

As well as financial, retail, strategic and operational expertise from his leadership roles in some of Australia's leading businesses, Terry brings significant risk management and governance experience to the Coles Board.

Directorships of listed entities, current and recent (last three years):

Non-executive Director of BHP Group Limited (October 2017 to November 2023), Transurban Group Limited (February 2020 to October 2023).

Jacqueline Chow
Non-executive Director

MBA, BSc (Hons), FAICD

Age: 53

B A N

Jacqueline Chow has been a Non-executive Director of the Company since 19 November 2018. Jacqueline is a Non-executive Director of nib Holdings Limited and Charter Hall Group. Jacqueline is also the Chairman of the Australia–Israel Chamber of Commerce of NSW and a Senior Advisor in McKinsey's Transformation practice.

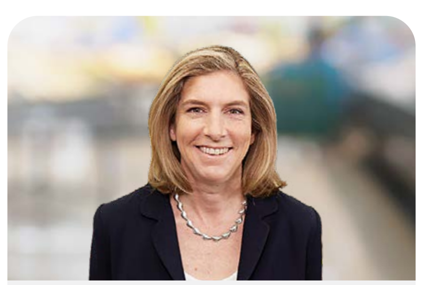
Jacqueline was previously a Non-executive Director of Boral Limited and from 2016 to 2019, a Director of Fisher & Paykel Appliances. Jacqueline previously held senior management positions, including Chief Operating Officer, Global Consumer and Food Service, with Fonterra Co-operative Group, one of the world's largest dairy product producers and exporters. Prior to that, Jacqueline was in senior management with Campbell Arnott's and Kellogg Company.

She was also Programme Steering Group Director, Ministry for Primary Industries, New Zealand and Deputy Chairman of the Global Dairy Platform Inc.

Jacqueline's background and experience in the FMCG industry brings operational insights in relation to managing complex supply chains as well as customer experience, brand reputation and sustainability.

Directorships of listed entities, current and recent (last three years):

Non-executive Director of Boral Limited (March 2022 to July 2024), nib Holdings Limited (since April 2018), Charter Hall Group (since February 2021).



Abi Cleland
Non-executive Director

MBA, BCom/BA

Age: 51

B P N

Abi Cleland has been a Non-executive Director of the Company since 19 November 2018. Abi is currently a Non-executive Director of Bendigo and Adelaide Bank Limited, Computershare Limited and Queensland Airports Limited. She was previously a Non-executive Director of Sydney Airport Corporation Limited and Orora Limited, Chairman of Planwise AU, a Director of Swimming Australia and on the Lazard PE Fund advisory committee.

From 2012 to 2017, Abi established and ran an advisory and management business, Absolute Partners, focusing on strategy, mergers and acquisitions and disruption. Before that, she held senior management roles at KordaMentha's 333, where she was Managing Director, and at ANZ Banking Group Limited, Incitec Pivot Limited and Amcor Limited.

Abi brings significant experience in the areas of strategy, digital and M&A across a range of sectors, as well as insights in relation to assessing opportunities in technology, digital disruption and innovation.

Directorships of listed entities, current and recent (last three years):

Non-executive Director of Bendigo and Adelaide Bank Limited (since April 2024), Computershare Limited (since February 2018), Orora Limited (February 2014 to 30 September 2024).

Richard Freudenstein
Non-executive Director

LLB (Hons), Bec

Age: 60

B P N

Richard Freudenstein has been a Non-executive Director of the Company since 19 November 2018. Richard is the Chairman and a Non-executive Director of Appen Limited as well as a Non-executive Director of REA Group Limited (where he was Chairman from 2007 to 2012) and Cochlear Limited (effective 25 August 2025). He is a board member of Cricket Australia and is Deputy Chancellor of the University of Sydney.

Richard was previously Chief Executive Officer of Foxtel (2011 to 2016), Chief Executive Officer of The Australian and News Digital Media at News Ltd (2006 to 2010), and Chief Operating Officer at British Sky Broadcasting plc (2000 to 2006).

His previous board positions include Ten Network Holdings Limited (2015 to 2016), Foxtel (2009 to 2011) and Astro Malaysia Holdings Berhad (2016 to 2019).

Richard has extensive leadership experience in global media and digital businesses, and brings a deep understanding of managing complex businesses operating in regulated industries.

Directorships of listed entities, current and recent (last three years):

Chairman of Appen Limited (since October 2021) and Non-executive Director (since August 2021), Non-executive Director of REA Group Limited (since November 2006), Non-executive Director of Cochlear Limited (since August 2025).

Andrew Penn AO
Non-executive Director

MBA, AMP, FCCA, HFAIPM

Age: 62

B A N

Andy Penn has been a Non-executive Director of the Company since 1 December 2023. Andy is a Senior Advisor with McKinsey & Company, a Special Advisor to Quintessence Labs and an Advisor to the Office of National Intelligence. He is a member of the Advisory Board of REDSPICE of the Australian Signals Directorate and of the Advisory Board of Glow Financial Services, a member of the Quad Investors Network of the American Frontier Fund and the Council of Trustees of the National Gallery of Victoria. Andy is also Chair of Visit Victoria.

From 2015 to 2022, Andy was Chief Executive Officer and Managing Director of Telstra and was also previously Telstra's Chief Financial Officer and Group Executive International.

Prior to joining Telstra, Andy spent 23 years with AXA. From 2006 to 2011, he was the Group Chief Executive Officer and Chief Financial Officer AXA Asia Pacific Holdings.

Andy has had an extensive career across telecommunications and technology and financial services and brings deep understanding of the risks and opportunities arising from technology, digital disruption and cyber security.

Directorships of listed entities, current and recent (last three years):

Executive Director of Telstra Corporation Limited (May 2015 to August 2022).

Key

Denotes Chair of Board/Committee	B Board	P People and Culture Committee
Denotes member of Board/Committee	A Audit and Risk Committee	N Nomination Committee

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Board of Directors continued

Scott Price
Non-executive Director

BA, MBA, MA

Age: 64

B P N

Scott Price has been a Non-executive Director of the Company since 1 October 2022. Scott commenced as Group Chief Executive of DFI Retail Group Holdings Limited on 1 August 2023, having retired in early 2022 as Executive Vice-President; President of UPS International.

Scott was also previously UPS's Chief Strategy and Transformation Officer, and was responsible for strategic planning, Global Business Services and the company's Advanced Technology Group. From 2009 to 2015, Scott led Walmart's Asia store business before moving to the United States to lead global sourcing, international technology, real estate and strategy until 2017. He was also previously President and CEO of DHL Asia and then DHL Europe and began his career at The Coca-Cola Company in Asia.

Scott is a director of the Consumer Goods Forum and is a member of the Advisory Board to the World Retail Congress.

Scott's extensive retail and FMCG experience provides valuable insights and a global perspective, particularly in relation to complex supply chains, business transformation and sustainability initiatives.

Directorships of listed entities, current and recent (last three years):

Group Chief Executive and Director of DFI Retail Group Holdings Limited (since August 2023). Previously representative director on the board of DFI Group Holdings Limited affiliates, Robinsons Retail Holdings, Inc. (August 2023 to May 2025) and Yonghui Superstores Co. Limited (September 2023 to February 2025).

Wendy Stops
Non-executive Director

BAppSc (Information Technology), FAICD

Age: 64

B A N

Wendy Stops has been a Non-executive Director of the Company since 19 November 2018. Wendy is a Non-executive Director of the Melbourne Business School and the PwC Australia Governance Board, Chairman of the Advisory Board for the Melbourne Business School's Institute of Digital Innovation and Artificial Intelligence, Chair of the Fitted for Work Future Fund and a member of the AICD's Governance of Innovation and Technology Panel.

Previously, Wendy was the Chair of the Melbourne Business School's Centre for Business Analytics, a member of the Expert Advisory Committee to the Digital Technology Taskforce of the Department of Industry, Science and Resources and a senior management executive in the information technology and consulting sectors. This includes her last 16 years with Accenture in various senior leadership positions in Australia, Asia Pacific and globally.

Wendy's board experience includes Fitted for Work (where she was Chairman from 2023 to 2025), Blackmores Limited (where she was Chairman from 2022 until its sale in 2023), Commonwealth Bank of Australia Limited, Altium Limited, Accenture Software Solutions Australia and Diversiti.

Wendy brings to the Board expertise in large-scale technology transformations and innovation, as well as experience in designing and implementing comprehensive risk management frameworks.

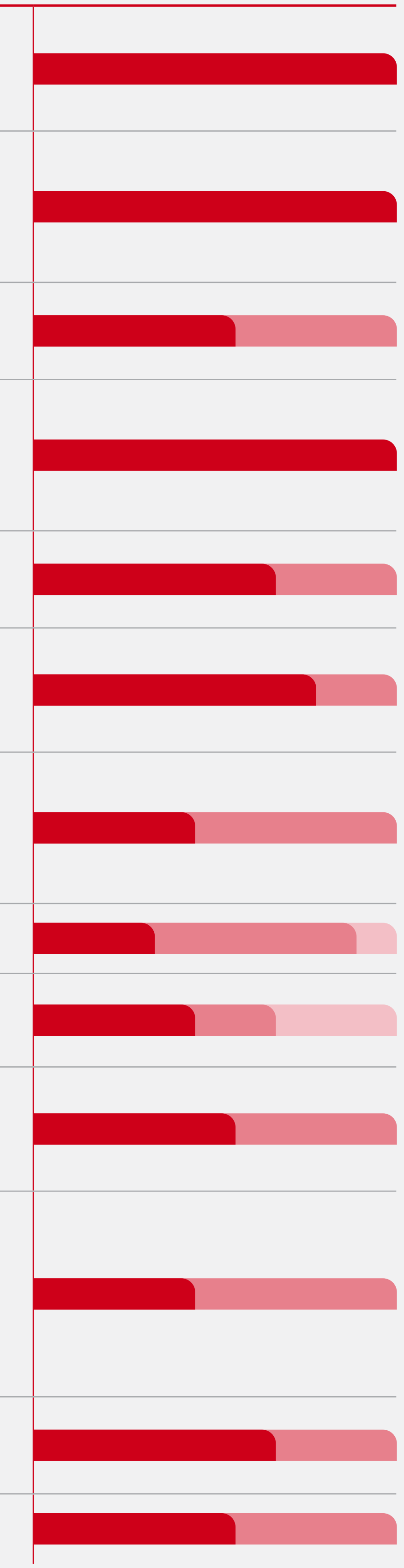
Directorships of listed entities, current and recent (last three years):

Chairman of Blackmores Limited (November 2022 to August 2023) and Non-executive Director (April 2021 to August 2023).

Key

● Denotes Chair of Board/Committee	B Board	P People and Culture Committee
○ Denotes member of Board/Committee	A Audit and Risk Committee	N Nomination Committee

Board skills and experience	Description of skills and experience	Number of directors
Corporate Governance	Expertise in corporate governance, including in implementing high standards of governance in a large organisation, in particular a publicly listed entity, and assessing the effectiveness of senior management.	
Leadership and Commercial Acumen	Expertise and demonstrated success in senior executive roles in large, complex organisations and/or publicly listed companies. Expertise in successfully leading organisational transformation and delivering sustained business success.	
Financial Acumen	Expertise in financial accounting and reporting, internal financial and risk controls, corporate finance and/or restructuring and corporate transactions.	
Strategic Thinking	Expertise in critically identifying and assessing strategic opportunities and threats; setting and executing strategic objectives and monitoring implementation of strategy, including bringing global perspectives and insights.	
People, Culture and Remuneration	Expertise in assessing and overseeing a company's culture, remuneration and people management framework, including talent and succession planning.	
Risk Management	Expertise in identifying and monitoring key risks to an organisation and overseeing the implementation of appropriate risk management frameworks, procedures and controls.	
Retail and FMCG Expertise	Expertise in the retail and/or fast-moving consumer foods (FMCG) industry, particularly in food and liquor, including merchandising, marketing, product development, exporting, logistics and consumer strategy.	
Supply Chains	Expertise in managing or overseeing the operation of complex supply chains and distribution models.	
Property Development and Asset Management	Experience in property development and asset management.	
Digital Technology and Innovation	Expertise in the implementation of new technologies, and experience responding to digital disruption through the use of digital technologies, data, analytics and innovation, particularly in the retail industry.	
Sustainability and Environment	Expertise in managing and driving environmental management and social responsibility initiatives and reporting (including in relation to sustainability, climate change and human rights), as well as experience in overseeing sustainability-related risks, opportunities and trends (including emerging regulations and global sustainability reporting standards).	
Health and Safety	Expertise in workplace health and safety issues, including management of workplace safety, and mental and physical health.	
Regulatory and Public Policy	Expertise in regulatory and public policy, particularly in relation to the retail and FMCG industry.	



● High level of skill/extensive experience ● Practised/relevant experience ● Aware

Directors' Report

The Directors present their report on the consolidated entity consisting of Coles Group Limited ('the Company') and its controlled entities at the end of, or during, the financial year ended 29 June 2025 (collectively, 'Coles' or 'the Group').

The information referred to below forms part of, and is to be read in conjunction with, this Directors' Report:

- the Operating and Financial Review;
- the Remuneration Report;
- Note 7.3 Auditor's remuneration to the financial statements accompanying this report;
- Note 7.5 Events after the reporting period to the financial statements accompanying this report;
- the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* (Cth).

Directors

The Directors as at the date of this Directors' Report are:

Current Directors	Position held	Period as a Director
Peter Allen	Chairman and Independent, Non-executive Director	Appointed 1 September 2024, Chairman from 1 May 2025
Leah Weckert	Managing Director and Chief Executive Officer	Appointed 1 May 2023
Terry Bowen	Independent, Non-executive Director	Appointed 1 October 2022
Jacqueline Chow	Independent, Non-executive Director	Appointed 19 November 2018
Abi Cleland	Independent, Non-executive Director	Appointed 19 November 2018
Richard Freudenstein	Independent, Non-executive Director	Appointed 19 November 2018
Andrew Penn	Independent, Non-executive Director	Appointed 1 December 2023
Scott Price	Independent, Non-executive Director	Appointed 1 October 2022
Wendy Stops	Independent, Non-executive Director	Appointed 19 November 2018

The *Board of Directors* section on pages 49 to 52 sets out information about the current Directors' qualifications, experience, special responsibilities and other directorships.

The following person was also a Director during the financial year:

Former Director	Position held	Period as a Director
James Graham AM	Chairman and Independent, Non-executive Director	Appointed 19 November 2018 Retired 30 April 2025

Group Company Secretary

Daniella Pereira LLB (Hons), BA

Daniella Pereira was appointed the Company Secretary of Coles Group Limited on 19 November 2018. Daniella has an extensive career in legal, governance and company secretariat, including a 14-year career with ASX-listed industrial chemicals company, Incitec Pivot Limited (now Dyno Nobel Limited). Daniella began her career as a lawyer with Ashurst (formerly Blake Dawson).

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are listed below:

	Board		Audit and Risk Committee		People and Culture Committee		Nomination Committee	
Director – Current[1,2]	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Allen[3]	9	9	5	5			5	5
Leah Weckert	11	11						
Terry Bowen	11	11	6	6			6	6
Jacqueline Chow	11	11	6	6			6	6
Abi Cleland	11	11			5	5	6	6
Richard Freudenstein	11	11			5	5	6	6
Andrew Penn	11	11	6	6			6	6
Scott Price	11	11			5	5	6	6
Wendy Stops	11	11	6	6			6	6
Director – Former[1,2]								
James Graham[4]	9	9			4	4	3	3

1. 'Held' indicates the number of meetings held during the period that the Director was a member of the Board or Committee.
2. 'Attended' indicates the number of meetings attended during the period that the Director was a member of the Board or Committee.
3. Peter Allen commenced as a Non-executive Director of Coles Group Limited and a member of the Audit and Risk Committee and the Nomination Committee on 1 September 2024. He was appointed as Chairman of the Board and Chairman of the Nomination Committee effective 1 May 2025 and a member of the People and Culture Committee effective 21 May 2025. There were no meetings of the People and Culture Committee for the financial year after his appointment as a member of the Committee.
4. James Graham retired as the Chairman and a Non-executive Director of Coles Group Limited on 30 April 2025.

Directors' shareholdings in the Company

Details of Directors' shareholdings in the Company as at the date of this Directors' Report are shown in the table below. All Directors have met the minimum shareholding requirement under the Board Charter.

Director	Number of shares held[1]
Peter Allen	20,000
Leah Weckert[2]	392,668
Terry Bowen	16,545
Jacqueline Chow	17,000
Abi Cleland	19,816
Richard Freudenstein	25,000
Andrew Penn	25,000
Scott Price	21,000
Wendy Stops	35,000

1. The number of shares held refers to shares held either directly or indirectly by Directors as at 26 August 2025. Refer to the Remuneration Report tables for total shares held by Directors and their related parties directly, indirectly or beneficially as at 29 June 2025.
2. As at 26 August 2025, Leah Weckert also holds 76,521 STI Shares and 486,361 Performance Rights.

Principal activities

The principal activities of Coles during the financial year were providing customers with everyday products (including fresh food, groceries, general merchandise and liquor) as well as financial and retail media services through its store network and online platforms. No significant changes have occurred in the nature of these activities during the financial year.

State of affairs

There have been no significant changes in Coles' state of affairs during the financial year.

Review and results of operations

A review of the operations of the Group during the financial year, the results of those operations and the Group's financial position are contained in the Operating and Financial Review (OFR).

Business strategies and prospects for future financial years

The OFR sets out information on the business strategies and prospects for future financial years and refers to likely developments in Coles' operations and the expected results of those operations in future financial years. Information in the OFR is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group.

Information that could give rise to any likely unreasonable prejudice or material detriment to the Group, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included. Other than the information set out in the OFR, information about other likely developments in the Group's operations and the expected results of these operations in future financial years has not been included.

Events after the reporting date

On 26 August 2025, the Directors determined a final dividend of 32.0 cents per fully paid ordinary share to be paid on 22 September 2025, fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid out of profits, but not recognised as a liability at 29 June 2025, is expected to be $429 million.

Dividends

Dividends since Coles' last Annual Report:

	Cents per share	Total amount $m	Franked percentage	Date of payment
PAID DURING THE YEAR				
2024 final dividend	32.0	429	100%	25 September 2024
2025 interim dividend	37.0	496	100%	27 March 2025
TO BE PAID AFTER END OF YEAR				
2025 final dividend	32.0	429*	100%	22 September 2025

Dealt with in the Financial Report as	Note	$m
Dividends paid	3.3	925

*Estimated final dividend payable, subject to variations in the number of shares up to the record date.

Environmental regulations

The activities of the Group are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The Group is also subject to various state and local government food licensing requirements, and may be subject to town-planning regulations. During the financial year, Coles notified the NSW EPA that it had completed the removal and processing of stockpiled plastics in NSW collected by REDcycle that were the subject of a Clean Up Notice issued by the NSW EPA in March 2023.

Indemnification and insurance of officers

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors, the Company Secretary and other executive officers, against the liabilities incurred while acting as such officers to the extent permitted by law.

As permitted by the Company's Constitution, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's Directors, Company Secretary, Chief Financial Officer and certain executives. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

The Company has paid a premium in respect of a contract insuring current and former directors, company secretaries and executives of the Company and its subsidiaries against liability that they may incur as an officer of the Company or any of its subsidiaries, including liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with certain exceptions. It is a condition of the insurance contract that no details of the premiums payable or the nature of the liabilities insured are disclosed.

Indemnification of auditors

Pursuant to the terms of engagement the Company has with its auditor, Ernst & Young (EY or Auditor), the Company has agreed to indemnify EY to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by EY where they arise out of, or occur in relation to, any negligent, wrongful or wilful act or omission by the Company. No payment has been made to EY by the Company pursuant to this indemnity, either during or since the end of the financial year.

Non-audit services and auditor's independence

Details of the non-audit services undertaken by, and amounts paid to, EY are detailed in Note 7.3 Auditor's remuneration to the financial statements.

The Board is satisfied that the provision of non-audit services during the year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services provided by EY were reviewed and approved to ensure they would not impact the integrity and objectivity of the Auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity of the Company, acting as an advocate of the Company or jointly sharing risks or rewards.

A copy of the Auditor's Independence Declaration forms part of this Directors' Report.

Proceedings on behalf of the Company

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section as at the date of this Directors' Report.

Rounding

The amounts shown in this Directors' Report and in the financial statements have been rounded off, except where otherwise stated, to the nearest one million dollars, with the Company being in a class specified in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

Signed on behalf of the Board in accordance with a resolution of the Directors of the Company.

Peter Allen
Chairman
26 August 2025

Leah Weckert
Managing Director and Chief Executive Officer
26 August 2025

Remuneration Report

Letter to shareholders from the Chairman of the People and Culture Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the FY25 Remuneration Report for Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group' or 'the Group'). The Remuneration Report provides information on the remuneration arrangements for our Key Management Personnel (KMP), which include the Managing Director and Chief Executive Officer (Managing Director and CEO), Other Executive KMP and Non-executive Directors of the Company.

Remuneration framework and structure for FY25

Our remuneration framework is based on four key principles:

1. Market competitive
2. Performance-based
3. Creates long-term value for shareholders
4. Fit for purpose for Coles.

Executive KMP remuneration is delivered through a simple three-element structure using both fixed and variable (at-risk) remuneration. This includes market competitive fixed remuneration, a short-term incentive (STI) designed to drive in year improvements across financial performance and strategic priorities and a long-term incentive (LTI) that includes complementary measures, which capture distinct aspects of value generation, to create lasting and sustainable shareholder value.

The STI plan includes a 'Quality and Behaviour' overlay. This specifically considers performance aligned to Coles' values, the impact on Group culture, risk, compliance, safety, sustainability, reputation and the quality of earnings delivered.

When setting performance measures and targets for both the STI and LTI, the Board considers:

- appropriate measures and targets aligned to our strategy (including projected impacts from known major capital projects), our risk framework and commitments to shareholders
- targets that represent strong earnings through the business cycle and sustainable returns for shareholders
- macro-economic conditions as well as our competitive environment and consumer and retail trends
- striking the right balance between achievability and an appropriate level of stretch.

The Board procures a range of external benchmarks to inform target setting including information from the Australian Bureau of Statistics, economists, investment banks, top-tier international consulting firms, academics, and equity market research analysts.

The Board maintains absolute discretion across both the STI and LTI to ensure remuneration outcomes are appropriate in the context of Coles' performance, our customer experience and shareholder expectations.

Performance for FY25

FY25 was another significant year for Coles Group with a strong focus on value, quality, availability and customer and team member experience. We delivered value for our customers in Supermarkets through seasonal 'Great Value, Hands Down' campaigns and in Liquor through our 'Price Match Promise'. This helped to deliver increased customer satisfaction scores in both Supermarkets and Liquor. We also achieved our highest ever team member engagement score ranking in the top quartile.

Group EBIT from continuing operations excluding significant items increased by 2.7% to $2.1 billion (7.5% on a normalised basis) underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 4.5% (normalised 9.0%).

Group sales revenue from continuing operations increased by 1.8%, (3.6% on a normalised basis) with growth in Supermarkets sales revenue of 4.3% (normalised) and Liquor sales revenue of 1.1% (normalised).

Several major milestones were also delivered in our capital investment program, including the launch of our Kemps Creek Automated Distribution Centre (ADC) and our two Customer Fulfilment Centres (CFCs) in NSW and Victoria.

Outcomes for FY25

Across FY25, the Executive Leadership Team successfully navigated through a period of increased public focus, delivering an improved customer experience and solid financial results.

Short-term Incentive (STI)

The Board assessed the performance of the Executive KMP against their STI individual balanced scorecards and in the context of overall Group performance to determine STI payments to Executive KMP between 74.8% and 82.1% of the maximum opportunity.

The Managing Director and CEO's STI outcome of 77.1% of the maximum opportunity reflects solid financial results, improved customer experience in a challenging external environment, the ramp up of our two new CFCs, and progress on our sustainability strategy. Despite the strong improvements in TRIFR across the majority of our workforce, and the achievements against the Group Safety Index, the Group TRIFR gateway was not met.

For the purposes of the Managing Director and CEO's STI scorecard assessment, the Board determined that Group Sales and EBIT outcomes were between target and stretch, the Ocado transformation program and Sustainability strategic objectives were at target, Customer Net Promoter Score (NPS) was between threshold and target, and the Safety objective was not achieved.

Section 4.4 details the FY25 STI payments including a summary of the Board's approach to determining the final STI payable to Executive KMP and the STI structure.

Long-term Incentive (LTI)

The FY23 LTI which covered performance between FY23 and FY25 will vest on 29 August 2025 at 79.8% of the maximum opportunity. As detailed in section 4.5, Cumulative Return on Capital (ROC) was measured at 105.3% of target with 100% of the Performance Rights aligned to this component approved to vest.
The ROC result excluded the Coles Express sale and transaction impacts and significant items. Relative Total Shareholder Return (RTSR) was above threshold at the 54.8th percentile of the LTI Comparator Group, with 59.6% of the Performance Rights aligned to this component approved to vest. This reflects strong returns for shareholders over the 3-year performance period of 40.9%. Section 4.5 details the Board's approach to determining the final FY23 LTI vesting outcomes for Executive KMP, as well as further information on the LTI structure.

Looking ahead to FY26

The Board regularly reviews the remuneration framework and structure, to ensure they remain strongly aligned to our remuneration principles in support of the effective delivery of our strategy.

The Board has determined to make changes to two elements of the Managing Director and CEO's total remuneration opportunity for FY26. This includes a 3.5% increase in Total Fixed Compensation (TFC) effective 1 October 2025, and an increase in the STI opportunity from 80% of TFC at target and 120% of TFC at maximum, to 100% of TFC at target and 150% of TFC at maximum. These changes better align the Managing Director and CEO's total remuneration to the benchmark peer group and represent the first increase in remuneration for the Managing Director and CEO since her appointment on 1 May 2023.

The Board has also determined to make a change to the Managing Director and CEO's STI individual balanced scorecard for FY26.
The Ocado transformation objective has been replaced with an objective focused on our 'Accelerated by Digital' strategic pillar. Performance will be assessed against the achievement of revenue growth in the Coles 360 offer and evolving the digital customer value proposition.

No further changes were made to the Executive remuneration framework or structures for FY26.

Conclusion

The Board considers the FY25 remuneration outcomes to be appropriate, reflecting an improved customer and team member experience, solid financial results and strong sustainable returns for shareholders.

Our more than 115,000 team members are critical to the success of Coles. On behalf of the Board, I would like to extend our sincere thanks to all Coles team members for their contributions throughout FY25 towards 'helping Australians eat and live better every day'.

Richard Freudenstein
Chairman of the People and Culture Committee

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Remuneration Report continued

The Directors of Coles Group Limited ('the Company') present the Remuneration Report for the Company and its controlled entities (together, 'Coles', 'Coles Group' or 'the Group') for the financial year ended 29 June 2025 (FY25). This Remuneration Report forms part of the Directors' Report, and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and is audited.

This Remuneration Report covers the period from 1 July 2024 to 29 June 2025.

The Remuneration Report is divided into the following sections:

1. Key Management Personnel
2. Remuneration governance
3. Executive remuneration policy and structure overview
4. FY25 Executive KMP remuneration
5. FY25 Non-executive Director remuneration
6. Ordinary shareholdings

1. Key Management Personnel

We have prepared this Remuneration Report in respect of the Group's Key Management Personnel (KMP), being the people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly. This includes the Non-executive Directors and Executive KMP.

The 'Executive KMP' consists of the Managing Director and Chief Executive Officer (Managing Director and CEO), and all other executives considered to be KMP. References to 'Other Executive KMP' means the Executive KMP excluding the Managing Director and CEO.

Table 1 shows the people who were considered KMP of the Group during FY25.

Table 1: KMP

NON-EXECUTIVE DIRECTORS

Name	Position held	Term
Current		
Peter Allen	Chairman and Non-executive Director	Appointed as Non-executive Director from 1 September 2024. Appointed as Chairman from 1 May 2025.
Terry Bowen	Non-executive Director	Full Year
Jacqueline Chow	Non-executive Director	Full Year
Abi Cleland	Non-executive Director	Full Year
Richard Freudenstein	Non-executive Director	Full Year
Andrew Penn AO	Non-executive Director	Full Year
Scott Price	Non-executive Director	Full Year
Wendy Stops	Non-executive Director	Full Year
Former		
James Graham AM	Chairman and Non-executive Director	Retired 30 April 2025

EXECUTIVE KMP

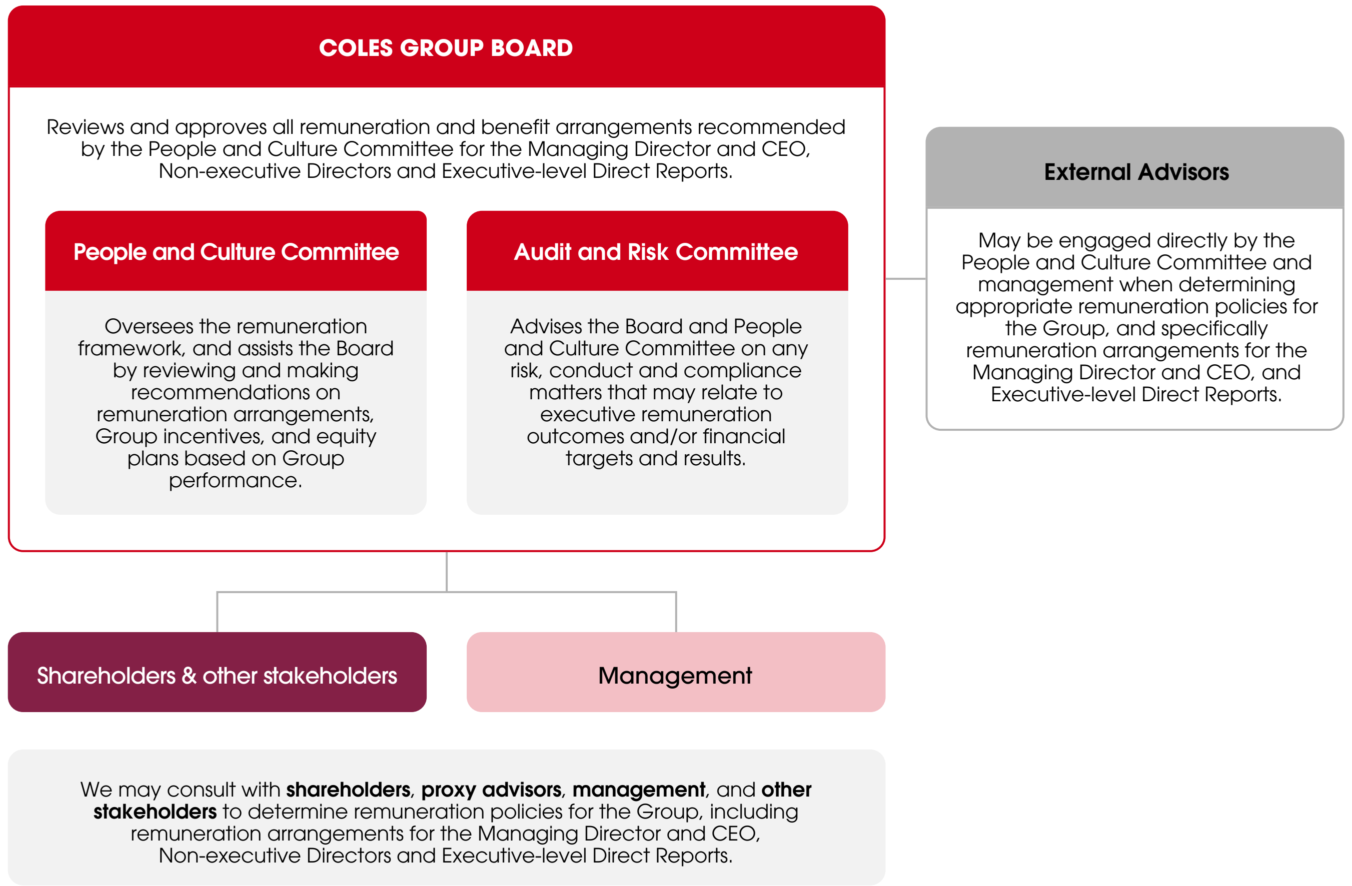
Name	Position held	Term
Leah Weckert	Managing Director and Chief Executive Officer	Full Year
SR (Charlie) Elias	Chief Financial Officer	Full Year
Matthew Swindells	Chief Operations and Supply Chain Officer	Full Year
Anna Croft	Chief Commercial and Sustainability Officer	Full Year

2. Remuneration governance

2.1 Governance framework

The following infographic provides an overview of the remuneration governance framework that has been established by the Group.

Further information regarding the membership and meetings of the People and Culture Committee is provided in the Directors' Report.



The Board maintains overall accountability for oversight of the Group's remuneration policies to ensure they are aligned with the Group's vision, values, strategic objectives and risk appetite. The Board maintains absolute discretion to either positively or negatively adjust the remuneration outcomes for the Managing Director and CEO, and Executive-level Direct Reports. The Board will use its discretion based on the provision of supporting data and its assessment of performance aligned to the Group's values and behaviours, risk, compliance, reputational, safety and sustainability considerations as well as the quality of earnings delivered.

The People and Culture Committee assists the Board in fulfilling its responsibilities to shareholders and regulators in relation to the Group's remuneration policies. The Committee does this by reviewing and making recommendations to the Board on matters including, but not limited to:

- setting remuneration arrangements of Non-executive Directors, the Managing Director and CEO, and Executive-level Direct Reports
- the annual performance review of the Managing Director and CEO, and Executive-level Direct Reports
- assessing remuneration outcomes for the Managing Director and CEO, and Executive-level Direct Reports.

The Committee delegates authority for the operation and administration of all Group incentive and equity plans to management.

External advisors may be engaged either directly by the People and Culture Committee or through management, to provide information on remuneration related issues, including benchmarking information and market data. No remuneration recommendations were made by external consultants in FY25.

2.2 Corporate governance policies related to remuneration

Our robust remuneration framework is supported by several corporate governance polices related to remuneration including the following.

2.2.1 Securities Dealing Policy

Coles has adopted a Securities Dealing Policy that applies to all Group team members including Non-executive Directors and Executive KMP, and their connected persons, as defined within the policy. This policy sets out the insider trading laws all Group team members must comply with, including specific restrictions with which KMP must comply. This includes obtaining approval prior to trading in the Company's securities and not trading within specified periods (known as 'Blackout Periods'), other than with approval in exceptional circumstances as detailed within the policy. The policy aims to protect the reputation of the Group and maintain confidence in trading in the Company's securities. It prohibits specific types of transactions being made that are not in accordance with market expectations or may otherwise give rise to reputational risk. In accordance with the policy, all directors, the Managing Director and CEO, Executive-level Direct Reports and their connected persons are prohibited from hedging their exposure to Company securities.

2.2.2 Minimum Shareholding Policy

The Group's Minimum Shareholding Policy is a key means by which the interests of the KMP are aligned with those of the shareholders. The policy requires both Non-executive Directors and Executive KMP to build and maintain a significant shareholding in the Group.

Non-executive Directors

Non-executive Directors are required to hold at least 1,000 ordinary shares in the Company within six months of their appointment. The shares may be held by a Non-executive Director either in their own name, or indirectly in the name of a custodian, depository, or an entity controlled by the Non-executive Director or a closely related party.

Within five years of appointment, each Non-executive Director is expected to increase their shareholding to an amount equivalent to 100% of their annual base fee at that time. As at the date of this Remuneration Report, each current Non-executive Director satisfies this requirement. The details of each Non-executive Director's shareholding are summarised in Table 10.

Executive KMP

The Managing Director and CEO is required to achieve a minimum shareholding equivalent to 200% of Total Fixed Compensation (TFC). Executive KMP are required to achieve a minimum shareholding equivalent to 100% of TFC. Achievement of the minimum shareholding is within five years from the date they commence as the Managing Director and CEO or in an Executive level role . The details of each Executive KMP shareholding are summarised in Table 11. In addition to Executive KMP, this policy also applies to all other Executive-level Direct Reports.

3. Executive remuneration policy and structure overview

3.1 Executive remuneration policy for FY25

Coles' vision and strategy remains the primary driver of our remuneration framework and is guided by our remuneration principles. Our broader remuneration principles for all team members are set out in our Remuneration Policy as part of our commitment to fair and equitable remuneration outcomes across reward programs and practices.

MARKET COMPETITIVE	PERFORMANCE - BASED	CREATES LONG-TERM VALUE FOR SHAREHOLDERS	FIT FOR PURPOSE
Retail is a globally competitive industry. We need to be able to attract, motivate and retain high-calibre executives from both the local and global talent market.	A strong link to performance-based pay to support the achievement of strategy aligned with short-, medium- and long-term financial targets.	Ensuring there is a common interest between executives and shareholders by aligning reward with the achievement of sustainable shareholder returns.	Designed to be relevant to how the Group operates. It needs to be simple to articulate, drive the right behaviours and ensure we deliver on our strategy.

The People and Culture Committee determined the framework is appropriately aligned with our strategy and the interests of our shareholders. Specific performance conditions and outcomes for FY25 are included in section 4. Details of prior years' remuneration, including performance conditions and outcomes, are set out in the Remuneration Reports of prior Annual Reports, which are available at **colesgroup.com.au**.

Executive KMP remuneration is delivered through a simple three-element structure using both fixed and variable (at-risk) components as outlined in the following graphic.

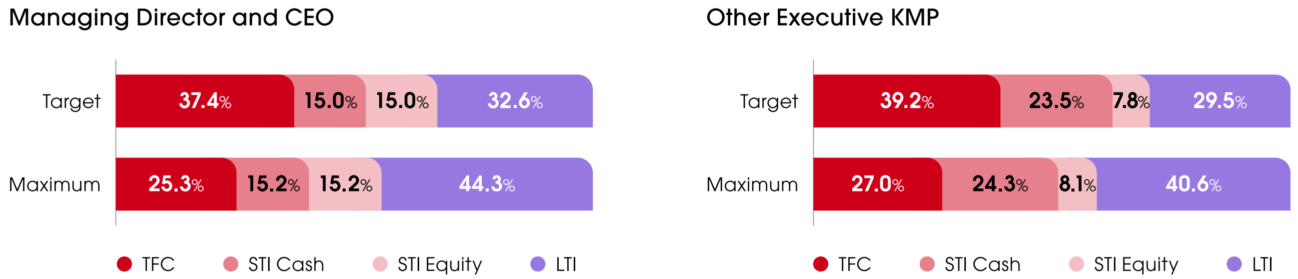
	Total Fixed Compensation (TFC)	Short Term Incentive (STI)	Long Term Incentive (LTI)
Purpose	Allows us to attract and retain key talent through competitive and fair fixed remuneration.	Incentivises strong individual and Group performance, based on strategically aligned deliverables, through variable, at-risk payments.	Aligns reward with creation of sustainable, long-term shareholder value
Delivery	Cash	Cash; Equity (Shares)	Equity (Performance Rights)
FY25 Structure	TFC consists of base salary and superannuation. Our target position is the 50th percentile of the ASX 10–40 Comparator Group (plus reference to local and international retailers, as required)	The STI is measured against an individual balanced scorecard consisting of: • 60% Financial measures • 40% Strategic and Non-financial measures The STI scorecard includes a mixture of Group and functional strategic measures.	The LTI is measured against: • 50% Relative Total Shareholder Return (RTSR) (ASX 100 Comparator Group) • 50% Cumulative Return on Capital (ROC) A dividend equivalent payment is made in shares upon vesting.
Target & Maximum Opportunity	N/A	80% of TFC at target 120% of TFC at maximum	175% of TFC (MD & CEO) 150% of TFC (Other Executive KMP)
MD & CEO Time Horizons	Performance 1 Year Salary Paid	Performance 1 Year Year 1: Cash 50% Year 3: 50% deferred into Shares held in restriction for 2 years	Performance 3 Years 175% of TFC over 3-year vesting period
Other Executive Time Horizons	Performance 1 Year Salary Paid	Performance 1 Year Year 1: Cash 75% Year 2: 25% deferred into Shares held in restriction for 1 year	Performance 3 Years 150% of TFC over 3-year vesting period

Variable remuneration is subject to the Board's ongoing discretion based on performance results, in-year adjustments, and clawbacks.

3.2 FY25 target and maximum remuneration mix for Executive KMP

The remuneration mix for all Executive KMP outlined in Graph 1, is heavily weighted towards variable remuneration, with 62.6% of total target remuneration for the Managing Director and CEO linked to performance-based pay. 47.6% of the total target remuneration for the Managing Director and CEO is delivered in equity, providing strong alignment to create shareholder value.

Graph 1 – Total target and maximum remuneration mix[1]



1. LTI percentages shown in the remuneration mix are equivalent to 50% of the face value of the LTI award at target and 100% of the face value of the LTI award at maximum, aligned to the vesting schedule for target and maximum performance.

3.3 Executive KMP employment agreements

Executive KMP employment terms are formalised in employment contracts that have no fixed term. Specific information relating to the terms of the Executive KMP's employment contracts is in Table 2.

Table 2: Executive KMP employment contracts

Name	Notice period[1]	Restraint of trade
Leah Weckert	12 months	12 months
SR (Charlie) Elias	12 months	12 months
Matthew Swindells	12 months	12 months
Anna Croft	12 months	12 months

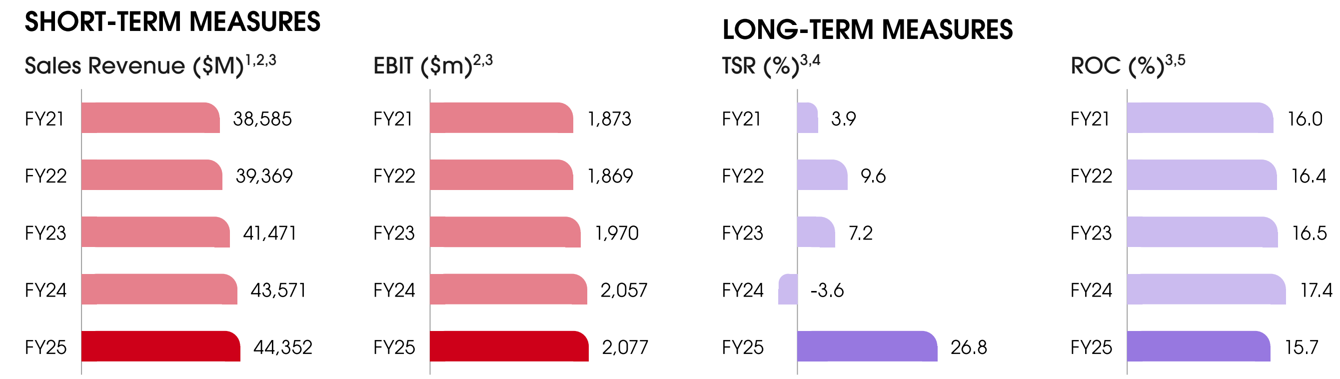
1. Executive KMP can be terminated without notice if they are found to have engaged in serious or wilful misconduct, are seriously negligent in the performance of their duties, commit a serious or persistent breach of their employment contract, or commit an act, whether at work or otherwise, that would bring the Group into disrepute. The Group may also make a payment in lieu of notice.

4. FY25 Executive KMP remuneration

4.1 Group performance

The remuneration framework has been designed to reward Executive KMP for their contribution to the collective performance of the Group, and to support the alignment between the remuneration of Executive KMP and shareholder returns.

The following graphs and table represent the relationship between remuneration of Executive KMP and the Group's financial performance over the last five financial years (including FY25).



STI & LTI outcomes	FY21	FY22	FY23	FY24	FY25
STI outcomes (AVG Executive KMP % of maximum)	88.2%	73.1%	67.3%	73.3%	78.5%
LTI outcomes (% of maximum)	97.6%	100.0%	50.0%	76.1%	79.8%
LTI absolute TSR (3 year performance period)	58.1%	43.8%	23.2%	16.0%	40.9%
LTI relative TSR (3 year performance period)	72.6%ile	84.3%ile	38.6%ile	52.2%ile	54.8%ile
Dividends determined in respect of the financial year (cents)[6]	61.0	63.0	66.0	68.0	69.0
Closing share price (at end of financial year)[7]	$16.83	$17.81	$18.40	$17.03	$20.82

1. Sales revenue and online sales for FY21 have been restated to reflect a reclassification of fulfilment income to sales revenue (previously reported within Other Income).
2. Sales revenue and EBIT for FY23 include continuing and discontinued operations. Sales revenue and EBIT for FY24 includes continued operations only. There are no sales from discontinued operations for FY24.
3. Sales revenue, EBIT,Total Shareholder Return (TSR) and ROC reflect a 52-week period for all years with the exception of FY24. FY24 includes a 53rd week for reporting purposes in accordance with our retail calendar.
4. TSR is calculated as the change in share price during the financial measurement period plus dividends reinvested on the respective ex-dividend dates.
5. ROC is Group EBIT divided by capital employed. Capital employed is calculated on a rolling average basis.
6. The dividends determined in respect of the financial year reflect the dividends determined for the financial year irrespective of the dividend payment date.
7. The closing share price for FY20 was $16.79.

4.2 Board oversight of remuneration outcomes

Board discretion is a key element of the design of our remuneration programs. The Board maintains absolute discretion to ensure remuneration outcomes are appropriate in the context of Coles' performance, our customer experience and shareholder expectations. The Board has discretion in evaluating the achievement against performance measures, including to adjust for unusual factors. The steps undertaken by the Board to inform their decisions with respect to remuneration outcomes for FY25 are further outlined in sections 4.3 to 4.5.

4.3 Total Fixed Compensation (TFC)

TFC is designed to be competitive to attract, motivate and retain the right talent. The TFC for Executive KMP is benchmarked against the ASX 10-40 (based on market capitalisation), as well as local and international retailers. We target TFC at the 50th percentile of this peer group for comparable roles. This approach to benchmarking has remained unchanged since FY19.

The Board reviewed Executive KMP TFC and total remuneration packages against the peer group during FY25. This review was informed by a detailed benchmarking exercise conducted by management. The Board approved an increase to TFC of 11.8% for Anna Croft and 2.8% for Charlie Elias with effect from 1 October 2024, to more closely align them to the market benchmarks.

4.4 Short-term incentive (STI)

The table below outlines the key features of the FY25 STI plan for the Executive KMP.

Purpose	The STI rewards Executive KMP for the achievement of key Financial, Strategic and Non-financial measures relevant in the financial year to the Coles Group strategy.
Eligibility	All Executive KMP are eligible to participate.
Opportunity	The STI target opportunity for Executive KMP is 80% of TFC. Up to 120% of TFC can be achieved for maximum performance, which is equivalent to 150% of the target STI opportunity. Above target STI payments can only be achieved through outperformance on either Group EBIT or Group sales.

4.4 SHORT-TERM INCENTIVE (STI) CONTINUED

Delivery and timing	The STI award is delivered in two parts, a cash component, and a deferred equity component. 50% of the total STI award for the Managing Director and CEO is deferred into equity for two years, and 25% of the total STI award for the Other Executive KMP is deferred into equity for one year. The remainder of the STI award for all Executive KMP will be paid in cash in September 2025. The number of STI Shares that will be granted and subject to deferral was calculated by using the 10-day Volume Weighted Average Price (VWAP) up to and including the final day in the Performance Period (i.e. 29 June 2025). The deferred equity component of the STI award will be allocated following the 2025 AGM, where shareholder approval will be sought for the grant to the Managing Director and CEO. STI Shares are unable to be traded during the restricted period, being one year for the Other Executive KMP and two years for the Managing Director and CEO. Once the restricted period ends, the Executive KMP may trade these shares subject to Coles' Securities Dealing Policy.
Performance Period	1 July 2024 to 29 June 2025.
Performance conditions	The individual balanced scorecard for each of the Executive KMP is weighted 60% (at target) for financial performance measures and weighted 40% (at target) for Strategic and Non-financial measures. All measures chosen for FY25 align with the Coles Group strategy and the commitments made to shareholders. With respect to Financial measures, Group EBIT focuses on delivering strong earnings through the business cycle and ensuring strong returns for shareholders. By also including a Group sales measure, it ensures a strong focus on our capability to deliver sustainable returns for shareholders in the long term. The Strategic and Non-financial measures chosen for the Managing Director and CEO represent a balanced set of priorities for the Group across Customer, People and Safety, Sustainability and Transformation. The Strategic and Non-financial measures for each of the Executive KMP balanced scorecards equally include measures across these broad categories which best reflect their direct accountability. These measures represent the highest strategic priorities in year for the organisation in support of sustainable value creation and the commitments made to shareholders aligned to our strategy.
Setting performance conditions and targets	When setting performance measures and targets for the STI, the Board considers: • appropriate measures and targets aligned to our strategy, risk framework and commitments to shareholders • targets that represent strong earnings through the business cycle that are also sustainable for shareholders • macro-economic conditions and forecast market growth, as well as our competitive environment and consumer and retail trends • striking the right balance between achievability and an appropriate level of stretch. The Board procures a range of external benchmarks to inform target setting, including information from the Australian Bureau of Statistics, economists, investment banks, top-tier international consulting firms, academics, and equity market research analysts.
Performance assessment	Performance against the individual balanced scorecard measures were assessed by the Board based on the Group's annual audited financial statements and other data provided to the Board. The Board determined this method is the most appropriate way to assess the true performance of the Group and the Executive KMP's contribution for FY25 to determine remuneration outcomes.
Quality and Behaviour overlay	The assessment also includes a 'Quality and Behaviour' overlay that considers: • how the Executive KMP achieved performance aligned to Coles' values and their contribution to driving an appropriate company culture • risk, compliance, safety, sustainability and reputational considerations • the quality of earnings delivered in the year and impact on future earnings.
Leaver provisions	In the event of resignation or dismissal for cause or significant underperformance prior to payment of the STI, an Executive KMP will not be eligible for any STI award, unless the Board determines otherwise. During the restricted period, if an Executive KMP leaves the organisation in the event of resignation or dismissal for cause or significant underperformance, all STI Shares will be forfeited unless the Board determines otherwise. In any other circumstances (including by reason of redundancy, permanent disability, death or ill health) the STI Shares will continue on foot until the relevant vesting date, unless the Board determines otherwise.
Board discretion	The Board retains discretion to suspend or terminate the program at any time and amend all or any elements of the program up until the date of payment. The Board consider the formulaic outcomes of the STI in the context of the Group's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate the Board may use discretion to adjust the formulaic outcomes.

Details of the performance measures for the Managing Director and CEO's calculated balanced scorecard for FY25 are set out in Table 3.

Table 3: FY25 Performance measures for the Managing Director and CEO

Measures		Target weighting	Maximum weighting	Threshold	Target	Stretch	Outcome	Actual STI outcome
Financial Performance (60% weighting)	Group EBIT	40%	75%	$2,003m	$2,065m	$2,127m	$2,112m[1] Between Target & Stretch	66.2%
	Group sales revenue[2]	20%	35%	$42,682m	$43,553m	$44,424m	$43,617m Between Target & Stretch	21.1%
Strategic Performance (40% weighting)	Strategic Transformation Ocado Program	10%	10%	Deliver step change in customer NPS, perfect order rates and range availability.		N/A	Target Achieved	10.0%
	Group Sustainability Strategy	10%	10%	Progress against strategy commitments including customer perception		N/A	Target Achieved	10.0%
	Safety Index - with TRIFR gateway	10%	10%	Maintain	3% index improvement	N/A	Index 24% above target TRIFR gateway not met Below Threshold	–
	Customer NPS Stores	10%	10%	Maintain	3.1 point improvement	N/A	2.0 point improvement Between Threshold & Target	8.2%
Overall Performance		**100%**	**150%**					**115.5% (92.5% of TFC)**

1. Group EBIT outcome excludes significant items
2. Group sales targets and actuals exclude the Viva Product Supply Arrangement.

Group EBIT: Group EBIT from continuing operations excluding significant items increased by 2.7% to $2.1 billion (7.5% on a normalised basis) underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 4.5% (normalised 9.0%).

Group Sales: Group sales revenue from continuing operations increased by 1.8%, (3.6% on a normalised basis) with growth in Supermarkets sales revenue of 4.3% (normalised) and Liquor sales revenue of 1.1% (normalised). Sales revenue growth was driven by solid volume growth throughout the year and underpinned by our focus on value, quality, availability and the overall customer experience.

Strategic Transformation

Ocado Program: Following the opening of our two automated CFCs in July we successfully transitioned our next day home delivery volumes in our Melbourne and Sydney catchments by the end of November. We have seen Perfect Order Rates track at more than double the national home delivery rate, new ranges added in the non-food category and strong volume growth.

We are already operating in the upper quartile of Ocado international partner benchmarks across a number of efficiency and last mile metrics.

Sustainability: We continued to advance our sustainability strategy across FY25 with positive achievements across customer perception, target setting to address Scope 1, 2 and 3 emissions and progress on addressing recycling of soft plastics. We achieved a 1pp improvement in customer perception of our sustainability practices through strong alignment of customer communications on focus areas that matter most to our customers. With respect to Scope 3 emissions, we have set a FY30 Forest, Land and Agriculture (FLAG) target validated by the Science Based Targets initiative (SBTi), supported by a documented achievability plan.

42.3% of suppliers covering purchased goods and services, as well as upstream transportation and distribution, have set science-based Scope 1 and 2 emissions reduction targets. Finally, in collaboration with external stakeholders, Coles has supported the establishment of a Producer Responsibility Organisation – Soft Plastics Stewardship Australia (SPSA).

On 11 August 2025, the ACCC issued a draft determination proposing to grant authorisation to enable SPSA to run a voluntary, industry-led scheme to collect and recycle soft plastic packaging from consumers.

Safety Index: The Group Safety Index achieved a 24% improvement on target, with strong results across Supermarkets which covers 85% of our team members. The Index outcomes for hazard observations, mental health outcomes, safety training and serious incidents were all positive.

Group TRIFR for FY25 increased by 8.9% compared to FY24. This result includes the two new CFCs which became operational during the year, covering 2% of our team members. On an underlying basis (excluding the two new CFCs) Group TRIFR improved by 3.7% compared to FY24.

Group TRIFR is a gateway for the safety objective. Despite the strong improvements across the majority of our workforce, and the achievements against the Group Safety Index, the Group TRIFR gateway was not met and the Board determined that no payment would be made for the safety objective.

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4.4 SHORT-TERM INCENTIVE (STI) CONTINUED

When FY25 targets were set, the Board determined not to adjust the baseline for the Group TRIFR gateway in consideration of the two new CFCs which were not operational in FY24.

By not adjusting the Group TRIFR gateway, those facilities were being held to the high safety expectations we have for our mature operations. A higher number of injuries were reported than anticipated across the first year of operations, largely as a result of minor muscular skeletal injuries occurring through manual handling tasks.

The Board is satisfied management has proactively responded to the challenges experienced across the first year of operations aligned to our safety culture and has a comprehensive plan in place to reduce injuries in the CFCs.

Customer NPS: Customer experience improved across all key metrics with the biggest gains seen in availability, quality, range and checkout experience.

Key initiatives included strengthening afternoon and evening shelf availability, delivering deeper specials, improving merchandising standards and optimising front-end service during peak trading periods.

This resulted in a 2.0 point improvement for Store NPS achieving between threshold and target performance.

Other Executive KMP shared many of the same scorecard measures as the Managing Director and CEO with variations relevant to each of their portfolios.

For FY25 achievement against the Financial and Non-financial measures for Other Executive KMP ranged from not achieved to fully achieved. The outcomes are set out in Table 4 in section 4.4.1.

4.4.1 FY25 STI award

The Board assessed performance against the calculated balanced scorecards of the Managing Director and CEO, and the Other Executive KMP, to determine any STI award payable. The Board also considered the appropriate application of the 'Quality and Behaviour' overlay and their overall discretion to determine the final Executive KMP STI outcomes for FY25 as detailed in Table 4.

After reviewing the operations and performance of the Managing Director and CEO, and the Other Executive KMP, the Board determined no adjustments were required based on the 'Quality and Behaviour' overlay as part of its overall discretion.

Table 4: FY25 Executive KMP STI outcomes

	STI opportunity[1]		STI awarded				STI forfeited[4]
Name	Target 80%	Maximum 120%	$	% of TFC	Cash[2]	Equity[3]	(%)
Leah Weckert	1,600,000	2,400,000	1,850,000	92.5%	925,000	925,000	22.9%
SR (Charlie) Elias	884,000	1,326,000	1,088,425	98.5%	816,319	272,106	17.9%
Mathew Swindells	800,000	1,200,000	898,000	89.8%	673,500	224,500	25.2%
Anna Croft	760,000	1,140,000	909,827	95.8%	682,371	227,456	20.2%

1. The minimum STI opportunity was nil.
2. The FY25 cash component of the STI will be paid on or about 15 September 2025.
3. The FY25 equity component of the STI will be granted in STI Shares following the 2025 AGM, using a 10-day VWAP for the period up to, and including, 29 June 2025 of $21.58. Shareholder approval will be sought for the grant of equity to the Managing Director and CEO at the 2025 AGM.
4. The STI forfeited is calculated as a percentage of maximum STI opportunity.

4.5 Long-term incentive (LTI)

The table below outlines the key features of the FY25 LTI plan for the Executive KMP.

Purpose	The LTI rewards Executive KMP for the achievement of long-term sustainable returns for shareholders.
Eligibility	All Executive KMP are eligible to participate.
Opportunity	The maximum LTI opportunity is 175% of TFC for the Managing Director and CEO, and 150% of TFC for Other Executive KMP.

Delivery	The LTI is delivered in Performance Rights. Each Performance Right entitles the Executive KMP to one ordinary share in the Company on vesting. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares. Performance Rights vest subject to achievement of relevant performance conditions and were allocated at no cost to the Executive KMP, with no amount payable on vesting. The Performance Rights for Executive KMP under the FY25 LTI plan were allocated on 2 December 2024, following the 2024 AGM (at which the grant made to the Managing Director and CEO was approved for the purposes of ASX Listing Rule 10.14) details of which are published in this FY25 Remuneration Report.
Number of Performance Rights	The number of Performance Rights allocated to the Executive KMP was determined by dividing each Executive KMP's maximum LTI opportunity by the VWAP of Coles shares trading on the ASX over the 10 trading days up to and including 30 June 2024, rounded up to the nearest whole number.
Performance Period	1 July 2024 to 27 June 2027 (FY25–FY27).
Summary of performance conditions	Performance Rights will vest subject to the satisfaction of the following performance conditions measured over the Performance Period: • 50% of Performance Rights are subject to a Cumulative return on capital (ROC) hurdle (ROC component) • 50% of Performance Rights are subject to a relative total shareholder return (RTSR) performance hurdle. Coles' RTSR was compared to companies in the S&P ASX100 (LTI Comparator Group) at 30 June 2024. Cumulative ROC and RTSR are considered complementary measures, each capturing distinct aspects of value generation. From our analysis across the ASX, there is minimal correlation between ROC and TSR. This supports the use of both our measures, ensuring a balanced and robust framework for assessing long-term performance. The Board regularly seeks independent analysis to ensure our LTI program remains relevant to our continued ambition to create lasting and sustainable shareholder value.

ROC COMPONENT

Vesting of the Performance Rights in the ROC component is subject to achievement of at least 95% of the Cumulative ROC target over the Performance Period.

Cumulative ROC measures the Company's average annual ROC over the Performance Period against targets set by the Board. Cumulative ROC is calculated based on the Company's audited financial information. The Board will assess Cumulative ROC after the end of the Performance Period.

In assessing achievement against the Cumulative ROC performance condition, the Board may have regard to any matters that it considers relevant and retains discretion to review outcomes to ensure the results are appropriate.

The number of Performance Rights in the ROC component that vest, if any, will then be based on the Group's Cumulative ROC performance determined over the Performance Period by reference to the following vesting schedule:

Group cumulative ROC over the performance period	% of Performance Rights that vest
Equal to or below 95% of the Cumulative ROC target is achieved	0%
Between 95% and 105% of the Cumulative ROC target is achieved	Straight-line pro rata vesting between 0% and 100%
Equal to 105% or above of the Cumulative ROC target is achieved	100%

The ROC targets are considered by Coles to be commercially sensitive. However, the Board will disclose the relevant vesting outcomes following the end of the Performance Period.

RTSR COMPONENT

The number of Performance Rights in the RTSR component that vest, if any, will be based on Coles' RTSR ranking within the LTI Comparator Group over the Performance Period, as set out in the following vesting schedule:

Coles RTSR rank in the LTI Comparator Group	Coles RTSR rank in the LTI Comparator Group
Below the 50th percentile	0%
Equal to the 50th percentile	50%
Between 50th percentile and 75th percentile	Straight-line pro rata vesting between 50% and 100%
Equal to the 75th percentile or above	100%

Following testing, any Performance Rights that do not vest will lapse. There is no re-testing of awards. The Board has discretion to adjust the LTI Comparator Group to take account of events such as takeovers, mergers and demergers.

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4.5 LONG-TERM INCENTIVE (LTI) CONTINUED

Setting performance conditions and targets	When setting performance measures and targets for the LTI, the Board considers: • appropriate measures and targets aligned to our strategy (including projected impacts from known major capital projects), risk framework and commitments to shareholders • targets that represent strong sustainable returns for shareholders • macro-economic conditions as well as our competitive environment and consumer and retail trends • striking the right balance between achievability and an appropriate level of stretch. The Board procures a range of external benchmarks to inform target setting including information from the Australian Bureau of Statistics, economists, investment banks, top-tier international consulting firms, academics, and equity market research analysts.
Performance assessment and vesting	RTSR performance is independently assessed over the Performance Period against the constituents of the LTI Comparator Group. ROC is calculated using Coles' audited financial results. These assessment methods are designed to safeguard the integrity of the performance assessment process, and ensure the accuracy of underlying information. Following testing, the Board will determine the number of Performance Rights to vest, which is expected to occur in late August 2027. Details regarding the vesting of the Performance Rights will be included in the FY27 Remuneration Report. Any Performance Rights that do not vest will lapse. No re-testing of the performance conditions is permitted. If the anticipated vesting date falls within a Blackout Period (as defined within the Company's Securities Dealing Policy), vesting will be delayed until the end of that period.
Voting rights	Prior to vesting, Performance Rights do not entitle Executive KMP to voting rights.
Dividends	Executive KMP do not have an entitlement to dividends prior to vesting. After testing against the performance conditions, Executive KMP will receive a dividend equivalent amount related to the vested Performance Rights only. The dividend equivalent amount will be delivered in additional shares, equal in value to that of dividends that would have been paid on the vested Performance Rights had the Executive KMP been the owner of Coles shares during the period from the Performance Rights grant date to the vesting date. There is no dividend payable on any Performance Rights that do not vest. The Board retains a discretion to settle the dividend equivalent amount in cash.
Restrictions on dealing	Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights. Executive KMP will be free to deal with the shares allocated on vesting of the Performance Rights, subject to the requirements of Coles' Securities Dealing Policy.
Change of control	Under the Offer terms, the Board may determine in its absolute discretion that some or all the Executive KMP's Performance Rights will vest or cease to be subject to restrictions on a likely change of control. Where there is an actual change in control of the Company, unless the Board determines otherwise, unvested Performance Rights will vest on a pro rata basis (based on the proportion of the Performance Period that has elapsed).
Leaver provisions	In the event of resignation or dismissal for cause or significant underperformance, all unvested Performance Rights will lapse, unless the Board determines otherwise. In any other circumstances (including by reason of redundancy, permanent disability, death or ill health), a pro rata number of Performance Rights (based on the proportion of the Performance Period that has been served) will remain on foot and subject to the original terms of offer, as though the Executive KMP had not ceased employment, unless the Board determines otherwise.
Board discretion and clawback	The Board has broad clawback powers to determine that any Performance Rights may lapse, any shares allocated on vesting are forfeited, or that the Executive KMP is required to pay as a debt the net proceeds of the sale of shares or dividends in certain circumstances. For example, circumstances include where the Executive KMP has acted fraudulently or dishonestly, has engaged in gross misconduct, brought the Group into disrepute, or breached their obligations to the Group. This protects Coles against the payment of benefits where participants have acted inappropriately. The Board also considers the formulaic outcomes of the LTI in the context of the Company's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate the Board may use discretion to adjust the formulaic outcomes.

4.5.1 FY25 LTI outcomes

Performance Rights granted under the FY25 LTI will be tested following the end of FY27 (the end of the Performance Period). Details of the number of Performance Rights granted under the FY25 LTI are included in section 4.7. Details of equity awards granted to Executive KMP in prior years (including applicable performance conditions and vesting dates) have been disclosed in previous Remuneration Reports and a summary of Performance Rights currently on foot are detailed in Table 7.2.

4.5.2 FY23 LTI vesting outcome

On 30 November 2022, Executive KMP were granted Performance Rights relating to their FY23 LTI award. The Performance Period for the award was 27 June 2022 to 29 June 2025.

The Performance Rights were subject to two performance conditions (as well as a service condition):

- 50% of the Performance Rights were subject to the Group's Cumulative ROC performance over the Performance Period (ROC Component); and
- the remaining 50% of the Performance Rights were subject to a relative TSR condition, measured over the Performance Period (TSR Component). The Company's TSR was compared to a LTI Comparator Group of companies, comprising the ASX100 (LTI Comparator Group) as at 26 June 2022.

Table 5: Testing of performance hurdles

Based on testing of each performance hurdle, the following vesting will occur on 29 August 2025 in relation to the FY23 LTI award.

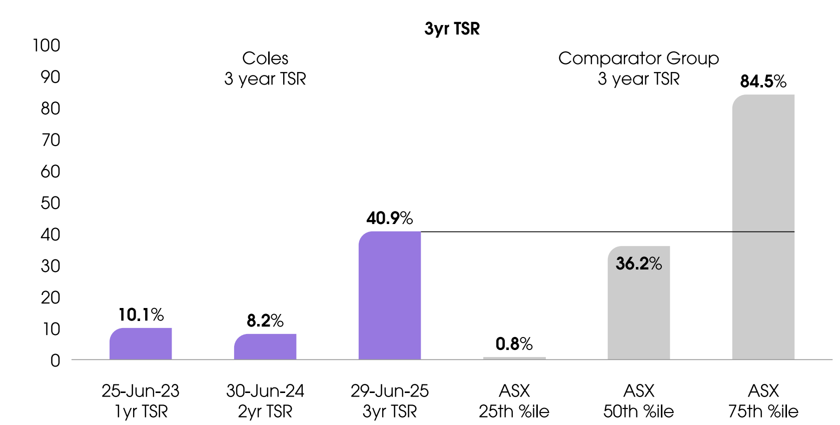
Measures	Weighting	Threshold 0% Vest	Target 50% Vest	Maximum 100% Vest	Result	% Vest
Cumulative ROC	50%	95%	100% of Target	105% of Target	105.3%	50.0%
RTSR	50%	n/a	50th percentile	75th percentile	54.8 percentile	29.8%
Overall outcome						**79.8%**

Further details regarding each performance hurdle in Table 5 is provided as follows:

Cumulative ROC: ROC targets are set by the Board across the three-year Performance Period reflective of the incremental capital investments required to grow long-term shareholder value. Such investments, which include new stores, Automated Distribution Centres and Customer Fulfilment Centres, will not always generate benefits within the same three-year period given the time required for implementation and ramp up. Consequently, ROC targets do not always follow a linear progression. FY23 LTI ROC performance was above the maximum target set by the Board on a cumulative basis over the three-year Performance Period resulting in 100% of this component vesting.

ROC	FY23	FY24	FY25	Cumulative performance
% of target achieved	103.3 %	114.9 %	98.7 %	105.3 %

RTSR: The company performed at the 54.8th percentile against the LTI Comparator Group which resulted in 59.6% (29.8% out of a possible 50%) of this component vesting. Over the 3-year Performance Period, this represented absolute TSR performance of 40.9%.



As a result of the overall vesting outcome, the following number of shares will be allocated to each of the Executive KMP on 29 August 2025. The value of the shares allocated will reflect the number of shares allocated to each of the Executive KMP multiplied by the share price at that time. The total number of shares includes both the conversion of Performance Rights to shares, and shares allocated in consideration of the dividend equivalent amount. Shares allocated in reference to the dividend equivalent amount are calculated by dividing the value by the 10-day VWAP for the period up to and including 29 June 2025.

Name[1]	Number of shares
Leah Weckert	77,407
SR (Charlie) Elias	72,298
Matthew Swindells	69,743

1. Anna Croft was not eligible for the FY23 LTI Plan.

Remuneration Report continued

4.6 Summary of remuneration received by Executive KMP (statutory remuneration)

Table 6 details the nature and amount of each element of remuneration of the Executive KMP. There were no transactions or loans between Executive KMP and the Company or any of its subsidiaries during FY25.

Table 6: Executive KMP remuneration

				Short-term	Long-term	Post-employment	Value of share-based payments[2]		
Name	Year	Base salary $	Other benefits[1] $	Cash STI $	Accrued leave benefits $	Super-annuation benefits $	Performance Rights $	Shares $	Total compen-sation $
Leah Weckert	**2025**	**1,970,068**	**1,048**	**925,000**	**48,047**	**29,932**	**1,750,451**	**691,052**	**5,415,598**
	2024	1,972,601	1,144	866,000	69,351	27,399	1,339,651	416,523	4,692,669
SR (Charlie) Elias	**2025**	**1,067,568**	**556**	**816,319**	**15,811**	**29,932**	**952,115**	**240,183**	**3,122,484**
	2024	1,047,601	452	691,763	(8,487)	27,399	863,538	202,949	2,825,215
Matthew Swindells[3]	**2025**	**970,068**	**201,869**	**673,500**	**8,581**	**29,932**	**941,641**	**207,136**	**3,032,727**
	2024	972,601	802,129	685,500	79,528	27,399	920,797	204,689	3,692,643
Anna Croft[4]	**2025**	**895,068**	**601,476**	**682,371**	**17,443**	**29,932**	**571,208**	**753,012**	**3,550,510**
	2024	349,006	304,324	-	31,761	13,699	106,204	252,211	1,057,205
Total[5]	**2025**	**4,902,772**	**804,949**	**3,097,190**	**89,882**	**119,728**	**4,215,415**	**1,891,383**	**15,121,319**
Total	2024	4,341,809	1,108,049	2,243,263	172,153	95,896	3,230,190	1,076,372	12,267,732

1. Other benefits include costs associated with employment (including any applicable fringe benefits tax).
2. The amounts represent the accounting fair value of the grants of Performance Rights and STI Shares. If the performance conditions are not met, the Executive KMP will not be entitled to the shares. Refer to sections 4.4 and 4.5 for further details for the grants, their performance conditions and Performance Periods.
3. Short-term other benefits for Matthew Swindells includes payments for the Medium Term Incentive (MTI) cash award as outlined in Coles' 2023 and 2024 Remuneration Report. This provided him with the opportunity to earn a cash payment of up to $1 million depending on the achievement of performance hurdles related to the successful build and go-live for Coles' CFCs in NSW and Victoria, and the successful integration of Coles' milk processing plants across FY24 and FY25. In FY24, the Board determined 80% ($800,000) of the total MTI opportunity to be granted, which was paid to Matthew Swindells in September 2024. In FY25 the Board determined that the performance conditions for the final 20% of the MTI were met following the successful integration of Coles' milk processing plants, and a payment was made to Matthew Swindells of $200,000 in November 2024.
4. Short-term other benefits for Anna Croft include an amount for the compensation of incentives foregone from her prior employer. This was structured to include 50% cash and 50% equity. A total of $1,000,000 was paid in cash to Anna Croft. This was split into two tranches. As required by the accounting standards, this compensation is recognised from her commencement up until the end of the 12-month clawback period on each payment. The first tranche of $250,000 was paid to Anna Croft during FY24. The second tranche of $750,000 was made in September 2024. A total of $1,000,000 was allocated in equity to Anna Croft on 2 December 2024. This was delivered as FY24 STI Shares and are restricted until September 2025 under the normal terms of the STI deferred equity component. Anna Croft did not participate in the standard FY24 STI.
5. The variance between FY25 and FY24 total compensation primarily reflects that FY24 includes less than 6 months of Anna Croft's employment from her commencement date of 22 January 2024, and a lower level of short-term benefits (refer footnote 4).

4.7 Summary of Executive KMP shareholding and Performance Rights

Tables 7.1 and 7.2 show the movements of STI Shares and Performance Rights, held beneficially, by each Executive KMP during FY25. No other shares were acquired as remuneration during the year. STI Shares are time-based only. Details of Executive KMP holdings of ordinary shares are provided in Table 11.

Table 7.1: STI Shares

		Movements during the financial period				Additional information
Name	Balance of shares held at 30 June 2024	Granted during the year	Vested/ released during the year	Lapsed during the year	Closing balance at 29 June 2025[1]	Accounting fair value of grant yet to vest ($)[2]
Leah Weckert[3]	26,054	50,467	-	-	76,521	1,298,324
SR (Charlie) Elias	11,884	13,438	(11,884)	-	13,438	247,259
Matthew Swindells	10,458	13,316	(10,458)	-	13,316	245,014
Anna Croft	-	58,276	-	-	58,276	1,072,278

1. STI Shares are time-based only. No STI Shares were held nominally by Executive KMP or their related parties as at 29 June 2025.
2. The fair value of STI Shares was $17.75 per share at the grant date of 12 November 2024 for Leah Weckert. For Other Executive KMP, the fair value of STI Shares was $18.40 per share at the grant date of 27 November 2024. The fair value of STI Shares is an estimate of the total maximum value of grants in future financial years. STI Shares are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.
3. Approval from shareholders for the issue of the 50,467 STI Shares to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2024 AGM.

Table 7.2: Performance Rights

		Movements during the financial period				Additional information
Name	Balance of shares held at 30 June 2024	Rights allocated as remuneration	Rights vested during the year	Rights forfeited/ lapsed during the year	Closing balance at 29 June 2025	Accounting fair value of grant yet to vest ($)[1]
Leah Weckert[2]	372,038	203,963	(68,216)	(21,424)	486,361	5,348,276
SR (Charlie) Elias[3]	255,976	96,591	(63,417)	(19,917)	269,233	3,015,029
Matthew Swindells[3]	243,893	87,413	(61,189)	(19,217)	250,900	2,807,112
Anna Croft[3]	70,133	83,042	-	-	153,175	1,668,672

1. The fair value of Performance Rights is an estimate of the total maximum value of grants in future financial years. The Performance Rights are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.
2. The fair value of FY25 Performance Rights for Leah Weckert at the grant date of 12 November 2024 was $8.39 for the RTSR component and $15.80 for the ROC component. Approval from shareholders for the issue of the 203,963 Performance Rights to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2024 AGM.
3. The fair value of FY25 Performance Rights for Charlie Elias, Matthew Swindells and Anna Croft at the grant date of 27 November 2024 was $8.84 for the RTSR component and $16.40 for the ROC component.

5. FY25 Non-executive Director remuneration

5.1 Non-executive Director remuneration framework

Non-executive Director remuneration is designed to ensure the Company can attract and retain suitably qualified and experienced Non-executive Directors.

Non-executive Directors receive a base fee for their service as a Director of the Company and, other than the Chairman, an additional fee for membership of, or for chairing a Board committee. Non-executive Directors do not receive shares or any performance-related incentives as part of their remuneration from the Company. A minimum shareholding policy applies to Non-executive Directors (see section 2.2.2).

Non-executive Directors are reimbursed for travel and other expenses reasonably incurred when attending meetings of the Board or conducting the business of the Company.

The People and Culture Committee reviews and makes recommendations to the Board with respect to Non-executive Directors' fees and Board committee fees.

5.2 Current Non-executive Director remuneration policy

The Non-executive Director Remuneration Policy enables the Company to attract and retain high-quality Non-executive Directors with relevant experience. This policy is reviewed annually by the People and Culture Committee. Non-executive Director fees are set after consideration of fees paid by companies of comparable size, complexity, industry and geography. They reflect the qualifications and experience necessary to discharge the Board's responsibilities.

The maximum aggregate fee limit is $3.6 million. This was approved by the shareholders of the Company at the 2018 AGM, prior to listing. The Board benchmarks fees annually against the ASX 10–40 (based on market capitalisation). Having regard to the benchmarking undertaken, the Board determined not to increase the Board and Committee fees during FY25. Table 8 sets out the Board and Committee Fees (inclusive of superannuation) for FY25.

Table 8: Board and Committee fees (inclusive of superannuation) for FY25

Board and Committee fees	Chair	Member
Board[1]	$695,000	$231,000
Audit and Risk Committee	$57,000	$28,000
People and Culture Committee	$57,000	$28,000
Nomination Committee	No fee	No fee

1. The Chairman of the Board does not receive Committee fees in addition to his Board fee.

5.3 FY25 Non-executive Director remuneration

Table 9 outlines the remuneration for the Non-executive Directors of Coles during FY25. There were no transactions or loans between Non-executive Directors and the Company, or any of its subsidiaries during FY25.

Table 9: FY25 Non-executive Director remuneration

Name	Financial year	Base and Committee fees (excluding superannuation) $	Other benefits[1] $	Superannuation benefits $	Total compensation $
Current					
Peter Allen[2,4]	2025	286,274	238	2,226	288,738
Terry Bowen	2025	232,287	229	26,713	259,229
	2024	227,928	680	25,072	253,680
Jacqueline Chow	2025	232,287	768	26,713	259,768
	2024	227,928	680	25,072	253,680
Abi Cleland[3]	2025	232,287	691	26,713	259,691
	2024	246,881	464	6,119	253,464
Richard Freudenstein[3,4]	2025	280,574	–	7,426	288,000
	2024	274,687	–	6,813	281,500
Andrew Penn[5]	2025	258,296	27	29,704	288,027
	2024	150,946	–	15,970	166,916
Scott Price[6]	2025	249,759	–	9,241	259,000
	2024	237,871	–	15,129	253,000
Wendy Stops	2025	232,287	1,128	26,713	260,128
	2024	227,928	1,644	25,072	254,644
Former					
James Graham[7]	2025	550,744	218	28,423	579,385
	2024	667,601	619	27,399	695,619
Paul O'Malley[8]	2024	82,583	–	9,084	91,667
Total	2025	2,554,795	3,299	183,872	2,741,966
Total	2024	2,344,353	4,087	155,730	2,504,170

1. Other benefits include costs associated with directorships (including any applicable fringe benefits tax).
2. Peter Allen was appointed as a Non-executive Director on 1 September 2024 and commenced as Chairman on 1 May 2025.
3. Approval was obtained from the ATO by individual Non-executive Directors to be exempt from making superannuation contributions due to superannuation obligations being met by other employers in FY24.
4. Approval was obtained from the ATO by individual Non-executive Directors to be exempt from making superannuation contributions due to superannuation obligations being met by other employers in FY25.
5. Andrew Penn was appointed as a Non-executive Director on 1 December 2023.
6. Scott Price resides in Hong Kong. The superannuation contributions in FY24 and FY25 relate to the proportion of meetings he attended in Australia.
7. James Graham retired as Chairman and as a Non-executive Director on 30 April 2025.
8. Paul O'Malley retired as a Non-executive Director on 31 October 2023.

6. Ordinary shareholdings

6.1 Non-executive Director ordinary shareholdings

Table 10 shows the shareholdings and movements in shares held directly, or indirectly, by each Non-executive Director, including their related parties during FY25. No shares held by any Non-executive Directors were held nominally.

Table 10: Non-executive Director ordinary shareholdings

Name	Balance of shares held at 30 June 2024	Shares acquired	Shares disposed	Closing balance at 29 June 2025	Minimum shareholding requirement achieved[1]
Current					
Peter Allen[2]	20,000	–	–	20,000	Yes
Terry Bowen	16,545	–	–	16,545	Yes
Jacqueline Chow	20,000	–	(3,000)	17,000	Yes
Abi Cleland	19,816	–	–	19,816	Yes
Richard Freudenstein	25,000	–	–	25,000	Yes
Andrew Penn	25,000	–	–	25,000	Yes
Scott Price	21,000	–	–	21,000	Yes
Wendy Stops	35,000	–	–	35,000	Yes
Former					
James Graham[3]	500,188	–	–	500,188	Yes
Total	**682,549**	**–**	**(3,000)**	**679,549**	

1. All current Non-executive Directors have achieved the minimum shareholding requirement aligned to their tenure on the Board.
2. The opening balance is reflective of the balance at the date of Peter Allen's appointment as a Non-executive Director on 1 September 2024. Within five years of his appointment as Chairman Peter Allen is expected to increase his shareholding to an amount equivalent to 100% of his annual base fee at that time as required by the Minimum Shareholding Policy.
3. The closing balance is reflective of the balance at the date James Graham retired as Chairman and as a Non-executive Director on 30 April 2025.

6.2 Executive KMP ordinary shareholdings

Table 11 shows the shareholdings and movements in shares held directly, or indirectly, by each KMP, including their related parties during FY25. No shares held by any Executive KMP were held nominally.

Table 11: Executive KMP ordinary shareholdings

Name	Balance of shares held at 30 June 2024	Shares acquired	Shares disposed	Closing balance at 29 June 2025	Minimum shareholding requirement achieved[1]
Leah Weckert	317,892	74,776	–	392,668	Yes
SR (Charlie) Elias	21,879	81,400	–	103,279	Yes
Matthew Swindells	135,904	77,531	–	213,435	Yes
Anna Croft	–	–	–	–	In Progress
Total	**475,675**	**233,707**	**–**	**709,382**	

1. The Managing Director and CEO is required to meet the minimum shareholding requirement of 200% of TFC no later than five years from their date of commencement. Executive KMP are required to meet the minimum shareholding requirement of 100% of TFC by no later than five years from their date of commencement.

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Shape the future with confidence

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the Directors of Coles Group Limited

As lead auditor for the audit of the financial report of Coles Group Limited for the financial year ended 29 June 2025, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coles Group Limited and the entities it controlled during the financial year.

Ernst & Young

David Shewring
Partner
26 August 2025

Financial Report

Consolidated Financial Statements

Income Statement

For the 52 weeks ended 29 June 2025

	Notes	2025 52 Weeks $m	2024 53 Weeks $m
CONTINUING OPERATIONS			
Sales revenue	1.3	44,352	43,571
Other operating revenue		135	113
Total operating revenue		**44,487**	**43,684**
Cost of sales		(32,649)	(32,392)
Gross profit		**11,838**	**11,292**
Other income		132	165
Administration expenses	1.4	(9,888)	(9,382)
Share of net loss of equity accounted investments	5.1	(5)	(18)
Earnings before interest and tax (EBIT)		**2,077**	**2,057**
Financing costs	1.5	(541)	(442)
Profit before income tax		**1,536**	**1,615**
Income tax expense	1.6	(457)	(487)
Profit for the period from continuing operations		**1,079**	**1,128**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations, after tax[1]		–	(10)
Profit for the period		**1,079**	**1,118**
Profit attributable to:			
Equity holders of the parent entity		1,079	1,118
Earnings per share (EPS) attributable to equity holders of the Company:			
Basic EPS (cents)	1.2	80.8	83.8
Diluted EPS (cents)	1.2	80.5	83.5
EPS attributable to equity holders of the Company from continuing operations:			
Basic EPS (cents)	1.2	80.8	84.6
Diluted EPS (cents)	1.2	80.5	84.3
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net movement in the fair value of cash flow hedges		9	(4)
Income tax effect	1.6	(3)	1
Other comprehensive income which may be reclassified to profit or loss in subsequent periods		**6**	**(3)**
Total comprehensive income attributable to:			
Equity holders of the parent entity		1,085	1,115

1. Relates to the sale of the Group's fuel and convenience retailing business to Viva Energy Group Limited in May 2023.

The accompanying notes form part of the consolidated financial statements.

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Balance sheet

As at 29 June 2025

	Notes	2025 $m	2024 $m
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	705	675
Trade and other receivables	2.2	487	496
Inventories	2.4	2,733	2,703
Income tax receivable		28	–
Assets held for sale	5.2	105	3
Other assets	2.3	120	109
Total current assets		**4,178**	**3,986**
NON-CURRENT ASSETS			
Property, plant and equipment	2.5	5,866	5,619
Right-of-use assets	2.7	6,942	7,048
Intangible assets	2.6	2,246	2,203
Deferred tax assets	1.6	671	717
Equity accounted investments	5.1	240	225
Other assets	2.3	151	72
Total non-current assets		**16,116**	**15,884**
Total assets		**20,294**	**19,870**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.8	4,637	4,584
Interest-bearing liabilities	3.1	150	–
Income tax payable		–	73
Provisions	2.9	894	943
Lease liabilities	2.7	928	911
Other		247	260
Total current liabilities		**6,856**	**6,771**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3.1	1,834	1,652
Provisions	2.9	381	323
Lease liabilities	2.7	7,415	7,506
Other		2	1
Total non-current liabilities		**9,632**	**9,482**
Total liabilities		**16,488**	**16,253**
Net assets		**3,806**	**3,617**
EQUITY			
Contributed equity	3.2	1,704	1,672
Reserves		106	103
Retained earnings		1,996	1,842
Total equity		**3,806**	**3,617**

The accompanying notes form part of the consolidated financial statements.

Statement of Changes in Equity

For the 52 weeks ended 29 June 2025

	Share capital $m	Shares held in trust $m	Share-based payments reserve $m	Cash flow hedge reserve $m	Retained earnings $m	Total $m
2025 (52 weeks)						
Balance at beginning of period	1,750	(78)	93	10	1,842	**3,617**
Profit for the period	–	–	–	–	1,079	**1,079**
Other comprehensive income	–	–	–	6	–	**6**
Total comprehensive income for the period	–	–	–	6	1,079	**1,085**
Dividends paid	–	–	–	–	(925)	**(925)**
Issue of shares to satisfy the dividend reinvestment plan	36	–	–	–	–	**36**
Transfer of shares to employees under the employee equity incentive plan	–	31	(30)	–	–	**1**
Transfer of shares to employees under the employee share purchase plan	–	7	–	–	–	**7**
Purchase of shares to satisfy the employee equity incentive plan	–	(40)	–	–	–	**(40)**
Purchase of shares to satisfy the employee share purchase plan	–	(2)	–	–	–	**(2)**
Share-based payments expense	–	–	27	–	–	**27**
Balance at end of period	**1,786**	**(82)**	**90**	**16**	**1,996**	**3,806**
2024 (53 weeks)						
Balance at beginning of period	1,733	(89)	91	13	1,608	**3,356**
Profit for the period	–	–	–	–	1,118	**1,118**
Other comprehensive income	–	–	–	(3)	–	**(3)**
Total comprehensive income for the period	–	–	–	(3)	1,118	**1,115**
Dividends paid	–	–	–	–	(884)	**(884)**
Issue of shares to satisfy the dividend reinvestment plan	17	–	–	–	–	**17**
Transfer of shares to employees under the employee equity incentive plan	–	26	(26)	–	–	**–**
Transfer of shares to employees under the employee share purchase plan	–	11	–	–	–	**11**
Purchase of shares to satisfy the employee equity incentive plan	–	(24)	–	–	–	**(24)**
Purchase of shares to satisfy the employee share purchase plan	–	(2)	–	–	–	**(2)**
Share-based payments expense	–	–	28	–	–	**28**
Balance at end of period	1,750	(78)	93	10	1,842	**3,617**

The accompanying notes form part of the consolidated financial statements.

Consolidated Financial Statements continued

Cash Flow Statement

For the 52 weeks ended 29 June 2025

	NOTES	2025 52 weeks $m	2024 53 weeks $m
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		46,787	46,145
Payments to suppliers and employees		(42,806)	(42,556)
Interest paid		(108)	(57)
Interest component of lease payments		(425)	(363)
Interest received		3	6
Income tax paid		(515)	(382)
Net cash flows from operating activities	2.1	**2,936**	**2,793**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		(1,487)	(1,671)
Proceeds from sale of property, plant and equipment		205	255
Net investments in joint venture and associate	5.1	(20)	(23)
Net advances to related parties		(37)	–
Other loans		(25)	–
Payments for acquisition of businesses, net of cash acquired[1]		–	(74)
Net cash flows used in investing activities		**(1,364)**	**(1,513)**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from borrowings		300	600
Net repayment of revolving facilities		–	(75)
Payment of principal elements of lease payments		(911)	(834)
Dividends paid		(889)	(853)
Purchase of shares to satisfy the dividend reinvestment plan		–	(14)
Purchase of shares to satisfy the employee equity incentive and share plans		(42)	(26)
Net cash flows used in financing activities		**(1,542)**	**(1,202)**
Net increase in cash and cash equivalents		**30**	**78**
Cash at the beginning of period		675	597
Cash at the end of period	2.1	**705**	**675**

1. Acquisition of businesses includes two automated milk processing facilities acquired from Saputo Dairy Australia and liquor business acquisitions made during the 2024 financial year.

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

The Financial Report of Coles Group Limited ('the Company') in respect of the Company and the entities it controlled at the reporting date or during the 52-week period ended 29 June 2025 (collectively, 'Coles' or 'the Group') was authorised for issue in accordance with a resolution of the Directors on 26 August 2025. The comparative period is for the 53-week period ended 30 June 2024.

Reporting entity

The Company is a for-profit company limited by shares which is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX).

The nature of the operations and principal activities of the Group are described in Note 1.1 Segment reporting.

Basis of preparation and accounting policies

The Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value as explained in the notes to the consolidated financial statements (the Notes).

The accounting policies adopted are consistent with those of the previous period. Refer to Note 7.4 New accounting standards and interpretations.

This Financial Report presents reclassified comparative information where required for consistency with the current year's presentation.

Key judgements, estimates and assumptions

The preparation of the financial statements requires judgement and the use of estimates and assumptions in applying the Group's accounting policies, which affect amounts reported for assets, liabilities, income and expenses.

Judgements, estimates and assumptions are continuously evaluated and are based on the following:

- historical experience
- current market conditions
- reasonable expectations of future events

Actual results may differ from these judgements, estimates and assumptions. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

The key areas involving judgement or significant estimates and assumptions are set out below:

Note	Judgements
Note 2.7 Leases	Determining the lease term
Note 5.1 Equity accounted investments	Control and significant influence

Note	Estimates and assumptions
Note 2.4 Inventories	Net realisable value, Commercial income
Note 2.7 Leases	Incremental borrowing rate
Note 2.9 Provisions	Employee benefits, Self-insurance, Restructuring
Note 4.1 Impairment of non-financial assets	Assessment of recoverable amount
Note 6.2 Contingencies	Contingent liabilities
Note 7.2 Employee share plans	Valuation of share-based payments

Detailed information about each of these judgements, estimates and assumptions is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

Notes to the Consolidated Financial Statements continued

BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Notes

The Notes include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial performance and position of the Group.

Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of the Group
- it helps to explain the impact of significant changes in the Group's business
- it relates to an aspect of the Group's operations that is important to its future performance

The Notes are organised into the following sections:

1. Performance: this section provides information on the performance of the Group, including segment results, earnings per share and income tax.

2. Assets and Liabilities: this section details the assets used in the Group's operations and the liabilities incurred as a result.

3. Capital: this section provides information relating to the Group's capital structure and financing.

4. Financial Risk: this section details the Group's exposure to various financial risks, explains how these risks may impact the Group's financial performance or position, and details the Group's approach to managing these risks.

5. Group Structure: this section provides information relating to subsidiaries and other material investments and divestments of the Group.

6. Unrecognised Items: this section provides information about items that are not recognised in the consolidated financial statements but could potentially have a significant impact on the Group's financial performance or position in the future.

7. Other Disclosures: this section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.

Basis of consolidation

In preparing these consolidated financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. The Group's share of results of its equity accounted investments is included in the consolidated financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. All intercompany transactions are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Foreign currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Accounting policies

Accounting policies that summarise the classification, recognition and measurement basis of financial statement line items and that are relevant to the understanding of the consolidated financial statements are provided throughout the Notes.

Rounding of amounts

The amounts contained in the Financial Report have been rounded to the nearest million dollars (unless specifically stated to be otherwise) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

1. Performance

This section provides information on the performance of the Group, including segment results, earnings per share and income tax.

1.1 Segment reporting

The Group has identified its operating segments based on internal reporting to the Managing Director and Chief Executive Officer (the chief operating decision-maker). The Managing Director and Chief Executive Officer regularly reviews the Group's internal reporting to assess performance and allocate resources across the operating segments. The segments identified offer different products and services and are managed separately. The Group's reportable segments from continuing operations are set out below:

REPORTABLE SEGMENT	DESCRIPTION
Supermarkets	Fresh food, groceries and general merchandise retailing. Includes Coles Online, Coles Financial Services and Coles 360 retail media services.
Liquor	Liquor retailing, including online services

Other comprises Property, Coles' share of the Flybuys loyalty program and a product supply arrangement that are not separately reportable, as well as costs associated with enterprise functions which include Insurance and Treasury.

There are varying levels of integration between operating segments. This includes the common usage of property, services and administration functions. Financing costs and income tax are managed on a Group basis and are not allocated to operating segments.

EBIT is the key measure by which management monitors the performance of the segments.

The Group does not have operations in other geographic areas or economic exposure to any individual customer that is in excess of 10% of sales revenue.

Notes to the Consolidated Financial Statements continued

1.1 SEGMENT REPORTING (CONTINUED)

	Supermarkets $m	Liquor $m	Other $m	Total $m
2025 (52 WEEKS)				
Sales revenue	39,987	3,667	698	44,352
Cost of sales[1]	(29,159)	(2,805)	(685)	(32,649)
EBITDA	**3,788**	**246**	**(93)**	**3,941**
Depreciation and amortisation	(1,680)	(133)	(16)	(1,829)
Segment EBIT	**2,108**	**113**	**(109)**	**2,112**
Significant items				(35)
EBIT				**2,077**
Financing costs				(541)
Profit before income tax				**1,536**
Income tax expense				(457)
Profit for the period continuing operations				**1,079**
Share of net loss of equity accounted investments included in EBIT				(5)
2024 (53 WEEKS)				
Sales revenue	39,042	3,692	837	43,571
Cost of sales[1]	(28,741)	(2,827)	(824)	(32,392)
EBITDA	**3,487**	**261**	**(89)**	**3,659**
Depreciation and amortisation	(1,469)	(128)	(5)	(1,602)
Segment EBIT	**2,018**	**133**	**(94)**	**2,057**
Significant items				–
EBIT				**2,057**
Financing costs				(442)
Profit before income tax				**1,615**
Income tax expense				(487)
Profit for the period continuing operations				**1,128**
Share of net loss of equity accounted investments included in EBIT				(18)

1. Included in cost of sales is depreciation and amortisation from continuing operations of $260 million (2024: $204 million from continuing operations).

Significant items

Significant items are large gains, losses, income, expenditures or events that are not in the ordinary course of business. They typically arise from events that are not considered part of the core operations of the Group. These items have been highlighted below to help users of the Financial Report understand the financial performance of the Group.

Coles supply chain modernisation – restructuring provision

On 31 October 2024, the Company announced the development of a new ambient Automated Distribution Centre (ADC) in Truganina, Victoria. Net profit before tax for the year includes a provision of $35 million (recognised in Administration expenses) relating to future closure and site reconfiguration costs.

1.2 Earnings per share (EPS)

	2025 52 weeks	2024 53 weeks
EPS attributable to equity holders of the Company		
Basic EPS (cents)	80.8	83.8
Diluted EPS (cents)	80.5	83.5
EPS attributable to equity holders of the Company from continuing operations		
Basic EPS (cents)	80.8	84.6
Diluted EPS (cents)	80.5	84.3
Profit/(loss) for the period		
Continuing operations ($m)	1,079	1,128
Discontinued operations ($m)	–	(10)
Total	**1,079**	**1,118**
Weighted average number of ordinary shares for basic EPS (shares, million)	1,336	1,334
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,340	1,338

Calculation methodology

EPS is profit for the period attributable to ordinary equity holders of the Company, divided by the weighted average number of ordinary shares on issue, adjusted to exclude shares held in trust during the period.

Diluted EPS is calculated on the same basis except it includes the impact of any potential commitments the Group has to issue shares in the future.

Between the reporting date and the issue date of the Financial Report, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of EPS disclosed in the table above.

1.3 Sales revenue

Sale of goods

The Group operates a network of supermarkets and retail liquor stores as well as online platforms. Revenue is recognised by the Group when it is the principal in the sales transaction. Revenue from the sale of goods is recognised when control of the goods has transferred to the customer. For goods purchased in store, control of the goods transfers to the customer at the point of sale. For goods purchased online, control of the goods transfers to the customer upon delivery, or when collected by the customer.

Revenue comprises the fair value of consideration received or receivable for the sale of goods and is recorded net of discounts and goods and services tax (GST).

	2025 52 weeks $m	2024 53 weeks $m
In-store sales	38,924	38,823
eCommerce sales	4,730	3,911
Other sales	698	837
Total sales revenue	**44,352**	**43,571**

1.4 Administration expenses

	2025 52 weeks $m	2024 53 weeks $m
Employee benefits expense	5,798	5,512
Occupancy and overheads	960	898
Depreciation and amortisation[1]	1,569	1,398
Marketing expenses	244	233
Net impairment expense	4	55
Other store expenses	704	665
Other administration expenses	609	621
Total administration expenses	**9,888**	**9,382**

1. Total depreciation and amortisation from continuing operations is $1,829 million (2024: $1,602 million from continuing operations), the remaining depreciation and amortisation is included within cost of sales.

Employee benefits expense is comprised of:

	2025 52 weeks $m	2024 53 weeks $m
Remuneration, bonuses and on-costs	5,826	5,639
Superannuation expense	545	513
Share-based payments expense	27	28
Total employee benefits expense	**6,398**	**6,180**
Employee benefits expense included in:		
Cost of sales	600	668
Administration expenses	5,798	5,512

Employee benefits expense

The Group's accounting policy for liabilities associated with employee benefits is set out in Note 2.9 Provisions. The policy relating to share-based payments is set out in Note 7.2 Employee share plans. All employee benefits expenses are included in Administration expenses with the exception of logistics and manufacturing which are contained in Cost of sales.

Retirement benefit obligations

The Group contributes to a number of superannuation funds on behalf of its employees, and the Group's legal or constructive obligation is limited to these contributions. Contributions payable by the Group are recognised as an expense in the Income Statement when incurred.

1.5 Financing costs

	2025 52 weeks $m	2024 53 weeks $m
Interest on debt and borrowings	88	48
Interest on lease liabilities	425	363
Other finance related costs	28	31
Total financing costs	**541**	**442**

Financing costs

Financing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes more than 12 months to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other financing costs are expensed in the period in which they are incurred.

1.6 Income tax

The major components of income tax expense in the Income Statement are set out below:

	2025 52 weeks $m	2024 53 weeks $m
Current income tax expense	416	471
Adjustment in respect of current income tax of previous periods	(2)	(12)
Deferred income tax relating to origination and reversal of temporary differences	45	18
Adjustment in respect of deferred income tax of previous periods	(2)	6
	457	**483**
Income tax expense is attributable to:		
Profit from continuing operations	457	487
Loss from discontinued operations	–	(4)
	457	**483**

The components of income tax expense recognised in Other Comprehensive Income (OCI) are set out below:

	2025 52 weeks $m	2024 53 weeks $m
Deferred tax related to items recognised in OCI during the period:		
Net (loss)/profit on revaluation of cash flow hedges	(3)	1
Deferred tax charged to OCI	**(3)**	**1**

Notes to the Consolidated Financial Statements continued

1.6 INCOME TAX (CONTINUED)

The tax expense included in the Income Statement consists of current and deferred income tax.

CURRENT INCOME TAX IS:	DEFERRED INCOME TAX IS:
• the expected tax payable on taxable income for the period • calculated using tax rates enacted or substantively enacted at the reporting date • inclusive of any adjustment to income tax payable or recoverable in respect of previous periods	• recognised using the liability method • based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes • calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the reporting date

Both current and deferred income tax are charged or credited to the Income Statement. However, when it relates to items charged or credited directly to the Statement of Changes in Equity or OCI, the tax is recognised in equity, or OCI, respectively.

Reconciliation of the Group's applicable tax rate to the effective tax rate

	2025 52 weeks $m	2024 53 weeks $m
Profit before tax from continuing operations	1,536	1,615
Loss before tax from discontinued operations	–	(14)
Profit before income tax	**1,536**	**1,601**
At Australia's corporate tax rate of 30% (2024: 30%)	461	480
Adjustments in respect of income tax of previous periods	(4)	(6)
Share of results of joint venture	2	6
Non-deductible expenses for income tax purposes	1	9
Utilisation of previously unrecognised capital losses	(3)	(6)
Income tax expense reported in the Income Statement[1]	**457**	**483**

1. At an effective income tax rate of 29.8% (2024: 30.2%).

Tax consolidation

The Company and its 100% owned Australian resident subsidiaries formed an income tax consolidated group with effect from 31 December 2018.

The Company is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement which operates to manage joint and several liability for group tax liabilities amongst group members as well as enable group members to leave the group clear of future group tax liabilities. Members of the group have also entered into a taxation funding agreement which provides that each member of the tax consolidated group pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated tax return and payment of the tax liability.

Global minimum tax

Coles Group Limited is subject to the Organization for Economic Cooperation and Development (OECD) Pillar Two model rules (Pillar Two rules). Pillar Two legislation received royal assent in Australia on 10 December 2024 and is effective from FY25 for the Group. Of the foreign jurisdictions where Coles had a presence during the period, Singapore and Hong Kong has enacted Pillar Two legislation, whereas China has not. Pillar Two rules impose a minimum 15% effective tax rate applicable in each jurisdiction in which the Group has a presence. The impact of the Pillar Two rules calculated by Coles is not material to the Group's income tax expense. Pursuant to the amendments to IAS 12 issued on 23 May 2023, the mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities relating to the Pillar Two income taxes has been applied at 29 June 2025.

Deferred income tax balances recognised in the Balance Sheet

2025	Opening balance $m	Charged to profit or loss $m	Credited to OCI $m	Other $m	Closing balance $m
Provisions	66	2	-	-	68
Employee benefits	240	2	-	-	242
Trade and other payables	48	(2)	-	-	46
Inventories	60	9	-	-	69
Property, plant and equipment	193	19	-	-	212
Lease Liabilities	2,525	(273)	-	251	2,503
Other individually insignificant balances	5	13	-	-	18
Deferred tax assets	**3,137**	**(230)**	**-**	**251**	**3,158**
Accelerated depreciation for tax purposes	158	54	-	-	212
Intangible assets	76	29	-	-	105
Right-of-use assets	2,114	(282)	-	251	2,083
Other assets	7	3	-	-	10
Cash flow hedges	4	-	3	-	7
Other individually insignificant balances	61	9	-	-	70
Deferred tax liabilities	**2,420**	**(187)**	**3**	**251**	**2,487**
Net deferred tax assets	**717**	**(43)**	**(3)**	**-**	**671**

2024	Opening balance $m	Charged to profit or loss $m	Credited to OCI $m	Other $m	Closing balance $m
Provisions	78	(12)	-	-	66
Employee benefits	225	15	-	-	240
Trade and other payables	34	14	-	-	48
Inventories	52	8	-	-	60
Property, plant and equipment	180	13	-	-	193
Lease Liabilities	2,355	(251)	-	421	2,525
Other individually insignificant balances	10	(5)	-	-	5
Deferred tax assets	**2,934**	**(218)**	**-**	**421**	**3,137**
Accelerated depreciation for tax purposes	130	28	-	-	158
Intangible assets	37	39	-	-	76
Right-of-use assets	1,952	(259)	-	421	2,114
Other assets	7	-	-	-	7
Cash flow hedges	5	-	(1)	-	4
Other individually insignificant balances	63	(2)	-	-	61
Deferred tax liabilities	**2,194**	**(194)**	**(1)**	**421**	**2,420**
Net deferred tax assets	**740**	**(24)**	**1**	**-**	**717**

1.6 INCOME TAX (CONTINUED)

Tax assets and liabilities

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting 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 assets to be recovered.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

The Group has unrecognised deferred tax assets relating to temporary differences arising from its investments in Loyalty Pacific Pty Ltd (operator of the Flybuys loyalty program) and Queensland Venue Co. Pty Ltd (QVC), and capital losses from disposal of capital gains tax assets. Deferred tax assets have not been recognised in relation to these amounts as the Group has determined that at the reporting date, it is not probable that capital gains will be available against which the Group can utilise these benefits. The unrecognised deferred tax asset is $155 million (2024: $163 million).

An uncertain tax treatment is any tax treatment applied by the Group where there is uncertainty over whether it will be accepted by the relevant tax authority. If it is not probable that the treatment will be accepted, the effect of the uncertainty is reflected in the period in which that determination is made (for example, by recognising an additional tax liability). The Group measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty: either the most likely amount method or the expected value method. The judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements.

The Group determined, based on its tax compliance, that it is probable that its tax treatments applied at 29 June 2025 will be accepted by the taxation authorities.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of GST, except:

- when the GST incurred on the sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset; or
- when receivables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities where recoverable or payable to the taxation authority is classified as part of operating cash flows.

2. Assets and Liabilities

This section details the assets used in the Group's operations and the liabilities incurred as a result.

2.1 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2025 $m	2024 $m
Cash in transit	370	353
Cash on hand	165	171
Cash at bank and on deposit	170	151
Total cash and cash equivalents	**705**	**675**

All receivables from EFT, credit card and debit card point of sale transactions during the period are classified as cash equivalents. For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in transit, at bank and on deposit, net of outstanding bank overdrafts which are repayable on demand.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposit rates.

Reconciliation of profit for the period to net cash flows from operating activities

	2025 $m	2024 $m
Profit for the period	**1,079**	**1,118**
Adjustments for:		
Depreciation and amortisation	1,829	1,602
Net impairment expense	4	55
Net loss/(gain) on disposal of non-current assets	11	(12)
Movement in derivatives	(7)	-
Share of net loss of equity accounted investments	5	18
Share-based payments expense	27	28
Other	–	10
Changes in assets and liabilities net of the effects of acquisitions and disposals of businesses:		
Increase in inventories	(30)	(372)
Decrease in trade and other receivables	18	119
Increase in prepayments	(8)	(18)
Decrease in other assets	3	2
Decrease in deferred tax assets	43	24
(Increase)/decrease in income tax receivable	(101)	76
Increase in trade and other payables	85	162
Decrease in provisions	(13)	(29)
(Decrease)/increase in other liabilities	(9)	10
Net cash flows from operating activities	**2,936**	**2,793**

2.2 Trade and other receivables

Trade and other receivables are comprised of the following:

	2025 $m	2024 $m
Trade receivables[1]	387	384
Other receivables	116	136
	503	**520**
Allowance for expected credit losses	(16)	(24)
Total trade and other receivables	**487**	**496**

1. Includes commercial income due from suppliers of $136 million (2024: $132 million).

Trade receivables and other receivables are classified as financial assets held at amortised cost.

Trade receivables

Trade receivables are initially recognised at the amount due and subsequently at amortised cost using the effective interest method, less an allowance for expected credit losses (impairment provision). The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short-term nature of the receivables.

Impairment of trade receivables

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated lifetime losses are determined with reference to historical experience and are regularly reviewed and updated.

The amount of the impairment loss is recognised in the Income Statement within 'Administration expenses'.

2.3 Other assets

Other assets are comprised of the following:

	2025 $m	2024 $m
Prepayments	109	102
Other assets	11	7
Total other current assets	**120**	**109**
Prepayments	40	25
Other assets	111	47
Total other non-current assets	**151**	**72**

2.4 Inventories

Inventories comprise goods held for resale and are valued at the lower of cost and net realisable value, which is the estimated selling price less estimated costs to sell.

The cost of inventory is based on purchase cost, after deducting certain types of commercial income and including logistics and store remuneration incurred in bringing inventories to their present location and condition.

Volume-related supplier rebates, and supplier promotional rebates where they exceed spend on promotional activities, are accounted for as a reduction in the cost of inventory and recognised in the Income Statement when the inventory is sold.

KEY ESTIMATE: NET REALISABLE VALUE

An inventory provision is recognised where the realisable value from sale of inventory is estimated to be lower than the inventory's carrying value. Inventory provisions for different product categories are estimated based on various factors, including expected sales profile, prevailing sales prices, seasonality and expected losses associated with slow-moving inventory items.

Commercial income

Commercial income represents various discounts or rebates provided by suppliers. These include:

- settlement discounts for the purchase of inventory
- discounts based on purchase or sales volumes
- contributions towards promotional activity for a supplier's product

Depending on the type of arrangement with the supplier, commercial income will either be deducted from the cost of inventory (where it relates to the purchase of inventory) or recognised as a reduction in related expenses (where it relates to the sale of goods).

Amounts due from suppliers are recognised within trade receivables, except in cases where the Group has the legal right and the intention to offset, in which case only the net amount receivable or payable is presented. Refer to Note 4.3 Financial instruments for details of amounts offset in the Balance Sheet.

KEY ESTIMATE: COMMERCIAL INCOME

The recognition of certain types of commercial income requires the following estimates:

- the volume of inventory purchases that will be made during a specific period
- the amount of the related product that will be sold
- the balance remaining in inventory at the reporting dates

Estimates are based on historical and forecast sales and inventory turnover levels.

2.5 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment. Cost comprises expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred that are eligible for capitalisation. Repairs and maintenance costs are charged to the Income Statement during the period in which they are incurred. Property, plant and equipment is depreciated on a straight-line basis to its residual value over its expected useful life.

	Land $m	Buildings $m	Plant & equipment $m	Leasehold improvements $m	Total $m
Useful life (range)	*Not applicable*	*20 – 40 years*	*3 – 20 years*	*Term of lease*	
2025					
Cost	723	117	9,963	1,398	12,201
Accumulated depreciation and impairment	(111)	(2)	(5,420)	(802)	(6,335)
Carrying amount at end of period	**612**	**115**	**4,543**	**596**	**5,866**
Carrying amount at beginning of period	617	147	4,320	535	5,619
Additions	64	127	906	143	1,240
Transfer to assets held for sale	(30)	(24)	(51)	–	(105)
Depreciation	–	(2)	(592)	(79)	(673)
Impairment	–	–	4	–	4
Disposals and write-offs[1]	(39)	(133)	(38)	(3)	(213)
Transfers	–	–	(6)	–	(6)
Carrying amount at end of period	**612**	**115**	**4,543**	**596**	**5,866**
Construction work in progress included above	–	109	569	99	777

Notes to the Consolidated Financial Statements continued

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land $m	Buildings $m	Plant & equipment $m	Leasehold improvements $m	Total $m
Useful life (range)	*Not applicable*	*20 – 40 years*	*3 – 20 years*	*Term of lease*	
2024					
Cost	731	151	9,276	1,272	11,430
Accumulated depreciation and impairment	(114)	(4)	(4,956)	(737)	(5,811)
Carrying amount at end of period	**617**	**147**	**4,320**	**535**	**5,619**
Carrying amount at beginning of period	447	159	3,874	505	4,985
Additions	223	48	1,009	103	1,383
Transfer to assets held for sale	(3)	–	–	–	(3)
Depreciation	–	(2)	(528)	(71)	(601)
Impairment	(27)	–	(4)	–	(31)
Disposals and write-offs[1]	(23)	(58)	(29)	(2)	(112)
Transfers	–	–	(2)	–	(2)
Carrying amount at end of period	**617**	**147**	**4,320**	**535**	**5,619**
Construction work in progress included above	–	71	797	139	1,007

1. Net loss on disposal of property, plant and equipment during the period was $11 million (2024: $18 million net gain).

2.6 Intangible assets

The Group's intangible assets comprise licences, software and goodwill.

Licences and software

Licences and software are measured initially at acquisition cost or costs incurred to develop the asset. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised. Instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate they may be impaired.

Licences have been assessed as having indefinite lives on the basis that the licences are expected to be renewed in line with business continuity requirements.

For internally generated software, research costs are expensed as incurred. Development expenditure is capitalised when management has the intention to develop the asset, it is probable that future economic benefits will flow to the Group and the cost can be reliably measured.

In respect to cloud computing arrangements, the Group assesses whether the arrangement contains a lease and if not, whether the arrangement provides the Group with a resource that it can control. Costs associated with implementation are then assessed as to whether they can be capitalised in accordance with relevant accounting standards.

Goodwill

Goodwill recognised by the Group has arisen as a result of business combinations and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Goodwill is initially measured as the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. Goodwill is considered to have an indefinite useful economic life. It is therefore not amortised but is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses and, for the purpose of impairment testing, is allocated to cash generating units.

Refer to Note 4.1 Impairment of non-financial assets for further details on impairment testing.

	Goodwill $m	Software $m	Licences $m	Total $m
Useful life (range)	*Indefinite*	*5 - 15 years*	*Indefinite*	
2025				
Cost	1,151	2,669	35	3,855
Accumulated amortisation and impairment	–	(1,609)	–	(1,609)
Carrying amount at end of the period	**1,151**	**1,060**	**35**	**2,246**
Carrying amount at beginning of the period	1,151	1,018	34	2,203
Additions	–	278	–	278
Transfers	–	5	1	6
Disposals and write-offs	–	(1)	–	(1)
Impairment	–	(11)	–	(11)
Amortisation	–	(229)	–	(229)
Carrying amount at end of the period	**1,151**	**1,060**	**35**	**2,246**
Development work in progress included above	–	198	–	198
2024				
Cost	1,151	2,391	34	3,576
Accumulated amortisation and impairment	–	(1,373)	–	(1,373)
Carrying amount at end of the period	**1,151**	**1,018**	**34**	**2,203**
Carrying amount at beginning of the period	1,115	889	31	2,035
Additions	36	307	3	346
Transfers	–	2	–	2
Disposals and write-offs	–	(6)	–	(6)
Impairment	–	(3)	–	(3)
Amortisation	–	(171)	–	(171)
Carrying amount at end of the period	**1,151**	**1,018**	**34**	**2,203**
Development work in progress included above	–	387	–	387

2.7 Leases

The Group has lease agreements for properties and various items of machinery, vehicles and other equipment used in its operations. Set out below are the carrying amounts of recognised right-of-use assets and movements during the period:

	2025			2024		
	Property leases $m	Non-property leases $m	Total $m	Property leases $m	Non-property leases $m	Total $m
At beginning of period	6,652	396	7,048	6,409	98	6,507
Additions	184	143	327	746	342	1,088
Other remeasurements[1]	479	12	491	304	–	304
Depreciation expense	(840)	(87)	(927)	(786)	(44)	(830)
Impairment reversal/(expense)	3	–	3	(21)	–	(21)
At end of period	6,478	464	6,942	6,652	396	7,048

1. Includes reasonably certain options and remeasurements, net of leases terminated.

Notes to the Consolidated Financial Statements continued

2.7 LEASES (CONTINUED)

Set out below are the carrying amounts of recognised lease liabilities and movements during the period:

	2025 $m	2024 $m
At beginning of period	8,417	7,849
Additions	336	1,087
Other remeasurements[1]	501	315
Accretion of interest	425	363
Payments	(1,336)	(1,197)
At end of period	8,343	8,417
Current	928	911
Non-current	7,415	7,506

1. Includes reasonably certain options and remeasurements, net of leases terminated.

The maturity analysis of lease liabilities is disclosed in Note 4.2 Financial risk management.

Variable lease payments based on sales

A number of the Group's retail property lease agreements contain variable payment terms that are linked to sales. These lease payments are based on a percentage of sales recorded by a particular store. The specific percentage rent adjustment mechanism varies by individual lease agreement. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs and are generally payable for future periods in the lease term.

The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	2025			2024		
	Fixed payments $m	Variable payments $m	Total $m	Fixed payments $m	Variable payments $m	Total $m
Leases with lease payments based on sales	775	62	837	728	88	816

Extension options

Extension options are included in the majority of property leases across the Group. Where practicable, the Group seeks to include extension options when negotiating leases to provide flexibility and align with business needs. Leases may contain multiple extension options and are exercisable only by the Group and not by the lessors.

Extension options are only reflected in the lease liability when it is reasonably certain they will be exercised. When assessing if an option is reasonably certain to be exercised, a number of factors are considered including the option expiry date, whether formal approval to extend the lease has been obtained, store trading performance and the strategic importance of the site. Where a lease contains multiple extension options, only the next option is considered in the assessment. Option periods range from 1 to 15 years.

Of the Group's lease portfolio, 91% of leases have extension options (2024: 92%). Of those leases, 28%[1] have an extension option included in the calculation of the lease liability at 29 June 2025 (2024: 27%).

1. 75% of these leases contain one or more future extension options not included in the lease liability (2024:75%).

The following amounts have been recognised in the Income Statement relating to continuing operations:

	2025 $m	2024 $m
Depreciation of right-of-use assets	927	830
Interest expense on lease liabilities	425	363
Expenses relating to short-term leases (included in administration expenses)	6	2
Variable lease payments based on sales (included in administration expenses)	62	88
Total amount recognised in the Income Statement	1,420	1,283

The Group recognised a total gain of $13 million relating to five sale and leaseback transactions during the period (2024: $31 million from six transactions).

Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (leases with a term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make future lease payments and right-of-use assets representing the right to use the underlying assets from the date the leased asset is available for use by the Group.

Each lease payment is apportioned between the liability and financing costs. Financing costs are recognised in the Income Statement over the lease term so as to produce a constant periodic rate of interest on the remaining liability.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term (which includes options that are considered 'reasonably certain').

Payments associated with short-term leases and leases of low-value assets are expensed when incurred in the Income Statement.

Cash payments for the principal portion of the lease liability are presented within financing activities in the Cash Flow Statement, while payments relating to short-term leases, low-value assets and variable lease components not included in the measurement of the lease liability are presented within cash flows from operating activities.

Lease liabilities are initially measured at net present value and comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives
- variable lease payments based on an index or rate, using the index or rate at the commencement date
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payment of termination penalties if the lessee is reasonably certain to terminate the lease and incur penalties.

If the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the lessee's incremental borrowing rate at the lease commencement date.

Right-of-use assets are measured at cost and comprise the following:

- the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- any restoration costs

Right-of-use assets are also subject to impairment testing. Refer to the accounting policies in Note 4.1 Impairment of non-financial assets.

KEY JUDGEMENT: DETERMINING THE LEASE TERM

Extension options are included in the majority of property leases across the Group. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option are considered. Extension options are only included in the lease term if the lease is reasonably certain to be exercised. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and is within the control of the Group.

Changes in the assessment of the lease term are accounted for as a reassessment of the lease liability at the date of the change.

KEY JUDGEMENT: INCREMENTAL BORROWING RATE

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR requires estimation when no observable rates are available or when adjustments need to be made to reflect the terms and conditions of the lease. The Group estimates the IBR using observable market inputs when available and is required to make certain estimates specific to the Group (such as credit risk).

2.7 LEASES (CONTINUED)

Group as lessor

The Group leases out some of its freehold properties and sub-leases some of its right-of-use assets. The Group has classified these leases as operating leases because they do not transfer all of the risks and rewards incidental to ownership of the assets.

The undiscounted lease payments to be received are set out below:

	2025 $m	2024 $m
Within one year	9	13
Between one and five years	21	32
More than five years	21	25
Total	**51**	**70**

Rental income is accounted for on a straight-line basis over the lease term and is included in 'Other operating revenue' in the Income Statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease income not dependent on an index or rate is recognised as revenue in the period in which it is earned. The Group recognised income of $17 million for the period with respect to subleasing of its right-of-use assets (2024: $17 million).

2.8 Trade and other payables

Trade and other payables are comprised of the following:

	2025 $m	2024 $m
Trade payables	3,595	3,414
Other payables	1,042	1,170
Total trade and other payables	**4,637**	**4,584**

Trade payables are non-interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Provisions

	2025 $m	2024 $m
CURRENT		
Employee benefits	756	757
Restructuring provision	–	68
Self-insurance liabilities	109	104
Other	29	14
Total current provisions	**894**	**943**
NON-CURRENT		
Employee benefits	72	71
Restructuring provision	35	-
Self-insurance liabilities	274	252
Total non-current provisions	**381**	**323**

Movements in restructuring, self-insurance, and other provisions

	Restructuring $m	Self-insurance $m	Other $m	Total $m
At beginning of period	68	356	14	438
Arising during the period	37	127	15	179
Utilised	(49)	(105)	–	(154)
Unused amounts reversed	(21)	(11)	–	(32)
Unwind / changes in discount rate	–	16	–	16
At end of period	35	383	29	447
Current	–	109	29	138
Non-current	35	274	–	309

Provisions are:

- recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that cash will be required to settle the obligation and the amount can be reliably estimated;
- measured at the present value of the estimated cash outflow required to settle the obligation.

Where a provision is non-current, and the effect is material, the nominal amount is discounted. The discount is recognised as a financing cost in the Income Statement.

PROVISION	KEY ESTIMATES
Employee benefits Provisions for employee entitlements to annual leave, long service leave and employee incentives (where the Group does not have an unconditional right to defer payment for at least twelve months after the reporting date) are recognised within the current provision for employee benefits and represent the amount which the Group has a present obligation to pay, resulting from employees' services up to the reporting date. All other short-term employee benefit obligations are presented as payables. Liabilities for long service leave where the Group has an unconditional right to defer payment for at least twelve months after the reporting date are recognised within the non-current provision for employee benefits.	Employee benefits provisions are based on a number of estimates including, but not limited to: • expected future wages and salaries • attrition (applicable to long service leave provisions only) • discount rates • expected salary related payments, interest and on-costs following a review of the pay arrangements for award-covered salaried team members
Self-insurance The Group is self-insured for workers compensation and certain general liability risks. The Group seeks external actuarial advice in determining self-insurance provisions. Provisions are discounted and are based on claims reported and an estimate of claims incurred but not reported. These estimates are reviewed bi-annually, and any reassessment of these estimates will impact self-insurance expense.	Self-insurance provisions are based on a number of estimates including, but not limited to: • discount rates • future inflation • average claim size • claims development • risk margin
Restructuring Restructuring provisions are recognised when restructuring has either commenced or has raised a valid expectation in those affected, and the Group has a detailed formal plan identifying: • the business or part of the business impacted • the location and approximate number of employees impacted • an estimate of the associated costs • the timeframe for restructuring activities	Restructuring provisions are based on a number of estimates including, but not limited to: • number of employees impacted • employee tenure and costs • restructure timeframes • discount rates

3. Capital

This section provides information relating to the Group's capital structure and financing.

The Group's capital management strategy aims to ensure the Group has continued access to funding for current and future business activities by maintaining a mix of equity and debt financing, while maximising returns to shareholders.

The Group's objective is to maintain investment grade credit metrics to optimise the weighted average cost of capital over the long term, enable access to long term debt capital markets and build investor confidence.

The Directors consider the capital structure at least twice a year and provide oversight of the Group's capital management. Capital is managed through the following:

- repaying or raising debt in line with ongoing business requirements and growth opportunities aligned with the Group's strategic objectives
- amount of ordinary dividends paid to shareholders
- raising and returning capital.

3.1 Interest-bearing liabilities

	2025 $m	2024 $m
CURRENT		
Capital market debt	150	–
Total current interest-bearing liabilities	**150**	**–**
NON-CURRENT		
Capital market debt	1,834	1,652
Total non-current interest-bearing liabilities	**1,834**	**1,652**
Total interest-bearing liabilities	**1,984**	**1,652**

Capital market debt consists of:

Medium term notes	Maturity	2025 $m	2024 $m
$150m	Aug-25	150	150
$300m	Nov-26	299	299
$300m	Nov-29	299	299
$300m	Aug-30	299	299
$350m	Jul-31	366	352
$300m	Oct-32	307	–
$250m	Nov-33	264	253
Total capital market debt		**1,984**	**1,652**

Interest-bearing loans and borrowings are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised.

The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. Fair value gains and losses are recognised in financing costs in the Income Statement.

3.2 Contributed equity and reserves

Contributed equity

Contributed equity represents the number of ordinary shares on issue less shares held in trust by the Group. Ordinary shares on issue are fully paid and carry one vote per share and the right to dividends. Shares held in trust are ordinary shares that have been repurchased by the Group and are being held to satisfy employee equity incentive plans.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any related income tax benefit.

The following reconciliation shows the total number of ordinary shares on issue less the shares held in trust:

	2025 m	2025 $m	2024 m	2024 $m
Share Capital				
At beginning of period	1,339.4	1,750	1,338.4	1,733
Issue of shares to satisfy the dividend reinvestment plan	1.9	36	1.0	17
At end of period	1,341.3	1,786	1,339.4	1,750

	2025 m	2025 $m	2024 m	2024 $m
Shares held in trust				
At beginning of period	(4.6)	(78)	(5.0)	(89)
Purchase of shares to satisfy the employee equity incentive plans	(2.2)	(40)	(1.5)	(24)
Transfer of shares to employees under the employee equity incentive plan	1.8	31	1.3	26
Purchase of shares to satisfy the employee share purchase plan	(0.1)	(2)	(0.1)	(2)
Transfer of shares to employees under the employee share purchase plan	0.4	7	0.7	11
At end of period	(4.7)	(82)	(4.6)	(78)
Total contributed equity	1,336.6	1,704	1,334.8	1,672

Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be in an effective hedge relationship. The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income within the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement.

Share-based payments reserve

The share-based payments reserve reflects the fair value of awards recognised as an expense in the Income Statement.

Notes to the Consolidated Financial Statements continued

3.3 Dividends paid and proposed

The Company considers current earnings, future cash flow requirements, targeted credit metrics and availability of franking credits in determining the amount of dividends to be paid.

Dividends are recognised as a liability in the Balance Sheet in the period in which they are determined by the Board.

	Cents per share		Total $m	
	2025	2024	2025	2024
Fully franked dividends determined and paid during the period				
Paid final dividend	32.0	30.0	429	402
Paid interim dividend	37.0	36.0	496	482
	69.0	66.0	925	884
Fully franked dividends proposed and unrecognised at reporting date				
Final dividend proposed[1]	32.0	32.0	429	429
	32.0	32.0	429	429

1. Estimated final dividend payable, subject to variations in the number of shares up to the record date.

The Company operates a Dividend Reinvestment Plan (DRP) under which eligible holders of ordinary shares are able to reinvest all or part of their dividend payments into additional fully paid Coles Group Limited shares.

Franking account

	2025 $m	2024 $m
Total franking credits available for subsequent periods based on a tax rate of 30% (2024: 30%)	672	553

4. Financial risk

This section details the Group's exposure to various financial risks, explains how these risks may impact the Group's financial performance or position, and details the Group's approach to managing these risks.

4.1 Impairment of non-financial assets

The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried above their recoverable amounts:

- at least annually for goodwill
- where there is an indication that assets may be impaired (which is assessed at least at each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash inflows. The recoverable amount, measured at the asset or CGU level, is the higher of fair value less costs of disposal (FVLCOD), or value in use (VIU). A discounted cash flow model is used to determine the recoverable amount under both FVLCOD and VIU. FVLCOD is based on a market participant approach and is estimated using assumptions that a market participant would use when pricing the asset or CGU. VIU is determined by discounting the future cash flows expected to be generated from the continuing use of an asset or CGU.

KEY ESTIMATE: ASSESSMENT OF RECOVERABLE AMOUNT

FVLCOD valuations are considered Level 3 in the fair value hierarchy due to the use of unobservable inputs in the calculation. The assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. VIU calculation represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset or CGU in its current condition. Both FVLCOD and VIU calculations use judgements and estimates. In particular, significant judgements and estimates are made in relation to the following:

Forecast future cash flows

Forecast future cash flows are based on the Group's latest Board approved internal five-year forecasts and reflect management's best estimate of income, expenses, capital expenditure and cash flows for each asset or CGU. Internal forecasts have considered the ongoing impacts of the cost of living on income and expenses. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates.

Climate-related risks were considered in assessing the potential financial impacts of climate change on the Group's CGU impairment testing through the inclusion of committed initiatives. This review did not indicate any impairment due to the available headroom in each of the Group's CGUs and scenario analysis. Management will continue to monitor and assess the financial impact of climate-related risk.

When calculating the FVLCOD of an asset or CGU, future forecast cash flows also incorporate reasonably available market participant assumptions such as enhancement capital expenditure.

Discount rates

Estimated future cash flows are discounted to their present value using discount rates that reflect the Group's weighted average cost of capital, adjusted for risks specific to the asset or CGU. The rates have been calculated in conjunction with independent valuation experts.

Expected long-term growth rates

Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. The growth rates are based on historical performance as well as expected long-term market operating conditions specific to each asset or CGU and with reference to long-term average industry growth rates. Growth rates have been calculated with the assistance of independent valuation experts.

The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes to impairment recognised in future periods.

Notes to the Consolidated Financial Statements continued

4.1 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Net (impairment)/reversal for the current and prior period is included in 'Administration expenses' in the Income Statement as it relates to the day-to-day management of the Group's freehold property portfolio and other non-financial assets.

	2025			2024		
	Property $m	Other non-financial assets $m	Total $m	Property $m	Other non-financial assets $m	Total $m
Impairment	(20)	(11)	(31)	(34)	(28)	(62)
Reversal	20	7	27	7	–	7
Net Impairment	–	(4)	(4)	(27)	(28)	(55)

Recognised impairment

An impairment loss is recognised in the Income Statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is re-tested for impairment. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill. The FVLCOD valuation methodology was applied to determine the recoverable amount of CGUs.

	2025		2024	
	Supermarkets	Liquor	Supermarkets	Liquor
Goodwill allocation ($m)	986	165	986	165
Indefinite life intangible assets ($m)	–	35	–	33
Post-tax discount rate (%)	7.5%	7.5%	7.5%	7.5%
Terminal growth rate (%)	2.1%	2.1%	2.0%	2.0%

Sensitivity analysis is performed to determine the point at which the recoverable amount is equal to the carrying amount for each CGU. For the Group's CGUs, based on current economic conditions and CGU performance, no reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.

4.2 Financial risk management

The following note outlines the Group's exposure to and management of financial risks. These arise from the Group's requirement to access financing (bank debt, capital market debt and overdrafts), from the Group's operational activities (cash, trade receivables and payables) and from instruments held as part of the Group's risk management activities (derivative financial instruments).

The Group's financial risk management is carried out by the Group Treasury function and governed by the Board-approved Treasury Policy (the Policy). The Policy strictly prohibits speculative positions to be taken.

Management of financial risks is undertaken by the Group in line with its risk management principles and includes the following key steps: risk identification, risk measurement, setting risk tolerances and hedging objectives, strategy design and strategy implementation.

The Policy requires periodic reporting of financial risks to the Board, and its application is subject to oversight from the Chief Financial Officer and the Chairman of the Audit and Risk Committee.

The Policy allows the use of various derivatives to hedge financial risks and provides guidance in relation to volume and tenor of these instruments.

In the normal course of business, the Group is exposed to various risks as set out below:

RISK	EXPOSURE	MANAGEMENT
Market risks		
Interest rate risk	The Group's exposure to interest rate risk relates primarily to interest-bearing liabilities where interest is charged at variable rates.	The Group manages interest rate risk by having access to both fixed and variable debt facilities. In line with the Policy, this risk is further managed by hedging a portion of the interest rate debt exposures with derivative financial instruments to convert interest rate debt obligations to either fixed or floating rate obligations.
Foreign exchange risk	The Group has exposure to foreign exchange risk principally arising from purchases of inventory and capital equipment denominated in foreign currencies.	To manage foreign currency transaction risk, the Group hedges material foreign currency denominated expenditure at the time of the commitment and hedges a proportion of foreign currency denominated forecast exposures (mainly relating to the purchase of inventory) through the use of forward foreign exchange contracts and foreign currency options.
Commodity price risk	The Group is exposed to changes in commodity prices in respect to the price of electricity.	To mitigate the variability of wholesale electricity prices, the Group utilises Power Purchase Arrangements (PPAs) and electricity swaps.
Liquidity risk	The Group is exposed to liquidity and funding risk from operations and external borrowings. Liquidity risk is the risk that unforeseen events cause pressure on, or curtail, the Group's cash flows. Funding risk is the risk that sufficient funds will not be available to meet the Group's financial commitments in a timely manner.	Liquidity risk is measured under both normal market operating conditions and under a crisis situation which curtails cash flows for an extended period. This approach is designed to ensure that the Group's funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The Group regularly reviews its short, medium and long-term funding requirements. The Policy requires that sufficient committed funds are available to meet medium term requirements, with flexibility and headroom in the event a strategic opportunity should arise. The Group maintains a liquidity reserve in the form of undrawn facilities of at least $1 billion.
Credit risk	The Group is exposed to credit risk from its financing activities, including deposits with financial institutions and other financial instruments. With respect to credit risk arising from cash and cash equivalents, trade and other receivables and certain derivative instruments, the Group's exposure arises from default of the counterparty. Credit risk for the Group also arises from various financial guarantees in which members of the Group act as guarantor.	The majority of the Group's sales are on a cash basis, and the Group's exposure to credit risk from customer sales is minimal. The Group's trade and other receivables relate largely to commercial income due from suppliers and other receivables from creditworthy third parties. Counterparty limits, credit ratings and exposures are actively managed in accordance with the Policy. The Group's exposure to bad debts is not significant, and default rates have historically been very low. The credit quality of trade and other receivables neither past due nor impaired has been assessed as high on the basis of credit ratings (where available) or historical information about counterparty default. Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party. The carrying amount of trade and other receivables and other financial assets in the Balance Sheet represents the Group's maximum exposure to credit risk. There is also exposure to credit risk where members of the Group have entered into guarantees, however the probability of being required to make payments under these guarantees is considered remote.

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk

The Group is primarily exposed to foreign exchange risk in relation to the United States dollar (USD), the Euro (EUR) and the British Pound (GBP). The Group considers its exposure to USD, EUR and GBP arising from purchases to be a long-term and ongoing exposure that is highly probable.

The table below sets out the total forward exchange contracts at the reporting date and the carrying value of the derivative asset / (liability) positions:

	Notional value		Carrying value		Weighted average hedge rate	
	2025	2024	2025	2024	2025	2024
Buy/sell	$m	$m	$m	$m		
USD/AUD	169	98	(3)	–	0.64	0.66
EUR/AUD	204	167	8	(3)	0.58	0.61
GBP/AUD	15	43	–	–	0.49	0.53
AUD/USD	–	(1)	–	–	–	0.66

At the reporting date, the Group has the following exposures to USD, EUR and GBP:

	USD $m		EUR €m		GBP £m	
	2025	2024	2025	2024	2025	2024
FINANCIAL ASSETS						
Cash and cash equivalents	5	6	–	2	–	–
Trade receivables	11	17	–	–	–	–
Forward exchange contracts	109	65	118	102	7	23
FINANCIAL LIABILITIES						
Trade and other payables	(56)	(63)	(34)	(40)	(6)	(5)
Net exposure	**69**	**25**	**84**	**64**	**1**	**18**

At the reporting date, the Group held EUR 49 million of foreign currency collar options with a carrying value of $5 million.

Foreign exchange rate sensitivity

At the reporting date, had the Australian dollar moved against the USD, EUR and GBP (with all other variables held constant), the Group's post-tax profit and OCI would have been affected by the change in value of its financial assets and financial liabilities.

The following sensitivities are based on the foreign exchange risk exposures in existence at the reporting date and the determination of reasonably possible movements based on management's assessment of reasonable fluctuations.

		Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
		2025	2024	2025	2024
Rate	Change	$m	$m	$m	$m
AUD/USD	+10%	–	–	(7)	(3)
	-10%	–	(1)	8	3
AUD/EUR	+10%	–	–	(10)	(6)
	-10%	–	–	12	8
AUD/GBP	+10%	–	–	–	(2)
	-10%	–	–	–	3

Interest rate risk

At the reporting date, the Group has the following financial assets and liabilities exposed to variable interest rate risk.

	2025		2024	
	Exposure	Weighted average interest rate	Exposure	Weighted average interest rate
	$m	%	$m	%
FINANCIAL ASSETS				
Cash at bank and on deposit	170	3.7	151	3.9
FINANCIAL LIABILITIES				
Capital market debt	(150)	(4.7)	(150)	(5.3)
Less: interest rate swaps receive floating (notional principal amount)	–	–	150	2.5
Interest rate swaps pay floating (notional principal amount)	(900)	(5.4)	(600)	(5.8)
Net exposure to cash flow interest rate risk	**(880)**		**(449)**	

Interest rate sensitivity

Based on the variable interest rate exposures in existence at the reporting date, a reasonably possible change of 100 basis points, with all other variables held constant, the impact would be:

	Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
	2025	2024	2025	2024
	$m	$m	$m	$m
IMPACT OF REASONABLY POSSIBLE MOVEMENTS				
+1.0% (100 basis points)	(6)	(3)	–	1
-1.0% (100 basis points)	6	3	–	(1)

Liquidity risk

The Group aims to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank debt with a variety of counterparties.

Notes to the Consolidated Financial Statements continued

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

The committed facilities of the Group are set out below:

	2025 $m	2024 $m
FINANCING FACILITIES AVAILABLE:		
Bank overdrafts	13	13
Revolving multi-option facilities	2,915	2,715
	2,928	**2,728**
FINANCING FACILITIES UTILISED:		
Guarantees issued[1]	346	350
	346	**350**
FINANCING NOT UTILISED:		
Bank overdrafts	13	13
Revolving multi-option facilities[1]	2,569	2,365
	2,582	**2,378**

1. As at 29 June 2025, bank guarantees totalling $346 million (2024: $350 million) have been issued on behalf of the Group through the revolving multi-option facilities. While the Company has entered into these guarantees, the probability of having to make payments under these guarantees is considered remote.

The Group holds $705 million cash and cash equivalents at the reporting date (2024: $675 million).

Maturity analysis

The table below sets out the Group's financial liabilities across the relevant maturity periods based on their contractual maturity date. At the reporting date, the remaining undiscounted contractual maturities of the Group's financial liabilities and their carrying amounts are as follows:

	< 12 Months $m	1-2 Years $m	2-5 Years $m	> 5 Years $m	Total contractual cash flows $m	Carrying amount $m
2025						
Trade and other payables (less accrued interest)	4,617	–	–	–	4,617	4,617
Capital market debt (principal and interest)	225	370	496	1,330	2,421	2,004
Lease liabilities	1,331	1,294	3,499	4,557	10,681	8,343
Forward exchange contracts	4	–	–	–	4	4
Power Purchase Arrangement	1	1	1	–	3	3
Total	**6,178**	**1,665**	**3,996**	**5,887**	**17,726**	**14,971**
2024						
Trade and other payables (less accrued interest)	4,568	–	–	–	4,568	4,568
Capital market debt (principal and interest)	65	209	454	1,334	2,062	1,668
Lease liabilities	1,293	1,247	3,398	4,927	10,865	8,417
Forward exchange contracts	3	–	–	–	3	3
Power Purchase Arrangement	4	–	–	–	4	5
Total	**5,933**	**1,456**	**3,852**	**6,261**	**17,502**	**14,661**

For variable rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date. Contractual cash flows are undiscounted and as such will not necessarily agree with their carrying amounts.

Changes in liabilities arising from financing activities

	Note	At beginning of period $m	Cash flows $m	Changes in fair value $m	Leases recognised $m	Other $m	At end of period $m
2025							
Capital market debt	3.1	1,652	299	32	–	1	1,984
Lease liabilities	2.7	8,417	(1,336)	–	837	425	8,343
Derivatives	4.3	9	–	(2)	–	–	7
Total liabilities from financing activities		**10,078**	**(1,037)**	**30**	**837**	**426**	**10,334**
2024							
Bank debt	3.1	72	(78)	–	–	6	–
Capital market debt	3.1	1,046	596	9	–	1	1,652
Lease liabilities	2.7	7,849	(1,197)	–	1,402	363	8,417
Derivatives	4.3	11	–	(2)	–	–	9
Total liabilities from financing activities		**8,978**	**(679)**	**7**	**1,402**	**370**	**10,078**

As at 29 June 2025, the Group has supplier finance arrangements in place with a balance of $137 million (2024: $114 million), which had been paid to suppliers by the finance provider. The terms and conditions of these arrangements are consistent with the original payment terms agreed with suppliers and therefore continue to be presented as trade payables in the consolidated Balance Sheet.

4.3 Financial instruments

Financial assets and liabilities measured at fair value

The following table sets out the fair value measurement hierarchy and fair value of the Group's derivative financial instruments:

		2025		2024	
	Fair value hierarchy	Asset $m	Liability $m	Asset $m	Liability $m
CASH FLOW HEDGES					
Forward exchange contracts	Level 2	9	(4)	1	(4)
Foreign currency options	Level 2	5	–	–	–
Interest rates swaps	Level 2	–	–	3	–
Electricity swaps	Level 2	–	–	1	–
Power Purchase Agreement	Level 3	18	(3)	15	(5)
FAIR VALUE HEDGES					
Interest rates swaps	Level 2	41	–	9	–
Total		**73**	**(7)**	**29**	**(9)**

The Group measures certain financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements continued

4.3 FINANCIAL INSTRUMENTS (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1	Fair value is calculated using quoted prices in active markets for identical assets or liabilities
Level 2	Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3	Fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivatives

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts, foreign currency options, interest rate swap contracts, electricity swap contracts and power purchase agreements are valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot, forward rates and volatilities, yield curves of the respective currencies, interest rate curves and electricity futures. In addition, the valuation of the power purchase arrangement includes an unobservable input relating to forward electricity price assumptions.

Carrying amounts versus fair values

The carrying amount and fair value of financial assets and liabilities recognised in the financial statements are materially the same unless stated below:

	Carrying amount		Fair value	
	2025	2024	2025	2024
	$m	$m	$m	$m
FINANCIAL LIABILITIES				
Capital market debt	1,984	1,652	1,922	1,547

Offsetting of financial assets and liabilities

The Group presents its financial assets and liabilities on a gross basis except where there is an enforceable legal right to offset and there is an intention to settle on a net basis.

Commercial income due from suppliers is recognised within trade receivables, except in cases where the Group has a legally enforceable right of set-off and the intention to settle on a net basis, in which case only the net amount receivable or payable is recognised.

The following table sets out the Group's financial assets and financial liabilities which have been offset in the Balance Sheet at the reporting date:

	Gross financial assets/(liabilities)	Gross financial (liabilities)/assets set-off	Net financial assets/ (liabilities) presented in the balance sheet
	$m	$m	$m
2025			
Trade and other receivables	635	(148)	487
Trade and other payables	(4,785)	148	(4,637)
2024			
Trade and other receivables	648	(152)	496
Trade and other payables	(4,736)	152	(4,584)

Hedge accounting

Where the Group undertakes a hedge transaction it documents at the inception of the transaction the type of hedge, the relationship between hedging instruments and hedged items and its risk management objective and strategy for undertaking the hedge.
The documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge has been, and is expected to continue to be, highly effective.

The Group uses derivative financial instruments for cash flow and fair value hedging purposes and designates them as such.

Cash flow hedge	Derivatives or other financial instruments that hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction. The Group uses cash flow hedges to mitigate the risk of variability of: • future cash flows attributable to foreign currency fluctuations over the hedging period where the Group has highly probable purchase or settlement commitments denominated in foreign currencies; • interest rate fluctuations over the hedging period where the Group has variable rate debt obligations; and • energy commodity price fluctuations over the hedging period.
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in OCI and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the Income Statement.

Fair value hedge	Derivatives or other financial instruments that hedge the exposure to changes in fair value of a recognised asset, liability or an unrecognised firm commitment. The Group uses fair value hedges to mitigate the risk of fair value fluctuations over the hedging period.
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. Fair value gains and losses are recognised in the Income Statement.

5. Group Structure

This section provides information relating to subsidiaries and other material investments of the Group.

5.1 Equity accounted investments

Name of company	Principal activity	Place of incorporation	Type	Ownership interest 2025	Ownership interest 2024
Loyalty Pacific Pty Ltd	Operator of the Flybuys loyalty program	Australia	Joint Venture	50%	50%
Queensland Venue Co. Pty Ltd (QVC)	Operator of Spirit Hotels and Queensland retail liquor business	Australia	Associate	50%	50%

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An associate is an entity that is not controlled or jointly controlled by the Group, but over which the Group has significant influence.

The Group accounts for its investments in joint ventures and associates using the equity method of accounting. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group's share of profit after tax of the joint venture or associate, which is recognised in profit or loss. The Group's share of OCI is recognised within Other Comprehensive Income. Dividends received from a joint venture or associate reduce the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss for its investment in a joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value. Any impairment loss will be recognised within 'share of net profit of equity accounted investments' in the Income Statement.

KEY JUDGEMENT: CONTROL AND SIGNIFICANT INFLUENCE

The Group has a number of management agreements relating to its joint venture and associate investments which it considers when determining whether it has control, joint control or significant influence. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to appoint or remove key management and the decision-making rights and scope of powers specified in the agreements.

Loyalty Pacific Pty Ltd

A reconciliation of the carrying amount of the Group's investment in Loyalty Pacific Pty Ltd is set out below:

	2025 $m	2024 $m
At beginning of period	24	19
Additions	20	23
Loss for the period	(5)	(18)
At end of period	39	24

Queensland Venue Co. Pty Ltd

In FY19, the Company entered into an incorporated joint venture with Australian Venue Co. (AVC) for the operation of Spirit Hotels (the Hotel business) and the retail liquor stores linked to Spirit Hotels venues (collectively the 'Retail Liquor business'). An incorporated joint venture company, QVC was established. Under the joint venture documents, the Company holds all R-shares in QVC and operates the Retail Liquor business through its wholly-owned subsidiary, Liquorland (Australia) Pty Ltd (LLA).

For accounting purposes, LLA is considered the principal in relation to retail liquor sales due to its exposure to the economic risks and benefits associated with the Retail Liquor business. Accordingly, LLA recognises revenue from retail liquor sales by QVC directly in its Income Statement. Revenue recognised by QVC relates solely to Spirit Hotels.

Furthermore, due to the application of service fees and cost recoveries between the Company and QVC, net profit relating to the Retail Liquor business as recognised by QVC is nominal.

A reconciliation of the carrying amount of the Group's investment in QVC is set out below:

	2025 $m	2024 $m
At beginning of period	201	201
Additions	–	–
Profit for the period	–	–
At end of period	201	201

5.2 Assets held for sale

At 29 June 2025, five of the Group's properties with a total carrying value of $105 million have been classified as held for sale (2024: one of the Group's properties with a total carrying value of $3 million).

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. A sale is considered highly probable when actions required to complete the sale indicate that it is unlikely significant changes to the sale will be made or that the decision to sell will be withdrawn, and where management is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Notes to the Consolidated Financial Statements continued

5.3 Subsidiaries

The ultimate parent of the Group is Coles Group Limited, a company incorporated in Australia. Subsidiaries are consolidated from the date of acquisition, being the date Coles Group Limited obtains control, and continue to be consolidated until the date control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Set out below are the subsidiaries of the Group held during the year. All entities were incorporated in Australia and wholly-owned unless stated otherwise.

Andearp Pty Ltd	Coles Group Property Developments Ltd *
Australian Liquor Group Ltd *	Coles Group Superannuation Fund Pty Ltd
BetaElementCo Pty Ltd	Coles Group Supply Chain Pty Ltd *
Bi-Lo Pty. Limited *	Coles Group Treasury Pty Ltd *
C360 Retail Media Pty Ltd (formerly Katies Fashions (Aust) Pty Limited)	Coles Online Pty Ltd *
CGBVI Pty Ltd	Coles Property Management Pty Ltd
Charlie Carter (Norwest) Pty Ltd	Coles Supermarkets Australia Pty Ltd *
Chef Fresh Pty Ltd *	Coles Supply Services Pty Ltd*
CMPQ (CML) Pty Ltd	Coles Trading (Shanghai) Co. Limited (incorporated in China) [1]
CNSCE Pty Ltd	Coles WFS Pty Ltd
CNSCV Pty Ltd	Eureka Operations Pty Ltd *
Coles Ansett Travel Pty Ltd (97.5%)	GBPL Pty Ltd
Coles Captive Insurance Pte. Ltd. (incorporated in Singapore)	Grocery Holdings Pty Ltd *
Coles Environmental Services Pty Ltd	Liquorland (Australia) Pty Ltd*
Coles Export Asia Limited (incorporated in Hong Kong)	Newmart Pty Ltd
Coles Export Australia Pty Ltd*	Procurement Online Pty Ltd
Coles Financial Services Pty Ltd	Property Structures Pty Ltd
Coles Fresh Milk Co. Pty Ltd*	Retail Payment Solutions Pty Ltd [2]
Coles FS Holding Company Pty Ltd	Retail Ready Operations Australia Pty. Ltd *
Coles Group Business Ventures Pty Ltd*	Tickoth Pty Ltd
Coles Group Deposit Services Pty Ltd	WFPL Funding Co Pty Ltd
Coles Group Finance Limited *	WFPL SPV Pty Ltd
Coles Group Properties Holdings Ltd *	

* These entities are parties to the Deed of Cross Guarantee (DOCG) and are members of the Closed Group as at 29 June 2025. Coles Group Business Ventures Pty Ltd and Coles Fresh Milk Co Pty Ltd joined the Closed Group on 24 June 2025.

[1] Deregistered in China on 25 June 2025.

[2] Incorporated on 23 January 2025.

Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (ASIC Instrument) the wholly-owned subsidiaries denoted by (*) listed above are relieved from the *Corporations Act 2001* (Cth) requirements for preparation, audit and lodgement of financial reports, and Directors' Reports. Together with Coles Group Limited, the entities represent a 'Closed Group' for the purposes of the ASIC Instrument.

As a condition of the ASIC Instrument, the Company and these subsidiaries have entered into a Deed of Cross Guarantee (the Deed). The effect of the Deed is that the Company guarantees to pay any deficiency in the event of winding up any controlled entity in the Closed Group, or if they do not meet their obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities in the Closed Group have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee.

An Income Statement, retained earnings and a Balance Sheet, comprising the Company and controlled entities which are a party to the Deed at the reporting date, after eliminating all transactions between the parties to the Deed, for the period are set out below:

Income Statement and retained earnings

	Closed Group	
	2025 52 weeks $m	2024 53 weeks $m
CONTINUING OPERATIONS		
Sales revenue	44,315	43,571
Other operating revenue	135	113
Total operating revenue	**44,450**	**43,684**
Cost of sales	(32,610)	(32,392)
Gross profit	**11,840**	**11,292**
Other income	132	165
Administration expenses	(9,859)	(9,352)
Share of net loss from equity accounted investments	(5)	(18)
Earnings before interest and tax	**2,108**	**2,087**
Financing costs	(541)	(441)
Profit before income tax	1,567	1,646
Income tax expense	(465)	(494)
Profit for the period from continuing operations	1,102	1,152
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations, after tax	–	(10)
Profit for the period	1,102	1,142
Items that may be reclassified to profit or loss:		
Net movement in the fair value of cash flow hedges	9	(4)
Income tax effect	(3)	1
Other comprehensive income/ (loss) which may be reclassified to profit or loss in subsequent periods	**6**	**(3)**
Total comprehensive income for the period	**1,108**	**1,139**
RETAINED EARNINGS		
Retained earnings at beginning of period	1,948	1,690
Profit for the period	1,102	1,142
Dividends paid	(925)	(884)
Retained earnings at end of period	**2,125**	**1,948**

Notes to the Consolidated Financial Statements continued

5.3 SUBSIDIARIES (CONTINUED)

Balance Sheet

	Closed Group	
	2025 $m	2024 $m
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	701	669
Trade and other receivables	548	495
Inventories	2,730	2,694
Income tax receivable	28	–
Assets held for sale	105	3
Other assets	120	109
Total current assets	**4,232**	**3,970**
NON-CURRENT ASSETS		
Property, plant and equipment	5,864	5,586
Right-of-use assets	6,940	7,048
Intangible assets	2,241	2,203
Deferred tax assets	668	713
Investment in subsidiaries	190	190
Investment in joint venture	240	225
Other assets	151	71
Total non-current assets	**16,294**	**16,036**
Total assets	**20,526**	**20,006**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,743	4,619
Interest-bearing liabilities	150	–
Income tax payable	–	73
Provisions	894	940
Lease liabilities	927	911
Other	247	260
Total current liabilities	**6,961**	**6,803**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	1,834	1,652
Provisions	381	321
Lease liabilities	7,414	7,506
Other	1	1
Total non-current liabilities	**9,630**	**9,480**
Total liabilities	**16,591**	**16,283**
Net assets	**3,935**	**3,723**
EQUITY		
Contributed equity	1,704	1,672
Reserves	106	103
Retained earnings	2,125	1,948
Total equity	**3,935**	**3,723**

5.4 Parent entity information

Summary financial information for the Company is set out below:

	2025 52 weeks $m	2024 53 weeks $m
Profit for the period	**334**	**325**
Dividends received	–	–
Profit for the period (after dividends)	**334**	**325**
Other comprehensive income	–	–
Total comprehensive income for the period	**334**	**325**

	2025 $m	2024 $m
ASSETS		
Current assets	833	1,224
Non-current assets	5,069	5,101
Total assets	**5,902**	**6,325**
LIABILITIES		
Current liabilities	1,035	530
Non-current liabilities	2,235	2,602
Total liabilities	**3,270**	**3,132**
EQUITY		
Contributed equity	1,704	1,672
Reserves	100	102
Retained earnings	828	1,419
Total equity	**2,632**	**3,193**

As at 29 June 2025, the Company has no guarantees in relation to the debts of its subsidiaries (2024: $nil).

As at 29 June 2025, the Company has no contingent liabilities (2024: $nil). As at 29 June 2025, the Company has bank guarantees totalling $341 million (2024: $346 million).

As at 29 June 2025, the Company has contractual commitments for the acquisition of property, plant and equipment totalling $367 million (2024: $39 million).

As at 29 June 2025, the Company has contractual commitments for lease agreements not yet commenced totalling $1,314 million (2024: $136 million).

6. Unrecognised items

This section provides information about items that are not recognised in the consolidated financial statements nor disclosed elsewhere in this report but could potentially have a significant impact on the Group's financial performance or position in the future.

6.1 Commitments

A commitment represents a contractual obligation to make a payment in the future. The Group's commitments relate to capital expenditure and certain operating leases not recognised. Commitments are not recognised in the Balance Sheet but are disclosed.

Capital expenditure commitments of the Group at the reporting date are set out below:

	2025 $m	2024 $m
Within one year	169	195
Between one and five years	449	5
More than five years	24	64
Total capital commitments for expenditure	**642**	**264**

The commitment amounts disclosed above represent the maximum amounts that the Group is obliged to pay.

At 29 June 2025, the Group also has commitments relating to lease agreements that have not yet commenced. The commitments relate to lease agreements associated with new stores, automated distribution centre and a store support centre. The future lease payments (undiscounted) for non-cancellable periods are set out below:

	2025 $m	2024 $m
Within one year	6	26
Between one and five years	342	241
More than five years	1,725	487
Total commitments for lease agreements not yet commenced (undiscounted)	**2,073**	**754**

6.2 Contingencies

The following matters are disclosed as contingencies and, given the status of matters, it is not possible to provide a range of possible outcomes or a reliable estimate of potential future exposures unless otherwise stated. Future developments in matters for which a contingent liability is disclosed could have a material adverse impact upon the Group's earnings and financial position.

Award covered salaried team member review

In February 2020, Coles announced it was conducting a review into the pay arrangements for all team members who received a salary and were covered by the General Retail Industry Award 2010 (GRIA). The review assessed the remuneration paid to 15,011 team members against the GRIA. Coles conducted a remediation program, and has paid $31 million of remediation costs to date. In addition, at 29 June 2025, a provision of $19 million (30 June 2024: $19 million) is reflected in the financial statements.

Following the announcement in February 2020, the Fair Work Ombudsman (FWO) commenced an investigation into Coles' pay arrangements for a group of the affected salaried team members covered by the GRIA.

In December 2021, the FWO filed proceedings in the Federal Court of Australia which include issues relating to the interpretation and application of various provisions of the GRIA. The FWO alleges that Coles is obligated to pay a further $108 million in remediation payments to 7,687 team members for the period 1 January 2017 to 31 March 2020. This group is a subset of the award covered salaried employees which were assessed as part of the 2020 review by Coles. Additionally, the period of time covered in the proceedings is a lesser period than the period covered in Coles' remediation.

The FWO matter was heard in a seven week trial from 5 June 2023 and judgment is pending. As such, the potential outcome, extent to which further remediation may be necessary, and costs associated with this matter remain uncertain as at the date of this report.

In May 2020, a class action proceeding was filed in the Federal Court of Australia in relation to payment of Coles managers employed in supermarkets. This matter was heard in conjunction with the FWO proceedings and judgment has also been reserved. The potential outcome and total costs associated with this matter remain uncertain as at the date of this report.

ACCC proceedings

On 23 September 2024, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings against Coles Supermarkets Australia Pty Ltd in the Federal Court of Australia alleging contraventions of the Australian Consumer Law regarding the Coles Down Down program between February 2022 and May 2023.

The ACCC proceedings allege Coles increased the prices of at least 245 products before placing them on Down Down promotions at prices that were higher than, or the same as, the price at which each product had ordinarily been offered for sale before the price increase. It is alleged that Coles made representations that the prices of the products were discounted and that these representations were false and misleading.

In November 2024, Coles was notified that a class action proceeding against Coles had been filed in the Federal Court of Australia alleging misleading conduct in relation to the same products that are the subject of the ACCC proceedings.

Coles is defending the ACCC and class action proceedings. At this stage in the proceedings, the potential outcome and total costs associated with these matters remain uncertain.

Other contingencies

From time to time, entities within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the ordinary course of business. Consideration has been given to such matters and it is expected that the resolution of these contingencies will not have a material impact on the financial position of the Group, or are not at a stage to support a reasonable evaluation of the likely outcome.

KEY ESTIMATE: CONTINGENCIES

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.

7. Other Disclosures

This section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.

7.1 Related party disclosures

	2025 $m	2024 $m
JOINT VENTURES AND ASSOCIATES		
LOYALTY PACIFIC PTY LTD		
Sale of goods to members of Flybuys	413	384
Payments for loyalty program to Loyalty Pacific Pty Ltd	407	392
Amounts owing to Loyalty Pacific Ltd	168	189
QUEENSLAND VENUE CO. PTY LTD		
Service fees paid to QVC	61	60
Amounts receivable from QVC	42	43

Transactions with Key Management Personnel (KMP)

Compensation of KMP of the Group:

	2025 $	2024 $
Short-term employee benefits	11,363,005	10,041,561
Post-employment benefits	303,600	251,626
Other long-term benefits	89,882	172,153
Share-based payments	6,106,798	4,306,562
Total compensation paid to key management personnel	**17,863,285**	**14,771,902**

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Group has not recognised a provision for expected credit losses relating to amounts owed by related parties (2024: $nil).

7.2 Employee share plans

The Group operates an Equity Incentive Plan (the Plan) which provides equity instruments to employees as a component of their remuneration.

Long Term Incentive (LTI) program

Refer to the Remuneration Report for the terms and conditions of the LTI program.

The fair value of Performance Rights under each performance measure is determined at grant date by an independent valuation expert and takes into account the terms and conditions upon which they were granted. The fair value is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

For the relative total shareholder return (RTSR) measure, the fair value is recognised as an expense irrespective of whether the Performance Rights vest to the holder, and a reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period. For the return on capital (ROC) measure, the amount expensed is based on the expected number of Performance Rights vesting, with the ultimate expense reflecting the actual Performance Rights that vest.

Short Term Incentive (STI) program

For Executives, 25% of their STI is deferred into Restricted Shares (50% for the Managing Director and Chief Executive Officer) and are subject to a one-year service condition (two years for the Managing Director and Chief Executive Officer). The cost of the deferred STI is based on the market price at grant date and is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Further explanation of the deferred STI is disclosed in the Remuneration Report.

Restricted share offer

Restricted Shares are subject to a continued service condition, a three-year trading restriction period and cessation of employment provisions. During the trading restriction period, Restricted Shares are held in trust by the Trustee on behalf of the employee. The number of Restricted Shares to be granted is determined based on the currency value of the achieved Restricted Share offer divided by the volume weighted average price (VWAP) at which the Company's shares are traded on the Australian Stock Exchange over the period outlined in the offer letter. The value of Restricted Shares granted is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Restricted Shares carry the same dividend and voting rights as other fully paid Ordinary Shares in the Company.

Performance rights (number)

Movements in Performance Rights granted under the LTI program that existed during the current or prior period are:

Grant date	Balance at 30 June 2024	Granted	Forfeited	Vested	Balance at 29 June 2025	Exercisable at 29 June 2025
2025						
Nov 2019	81,082	–	–	–	81,082	–
Nov 2021	199,016	–	(47,565)	(151,451)	–	–
Dec 2021	734,382	–	(172,958)	(561,424)	–	–
Nov 2022	120,204	–	–	–	120,204	–
Nov 2022	584,647	–	–	–	584,647	–
Nov 2023	192,520	–	–	–	192,520	–
Nov 2023	557,884	–	(159,297)	–	398,587	–
Jan 2024	70,133	–	–	–	70,133	–
Nov 2024	–	203,963	–	–	203,963	–
Nov 2024	–	690,913	(221,245)	–	469,668	–
	2,539,868	894,876	(601,065)	(712,875)	2,120,804	–

Grant date	Balance at 25 June 2023	Granted	Forfeited	Vested	Balance at 30 June 2024	Exercisable at 30 June 2024
2024						
Nov 2019	81,082	–	–	–	81,082	–
Nov 2020	223,133	–	(111,566)	(111,567)	–	–
Nov 2020	711,110	–	(355,552)	(355,558)	–	–
Nov 2021	199,016	–	–	–	199,016	–
Dec 2021	734,382	–	–	–	734,382	–
Nov 2022	120,204	–	–	–	120,204	–
Nov 2022	584,647	–	–	–	584,647	–
Nov 2023	–	192,520	–	–	192,520	–
Nov 2023	–	557,884	–	–	557,884	–
Jan 2024	–	70,133	–	–	70,133	–
	2,653,574	820,537	(467,118)	(467,125)	2,539,868	–

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7.2 EMPLOYEE SHARE PLANS (CONTINUED)

Fair value of equity instruments

The assumptions underlying the fair value measurement of the performance rights are:

Grant date	Expiry date	Share price at grant date $	Expected volatility in share price[1] %	Expected dividend yield %	Risk free interest rate[2] %	Fair value per instrument $
Nov 2019	Aug 2022	16.26	25.0	3.90	0.65	12.58
Nov 2021	Aug 2024	17.63	20.0	3.56	0.89	12.61
Dec 2021	Aug 2024	17.85	20.0	3.53	0.95	13.04
Nov 2022	Aug 2025	16.48	20.0	3.92	3.35	11.00
Nov 2022	Aug 2025	17.15	20.0	3.92	3.22	11.50
Nov 2023	Aug 2026	15.45	17.5	4.25	4.28	9.60
Nov 2023	Aug 2026	15.27	17.5	4.25	4.20	9.37
Jan 2024	Aug 2026	15.58	16.5	4.16	3.73	8.85
Nov 2024	Aug 2027	17.75	15.0	4.25	4.11	12.10
Nov 2024	Aug 2027	18.40	15.0	4.25	3.97	12.62

1. Reflects the assumption that the historical volatility is indicative of future trends.
2. Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

Additional Information on Award Schemes

Details of grants made under the Plan during the period are set out in the Remuneration Report.

KEY ESTIMATE: SHARE-BASED PAYMENTS

The fair value of share-based payment transactions has been determined by an independent valuation expert. Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. Assumptions regarding the most appropriate inputs to the valuation model must be made. This includes, but is not limited to, share price volatility, discount rate and dividend yield.

In measuring the fair value of awards issued under the LTI plan subject to the RTSR vesting condition, an adjusted form of the Black-Scholes Model that includes a Monte Carlo Simulation Model has been utilised. The Monte Carlo Simulation Model has been modified to incorporate an estimate of the probability of achieving the RTSR hurdle. In measuring the fair value of awards subject to non-market based vesting conditions, the Black-Scholes Model has been utilised.

7.3 Auditor's remuneration

	2025 $000	2024 $000
FEES TO ERNST & YOUNG (AUSTRALIA):		
AUDIT SERVICES:		
Audit or review of the Financial Report of the Group	3,035	3,116
Assurance related	1,046	851
NON-AUDIT SERVICES:		
Tax compliance services	185	125
Total fees to Ernst & Young (Australia)	**4,266**	**4,092**
FEES TO OVERSEAS MEMBER FIRMS OF ERNST & YOUNG		
AUDIT SERVICES:		
Audit or review of the Financial Report of any controlled entities	79	108
Total fees to overseas member firms of Ernst & Young	**79**	**108**
Total auditor's remuneration	**4,345**	**4,200**

The auditor of the Group is Ernst & Young (EY). Fees charged by EY for 'Assurance related' services are for services that are reasonably related to the performance of the audit or review of financial reports, for other assurance engagements (such as assurance over the Group's Sustainability Report) and for other assurance related engagements which are appropriate for our external auditor to perform.

The total fees for non-audit services of $185,000 represent 4.3% (2024: $125,000 or 3.0%) of the total fees paid or payable to EY and related practices for the period.

7.4 New accounting standards and interpretations

There are amendments, interpretations and standards that apply for the first time in this period. These did not have a material impact on the consolidated financial statements of the Group.

New and revised Australian accounting standards and interpretations on issue but not yet effective

AASB 18 Presentation and Disclosure in Financial Statements was released in June 2024 and is effective for annual reporting periods beginning on or after 1 January 2027. AASB 18 replaces AASB 101 Presentation of Financial Statements. The Group is assessing the impact of the standard, which is expected to result in a change in presentation of the Income Statement and associated Notes to the Financial Statements.

There are no other standards issued but are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods.

7.5 Events after the reporting period

Other than events disclosed elsewhere in this report, the Group is not aware of any matter or circumstance that has occurred since the reporting date that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in subsequent reporting periods.

Consolidated Entity Disclosure Statement

Coles Group Limited as at 29 June 2025

Below is a list of all subsidiaries of Coles Group Limited as at 29 June 2025 which are included in these consolidated financial statements.

Entity name	Entity type	Place incorporated	% share capital held	Tax residency	Foreign jurisdiction
Coles Group Limited ('the Company')	Body Corporate	Australia	100%	Australian	N/A
Andearp Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Australian Liquor Group Ltd	Body Corporate	Australia	100%	Australian	N/A
BetaElementCo Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bi-Lo Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
C360 Retail Media Pty Ltd (formerly Katies Fashions (Aust) Pty Limited)	Body Corporate	Australia	100%	Australian	N/A
CGBV1 Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Charlie Carter (Norwest) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Chef Fresh Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CMPQ (CML) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCE Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Ansett Travel Pty Ltd	Body Corporate	Australia	97.5%	Australian	N/A
Coles Captive Insurance Pte. Ltd.	Body Corporate	Singapore	100%	Foreign	Singapore
Coles Environmental Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Export Asia Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Coles Export Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Financial Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Fresh Milk Co. Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles FS Holding Company Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Business Ventures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Deposit Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Finance Limited	Body Corporate	Australia	100%	Australian	N/A
Coles Group Limited Equity Trust	Trust	Australia	N/A	Australian	N/A
Coles Group Properties Holdings Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Property Developments Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Superannuation Fund Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Supply Chain Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Treasury Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Property Management Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supermarkets Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supply Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles WFS Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Eureka Operations Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
GBPL Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Grocery Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Liquorland (Australia) Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Newmart Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Procurement Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Property Structures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Retail Payment Solutions Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Retail Ready Operations Australia Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Tickoth Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL Funding Co Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL SPV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A

Directors' Declaration

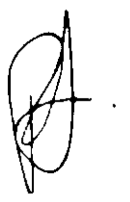
1. The directors of Coles Group Limited ('the Company') declare that, in the directors' opinion:
   (a) the financial statements and the Notes are in accordance with the *Corporations Act 2001* (Cth), including:
      (i) complying with the accounting standards and *Corporations Regulations 2001*; and
      (ii) giving a true and fair view of the financial position and performance of the Company and consolidated entity;
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   (c) the Consolidated Entity Disclosure Statement is true and correct as at 29 June 2025.

2. A statement of compliance with the International Financial Reporting Standards is included in the Basis of Preparation and Accounting Policies in the Notes to the consolidated financial statements.

3. The directors have been given the declaration required by section 295A of the *Corporations Act 2001* (Cth) from the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 29 June 2025.

4. As at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 5.3 Subsidiaries to the financial statements will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 5.3 Subsidiaries.

Signed in accordance with a resolution of the directors.



Peter Allen
Chairman
26 August 2025

Leah Weckert
Managing Director and Chief Executive Officer
26 August 2025

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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Independent auditor's report to the members of Coles Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Coles Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated Balance Sheet as at 29 June 2025, the consolidated Income Statement, consolidated Statement of Changes in Equity and consolidated Cash Flow Statement for the year then ended, notes to the financial statements, including material accounting policy information, the Consolidated Entity Disclosure Statement and the Directors' Declaration.

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 29 June 2025 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.

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1. Accounting for Supplier Rebates ('Commercial Income')

Why significant	How our audit addressed the key audit matter
Supplier rebates (also referred to in the retail industry as 'commercial income') comprises discounts and rebates received by the Group from its suppliers. The value and timing of when commercial income is recognised through the Consolidated Income Statement is considered a key audit matter due to the significance of this balance to the Financial Report, as well as the judgements and consideration required of a number of factors including: • The commercial terms of each individual rebate agreement; • The nature and substance of the rebate arrangement to determine whether the amount reflects a reduction in the purchase price of inventory, requiring the rebate to be applied against the carrying value of inventory, or can be otherwise recognised in the Consolidated Income Statement; and • The accurate recognition and measurement of rebates in accordance with Australian Accounting Standards and the Group's processes and controls related to these arrangements. Disclosures relating to the measurement and recognition of commercial income can be found in *Note 2.4 Inventories*.	Our audit procedures included the following: • We gained an understanding of the nature of each significant type of commercial income and assessed a sample of agreements in place to determine whether the terms of each agreement were appropriately reflected in the accounting treatment; • We assessed the design and operating effectiveness of the Group's controls in place relating to the recognition and measurement of supplier rebate amounts; • We performed comparisons of the various arrangements against the prior year, including analysis of ageing profiles and where material variances were identified, we obtained supporting evidence; • We selected a sample of supplier rebate transactions and assessed whether the agreements or other documentation appropriately supported the recognition and measurement of the rebates recorded in the Financial Report, including an assessment of amounts recorded before and after the balance date; • We enquired of the Group including business category managers, supply chain managers, legal counsel and procurement managers as to the existence of any non-standard agreements or side arrangements; and • We considered the adequacy of the associated Financial Report disclosures.

2. Impairment of non-current assets

Why significant	How our audit addressed the key audit matter
The carrying value of property, plant and equipment, right of use assets and intangible assets was a key audit matter due to the significance of these balances and the complex judgements in the impairment assessment process regarding forecast future cash flows, discount rates, growth rates and terminal values. The impairment assessment completed by the Group includes numerous assumptions and estimates that will be impacted by future performance and market conditions. Key assumptions, judgements and estimates applied in the Group's impairment assessment are set out in *Note 4.1 Impairment of non-financial assets*. Based upon the disclosed sensitivity analysis, for the Group's cash generating units, no reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.	Our audit procedures included an evaluation of the following assumptions and inputs utilised in the Group's impairment assessment: • Determination of cash generating units; • Forecast cash flows; • Long term inflation and growth rates; • Discount rates; and • Other market evidence, including economic and industry growth rates. In performing our procedures, we assessed whether the Group's impairment models were in accordance with Australian Accounting Standards and tested the mathematical accuracy of the calculations. We considered the adequacy of the Financial Report disclosures regarding the impairment testing approach, key assumptions, results and sensitivity analysis.

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3. Reliance on automated processes and controls

Why significant	How our audit addressed the key audit matter
A significant part of the Group's financial processes are heavily reliant on IT systems with automated processes and controls over the capture, valuation and recording of transactions. We considered this to be a key audit matter due to the following: • Complex IT environment supporting diverse business processes, with varying levels of integration between them; • Mix of manual and automated controls; • Multiple internal and outsourced support arrangements; and • Continuing enhancements to the Group's IT systems.	Our audit procedures included the following: • We involved our IT specialists to perform procedures to understand the IT environment, including procedures to identify the Group's manual and automated controls relevant to financial reporting; and • We tested the effectiveness of the key IT controls relevant to the financial reporting systems of the Group. This included assessing the key IT controls over changes made to the material financial reporting systems and controls over appropriate access to these systems and related data. When testing IT controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information produced by those systems.

4. Inventory existence

Why significant	How our audit addressed the key audit matter
At 29 June 2025, the Group held inventories of $2,733 million. Inventories are held at geographically diverse locations around Australia at various retail stores and distribution centres, some of which are managed by third parties. The inventory existence verification process is extensive and occurs routinely throughout the financial year. We considered this to be a key audit matter due to the significance of this balance to the Financial Report. The Group's accounting policy in respect of inventories is disclosed in *Note 2.4 Inventories* of the Financial Report.	Our audit procedures included the following: • We selected a sample of stores and observed and assessed the Group's stocktake processes and controls throughout the year; • We observed a sample of daily cycle counts at distribution centres during the year; • For the stocktakes and cycle counts we selected, we assessed whether the required adjustment to inventory determined by the stocktake was accurate and processed correctly; • For a sample of stocktakes and cycle counts observed during the year, we analysed movements in inventory from count dates through to 29 June 2025; and • For a select number of distribution centres and production facilities managed by third parties, we obtained confirmation of inventories held by those third parties at year end.

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Information other than the Financial Report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report, but does not include the Financial Report and our auditor's report thereon.

Our opinion on the Financial Report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- The Financial Report (other than the Consolidated Entity Disclosure Statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The Consolidated Entity Disclosure Statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The Financial Report (other than the Consolidated Entity Disclosure Statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The Consolidated Entity Disclosure Statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is 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 the Australian Auditing Standards 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 this Financial Report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group Financial Report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the Financial Report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 29 June 2025.

In our opinion, the Remuneration Report of Coles Group Limited for the year ended 29 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David Shewring
Partner

Justin Law
Partner

Melbourne
26 August 2025

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Shareholder Information

Listing information

Coles Group Limited is listed, and our issued shares are quoted on the Australian Securities Exchange (ASX) under the code: COL.

Substantial shareholdings in Coles Group Limited as at 21 July 2025

The number of shares to which each substantial holder and the substantial holders' associates have a relevant interest, as disclosed in substantial holding notices given to Coles, are as follows:

Holder	Number of fully paid shares
Vanguard Group	80,534,121
Blackrock Group	83,226,846
State Street Corporation	97,093,717

Twenty largest ordinary fully paid shareholders as at 21 July 2025

	Coles Group Limited	Number of fully paid shares	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	419,067,575	31.24
2	J P Morgan Nominees Australia Pty Limited	200,240,769	14.93
3	Citicorp Nominees Pty Limited	135,534,853	10.10
4	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	39,136,394	2.92
5	BNP Paribas Noms Pty Ltd	22,534,932	1.68
6	National Nominees Limited	15,921,389	1.19
7	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	9,672,633	0.72
8	Australian Foundation Investment Company Limited	8,187,500	0.61
9	BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	5,699,907	0.42
10	Netwealth Investments Limited <Wrap Services A/C>	5,355,684	0.40
11	Argo Investments Limited	4,480,027	0.33
12	Mutual Trust Pty Ltd	3,187,446	0.24
13	IOOF Investment Services Limited <IPS Superfund A/C>	2,978,461	0.22
14	HSBC Custody Nominees (Australia) Limited	2,952,415	0.22
15	BNP Paribas Noms (NZ) Ltd	2,697,094	0.20
16	UBS Nominees Pty Ltd	2,140,250	0.16
17	IOOF Investment Services Limited <IOOF IDPS A/C>	2,051,852	0.15
18	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,572,431	0.12
19	Mr Peter Alexander Brown	1,555,000	0.12
20	Netwealth Investments Limited <Super Services A/C>	1,519,288	0.11

Distribution of shareholders and shareholdings as at 21 July 2025

Size of holding	Number of shareholders	Number of shares	% of issued capital
1 – 1,000	317,598	94,503,169	7.05
1,001 – 5,000	76,035	164,704,271	12.28
5,001 – 10,000	9,972	69,688,728	5.20
10,001 – 100,000	4,822	96,126,933	7.17
100,001 and over	124	916,282,376	68.31
Total	**408,551**	**1,341,305,477**	

There were 23,317 shareholders holding less than a marketable parcel ($500).

Voting rights

Votes of shareholders are governed by the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, the Constitution provides for votes to be cast:

(a) on a show of hands, one vote for each shareholder; and

(b) on a poll, one vote for each fully paid share.

Unquoted equity securities

As at 21 July 2025, 2,361,950 performance rights with 14 holders were on issue pursuant to Coles' equity incentive plan.

On-market share acquisitions

During FY25, 2,323,478 Coles ordinary shares were purchased on market at an average price of $18.20 per share for the purposes of various Coles employee incentive schemes.

There is no current on-market buy-back of the Company's shares.

Corporate Governance Statement

A copy of the Corporate Governance Statement can be found on our website at **colesgroup.com.au/corporategovernance**.

Glossary of terms

ADC: Automated Distribution Centre

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

Cash realisation: Calculated as operating cash flow excluding interest and tax, divided by EBITDA

CFC: Customer Fulfilment Centre

CGU: Cash generating unit

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

Coles Liquor Own Brand: refers to the portfolio of product brands owned by Coles and available in Coles Liquor stores and/or online. It includes liquor products that are available under Coles Liquor brands (e.g. Vintage Cellars Collaborations) and private label brands (e.g. Pensilva, James Busby, Mr Finch)

Coles Own Brand: refers to the portfolio of product brands owned by Coles and available in Coles supermarkets and/or online. It includes grocery, fresh produce, meat and non-food products that are available under Coles brands (e.g. Coles Finest, Coles Nature's Kitchen, Coles Simply) and other exclusive own brands (e.g. Woofin' Good, Daley St)

Comparable sales: A like for like measure of sales which excludes sales generated by stores opened or closed in the preceding year. It also excludes sales generated by existing stores where there is a demonstrable impact from store disruption. Comparable sales include physical store sales as well as sales not attributable to a physical store, for example sales fulfilled through our CFCs

Decarbonisation: Decarbonisation is the term used for implementing measures to mitigate operational and value chain greenhouse gas emissions (Scope 1, Scope 2 and Scope 3). At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in emissions as compared to the current state

DRP: Dividend reinvestment plan

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/or online and Exclusive Liquor Brands in Coles Liquor stores and/or online

Exclusive Liquor Brands (ELB): refers to the portfolio of product brands exclusively available in Coles Liquor stores and/or online, including Coles Liquor Own Brand liquor products and brands that are owned by or licensed to suppliers and exclusive to Coles Liquor (e.g. Coal Pit, Abbey Vale)

Exclusive to Coles: refers to the portfolio of product brands exclusively available in Coles supermarkets and/or online, and consists of Coles Own Brand and Exclusive Proprietary Brand products

Exclusive Proprietary Brands: refers to the portfolio of product brands owned by or licensed to suppliers and exclusively available in Coles supermarkets and/or online (e.g. La Espanola, Great Ocean Road)

GNFR: Goods not for resale

Greenhouse gas emissions: These are the aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), ozone (O_3), perfluorinated carbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF_6), categorised as Scope 1, Scope 2 and Scope 3 emissions. Nitrogen trifluoride (NF_3) GHG emissions are not currently relevant for Coles reporting purposes because they are specific to the electronics industry

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

Group Safety Index: Coles' measurement of safety performance, which comprises key lead and lag safety indicators applicable to all business units. These include TRIFR, mental wellbeing, training and other metrics involving the proactive identification and management of safety risks

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 zero: Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals of greenhouse gases over a specified period. Residual emissions may be neutralised through the use of carbon credits for offsetting purposes

NPAT: Net profit after tax

Resilient/resilience (in the context of climate and nature): For Coles, resilient in reference to climate or nature means that our ecosystem (our operations and our value chain) is able to withstand climate and nature-related impacts over the short, medium and long term

Sales density: 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

Science-based: Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, based on SBTi guidance. Coles uses the SBTi guidance on what constitutes a science-based emissions reduction target. This guidance defines the key criteria which includes, but is not limited to: (a) target boundary (coverage of scopes, emission types and subsidiaries); (b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3); (c) target type (absolute, intensity, or engagement), (d) base year (≥2015); (e) target year (near-term maximum 10 years and long-term maximum 2050); (f) target reduction/ambition (Scope 1 and 2 1.5°, Scope 3 near-term well below 2° and long-term 1.5°)

Scope 1 emissions: Scope 1 greenhouse gas emissions are emissions released from the activities from operations owned or controlled by Coles Group. For example:

- emissions from the use of refrigerants in air conditioning units
- emissions from fuels used in transport

Scope 1 emissions are also referred to as direct emissions

Scope 2 emissions: Scope 2 emissions represent the emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by Coles Group but occur at sources owned or controlled by another company. Scope 2 emissions are also referred to as indirect emissions

Scope 3 emissions: Scope 3 emissions are indirect emissions (not included in Scope 2 emissions) that occur in Coles Group's value chain including business travel, procurement, waste and water. Scope 3 emissions may occur:

- upstream, which are related to purchased or acquired goods and services (e.g. waste disposal services)
- downstream, which are related to sold goods and services (e.g. end-of-life treatment of sold products)

Significant items: Large gains, losses, income, expenditures or events that are not in the ordinary course of business. They typically arise from events that are not considered part of the core operations of the Group

Sustainability: Sustainability, also sustainable and sustainably, are used in relation to Coles' policies and governance practices concerning sustainability. These references also reflect Coles' broader objective of maintaining a long-term, resilient business that accounts for multiple factors including economic, environmental, social, and regulatory compliance. However, the use of these terms does not imply that Coles will have no negative impact on the economy, environment, or society, nor does it guarantee the achievement of specific economic, environmental, or social outcomes.

At Coles, our approach to sustainability includes, but is not limited to: (a) progressing the decarbonisation of our operations and supply chain and building climate resilience; (b) reducing unnecessary packaging and redesigning, recycling, and reusing; (c) delivering nature positive outcomes; (d) protecting and promoting animal welfare; (e) reducing waste from our operations and products and identifying opportunities to transition to a circular economy; (f) protecting and promoting human rights; (g) creating diverse and inclusive workplaces and shopping places; (h) fostering a safe and healthy environment for our team, customers, suppliers, contractors, visitors and supply chain partner; (i) supporting communities across Australia

Target: In relation to climate or nature, Coles uses this term to describe an intended outcome, where Coles considers that it has developed a suitably defined plan or pathway to achieve that outcome

TRIFR: Total Recordable Injury Frequency Rate. Measures the number of fatalities, 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

Corporate directory

Registered Office

800–838 Toorak Road
Hawthorn East
VIC 3123 Australia

Telephone

+61 3 9829 5111

Website

colesgroup.com.au

Chairman

Mr Peter Allen

Managing Director and Chief Executive Officer

Ms Leah Weckert

Non-executive Directors

Mr Peter Allen

Mr Terry Bowen

Ms Jacqueline Chow

Ms Abi Cleland

Mr Richard Freudenstein

Mr Andrew Penn AO

Mr Scott Price

Ms Wendy Stops

Group Company Secretary

Ms Daniella Pereira

Auditor

Ernst & Young

8 Exhibition Street
Melbourne
VIC 3000 Australia

Coles Share Registry

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford
VIC 3067 Australia

Postal address

GPO Box 2975
Melbourne
VIC 3001 Australia

Telephone

1300 171 785 (within Australia)
+61 3 9415 4078 (outside Australia)

Online

www.investorcentre.com/contact

Website

www.computershare.com

Shareholder Calendar*

Event	Date
Record date for final dividend	8 September 2025
Final dividend payment date	22 September 2025
Coles Group Limited Annual General Meeting	11 November 2025
Half-year end	4 January 2026
Year end	28 June 2026

* Timing of events is subject to change.

Coles Group Limited

ABN 11 004 089 936

800-838 Toorak Road
Hawthorn East

VIC 3123 Australia