27 August 2024

The Manager
Company Announcements Office
Australian Securities Exchange



Dear Manager

**Coles Group Limited – 2024 Full Year Results Release**

Please find attached for immediate release to the market the 2024 Full Year Results Release for Coles Group Limited.

This announcement is authorised by the Board.

Yours faithfully,

**Daniella Pereira**
Group Company Secretary

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# Results Release

colesgroup

27 August 2024

## 2024 Full Year Results Release

(53 WEEKS TO 30 JUNE 2024)

## Strong value proposition and successful execution of strategic priorities underpin solid financial results

| Group EBITDA continuing operations | Group EBIT continuing operations | Group NPAT continuing operations | Final dividend |
|---|---|---|---|
| Reported **$3,659m** ***+5.0%** normalised*[1] | Reported **$2,057m** ***+5.7%** normalised*[1] | Reported **$1,128m** ***+2.1%** normalised*[1] | **32 cps** fully franked |
| Underlying[2] **$3,768m** ***+5.6%** normalised*[1] | Underlying[2] **$2,175m** ***+7.3%** normalised*[1] | Underlying[2] **$1,210m** ***+4.1%** normalised*[1] | **Total dividend 68 cps** fully franked |

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**Key highlights:**

- **Significant progress made against all strategic pillars** with Group underlying EBIT growth from continuing operations of 7.3% and Supermarkets underlying EBIT growth of 10.5%, on a normalised basis[1,2]
- **Value proposition and loyalty offers resonating with customers**
- **Strong eCommerce sales growth** of 30.1% in Supermarkets and 9.2% in Liquor on a normalised basis[1]
- **Costs managed, favourable loss trajectory and improvements in availability** with Simplify and Save to Invest benefits of $238 million and 44 bps improvement in loss rate in second half[3]
- **Automated Distribution Centre (ADC) and Customer Fulfilment Centre (CFC) programs reached key milestones** with full ramp up of QLD ADC and construction of NSW ADC and both CFCs completed during the year. All facilities operational from July
- **Strategic investments made to further strengthen the core** including two milk processing facilities and 20 liquor stores in Tasmania
- **Team member engagement at record high**, ranking in the top quartile[4]

[1] FY24 is 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] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million), a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million) and non-recurring expenses recorded within the Liquor division (FY24: $11 million; FY23: nil). FY24 major project implementation costs includes $9 million of accelerated depreciation and amortisation in relation to transition to the ADCs and CFCs. Calculated underlying NPAT applies the effective income tax rate of 30.2% in FY24 (FY23: 29.1%).

[3] Compared to prior corresponding period.

[4] Based on Culture Amp's benchmark of Australian companies with >5,000 employees.

## Statement from Coles Group Chairman, James Graham

"This year marks 110 years since our first store opened in Smith Street, Collingwood, Victoria. Ever since that time, we have been focused on providing great value, quality groceries and essentials to our customers.

Our progress over this last year reflects the continuation of this commitment - working with our team, suppliers and partners to efficiently deliver fresh food, groceries, household items and liquor across our network of more than 1,800 retail outlets, serving customers nearly 18 million times a week.

This year was a 53-week year, reflecting the Group's retail trading calendar.

As a result of a constant focus upon quality, efficiency and value, we delivered a solid financial result, with Group Sales Revenue from continuing operations of $43.6 billion and Group NPAT from continuing operations of $1.1 billion. On an adjusted 52-week comparable basis, this represented an increase of 5.7% and 2.1% respectively. The Board declared fully franked dividends for the year of 68 cents per share, an increase of 3.0%, including the final dividend of 32 cents per share."

## Statement from Coles Group CEO, Leah Weckert

"The financial pressures on households and families have been front of mind for us this year and we have endeavoured to deliver value across our supermarket, liquor and online offerings to help customers balance the household budget. At the same time, we have worked hard to deliver improvements in availability and quality, made significant inroads in addressing loss, accelerated our digital offering, continued to maintain a strong focus on costs and completed the construction of our second ADC and both our CFCs.

These achievements could not have been possible without the efforts of our more than 115,000 team members, and I thank them for their resilience and dedication in working to deliver for all our stakeholders."

# Strategic highlights

| | |
|---|---|
| **Destination** for food and drink | • Successful execution of key trade events and 'Great Value, Hands Down' campaigns<br>• Improved quality controls in fresh and launched 'Great lengths for quality' campaign<br>• Expanded convenience offering with Coles Kitchen Meals range now offering more than 300 products<br>• Launched >1,100 Exclusive to Coles and 244 Exclusive Liquor Brand products<br>• Expanded Coles Finest and launched Coles Simply value range<br>• Flybuys active members increased by 5.3%; the ability to access $10 off points redemption at checkout was introduced and Flybuys also received Canstar's 'Most Satisfied Customer' award for reward programs |
| Accelerated by **digital** | • Increased Online NPS by 22% driven by improved Delivery and Click & Collect experience, with significantly reduced Click & Collect wait times, release of several new digital features, increased personalisation and improvements in availability<br>• Grew Coles App monthly active users by 43% and added new features for in-store shopping and eCommerce including launch of Coles Plus Saver membership subscription, digital receipts and shareable shopping lists<br>• Expanded Liquor on-demand and immediacy offer<br>• Developed new onsite retail media opportunities and launched Coles 360Impact<br>• Launched online pet retailer, Swaggle<br>• Completed CFC construction at both sites, ramp up commenced in July |
| **Delivered** consistently for the future | • Delivered Simplify and Save to Invest benefits of $238 million<br>• Improved availability and supply chain resilience, including transitioning to 100% WA sourcing of all Coles Own Brand fresh beef, poultry, pork and lamb in WA stores<br>• Skip Scan loss technology rolled out to 546 stores; Smart Gates in 326 stores and Bottom of Trolley technology in 455 stores<br>• Completed ramp up of Redbank ADC and completed construction of Kemps Creek ADC with first outbound delivery in July<br>• Reduced combined Scope 1 and 2 emissions by 1.5% from FY23; 34.5% reduction from FY20 |

## Win Together

- Achieved highest ever *mysay* engagement score, ranking in the top quartile[5]
- Improved safety with an 8.8% reduction in TRIFR (compared to FY23)
- Ranked #1 out of 40 organisations in the Access and Inclusion Index 2023 by the Australian Disability Network
- Maintained 40/40/20 gender representation with 42.5% of our leadership population being women
- Launched Coles' Stretch Reconciliation Action Plan
- Provided $38.5 million in community support and donated equivalent of approximately 40 million meals to SecondBite and Foodbank

## Foundations

- Significant increase in investment in data and analytics further enabling data driven decisions
- Partnered with a leading global AI provider to drive operational improvements, particularly rostering

## Portfolio

- Completed the acquisition of two automated milk processing facilities from Saputo Dairy Australia, and the acquisition of 20 Liquor retail stores in Tasmania in June 2024



[5] Based on Culture Amp's benchmark of Australian companies with >5,000 employees.

# Group performance overview

| GROUP SALES REVENUE ($M) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED |
|---|---|---|---|---|
| Supermarkets | 39,042 | 36,746 | 6.2% | 4.3% |
| Liquor | 3,692 | 3,610 | 2.3% | 0.5% |
| Other | 837 | 127 | n/m | n/m |
| **Sales revenue – continuing operations** | **43,571** | **40,483** | **7.6%** | **5.7%** |
| Express – discontinued operations | - | 988 | n/m | n/m |
| **Total Group sales revenue** | **43,571** | **41,471** | **5.1%** | **3.2%** |

n/m denotes not meaningful.

| GROUP EBITDA ($M) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED |
|---|---|---|---|---|
| Supermarkets – reported | 3,487 | 3,157 | 10.5% | 7.3% |
| Supermarkets – underlying[6] | 3,585 | 3,240 | 10.6% | 7.6% |
| Liquor – reported | 261 | 279 | (6.5)% | (10.1)% |
| Liquor – underlying[6] | 272 | 279 | (2.5)% | (5.9)% |
| Other | (89) | (54) | 64.8% | 64.8% |
| **EBITDA continuing operations – reported** | **3,659** | **3,382** | **8.2%** | **5.0%** |
| **EBITDA continuing operations – underlying[6]** | **3,768** | **3,465** | **8.7%** | **5.6%** |
| Express – discontinued operations | (14) | 146 | n/m | n/m |
| **Total Group EBITDA** | **3,645** | **3,528** | **3.3%** | **0.2%** |

n/m denotes not meaningful.

| GROUP EBIT ($M) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED |
|---|---|---|---|---|
| Supermarkets – reported | 2,018 | 1,765 | 14.3% | 9.6% |
| Supermarkets – underlying[6] | 2,125 | 1,848 | 15.0% | 10.5% |
| Liquor – reported | 133 | 157 | (15.3)% | (20.9)% |
| Liquor – underlying[6] | 144 | 157 | (8.3)% | (13.9)% |
| Other | (94) | (63) | 49.2% | 49.2% |
| **EBIT continuing operations – reported** | **2,057** | **1,859** | **10.7%** | **5.7%** |
| **EBIT continuing operations – underlying[6]** | **2,175** | **1,942** | **12.0%** | **7.3%** |
| Express – discontinued operations | (14) | 111 | n/m | n/m |
| **Total Group EBIT** | **2,043** | **1,970** | **3.7%** | **(1.0)%** |

n/m denotes not meaningful.

| NPAT ($M) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED |
|---|---|---|---|---|
| **EBIT continuing operations – reported** | **2,057** | **1,859** | **10.7%** | **5.7%** |
| **EBIT continuing operations – underlying[6]** | **2,175** | **1,942** | **12.0%** | **7.3%** |
| Financing costs | (442) | (394) | 12.2% | 11.6% |
| Income tax expense | (487) | (423) | 15.1% | 8.7% |
| **Profit from continuing operations – reported** | **1,128** | **1,042** | **8.3%** | **2.1%** |
| **Profit from continuing operations – underlying[6]** | **1,210** | **1,101** | **9.9%** | **4.1%** |
| Profit from discontinued operations, after tax | (10) | 56 | n/m | n/m |
| **Profit from continuing and discontinued operations** | **1,118** | **1,098** | **1.8%** | **(4.0)%** |

n/m denotes not meaningful.

***FY24 is a 53 week year for reporting purposes consistent with the retail calendar. The 53rd week contributes sales at a higher margin as a result of fixed cost operating leverage. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week to allow for comparability across reporting periods.***

[6] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million), a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million) and non-recurring expenses recorded within the Liquor division (FY24: $11 million; FY23: nil). FY24 adjustment includes $9 million of accelerated depreciation and amortisation in relation to transition to the ADCs and CFCs. Calculated underlying NPAT applies the effective income tax rate of 30.2% in FY24 (FY23: 29.1%).

## FY24 performance summary

Group sales revenue from continuing operations increased by 5.7% on a normalised basis, with growth in Supermarkets sales revenue of 4.3% and Liquor sales revenue of 0.5%. The Other segment included $837 million of revenue in relation to the Product Supply Arrangement (PSA) with Viva Energy Group Ltd (Viva Energy) which was in place for the full year in FY24 compared to two months in FY23.

Reported Group EBITDA and EBIT from continuing operations increased by 5.0% and 5.7% respectively on a normalised basis underpinned by strong growth in Supermarkets earnings. During the period major project implementation costs of $107 million were incurred in relation to Coles' two ADCs and two automated CFCs (FY23: $58m) and $11 million in non-recurring expenses were recorded by the Liquor division. Excluding these costs and the Award covered salaried team member review provision which was recorded in FY23 of $25 million, underlying Group EBITDA and EBIT[7] from continuing operations increased by 5.6% and 7.3% respectively on a normalised basis. In Supermarkets, underlying EBITDA and EBIT[7] increased by 7.6% and 10.5% respectively, on a normalised basis, with Supermarkets EBIT margin increasing by 30 bps.

Financing costs from continuing operations increased by $48 million to $442 million reflecting increased borrowing costs following Coles' $600 million medium term note issuance in November 2023, higher interest rates on short term revolving debt facilities and increased interest on lease liabilities associated with lease renewals and new leases, including our two ADCs.

## Dividend

The Coles Board has declared a fully franked final dividend of 32.0 cents per share, with a record date of 4 September 2024 and a payment date of 25 September 2024.



[7] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million), a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million) and non-recurring expenses recorded within the Liquor division (FY24: $11 million; FY23: nil). FY24 adjustment includes $9 million of accelerated depreciation and amortisation in relation to transition to the ADCs and CFCs. Calculated underlying NPAT applies the effective income tax rate of 30.2% in FY24 (FY23: 29.1%).

# Segment performance overview

## Supermarkets

| $ MILLION (53 WEEKS TO 30 JUNE 2024) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED[1,3] |
|---|---|---|---|---|
| **Sales revenue** | **39,042** | **36,746** | **6.2%** | **4.3%** |
| EBITDA – reported | 3,487 | 3,157 | 10.5% | 7.3% |
| EBITDA – underlying[2] | 3,585 | 3,240 | 10.6% | 7.6% |
| **EBIT – reported** | **2,018** | **1,765** | **14.3%** | **9.6%** |
| **EBIT – underlying**[2] | **2,125** | **1,848** | **15.0%** | **10.5%** |
| | | | | |
| Gross margin – reported (%) | 26.9 | 26.4 | 49bps | 49bps |
| Gross margin – underlying[2] (%) | 26.9 | 26.4 | 51bps | 50bps |
| CODB – reported (%) | (21.7) | (21.6) | 12bps | 25bps |
| CODB – underlying[2] (%) | (21.5) | (21.4) | 9bps | 20bps |
| EBIT margin – reported | 5.2 | 4.8 | 37bps | 24bps |
| EBIT margin – underlying[2] (%) | 5.4 | 5.0 | 42bps | 30bps |

[1] FY24 is 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] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million). FY24 major project implementation costs includes $9 million of accelerated depreciation and amortisation in relation to transition to the ADCs and CFCs.
[3] Refer Appendix 4 for normalised rate to sales figures.



## Operating metrics (non-IFRS)

| | FY24 (53 WEEKS) | 2H24 | 1H24 | FY23 (52 WEEKS) |
|---|---|---|---|---|
| Sales growth excl. tobacco – normalised[1] (%) | 5.7 | 5.2 | 6.2 | 7.4 |
| Gross retail sales[2] ($ billions) | 40.3 | 19.8 | 20.5 | 38.0 |
| Gross retail sales growth – normalised[1] (%) | 4.2 | 3.3 | 5.0 | 6.6 |
| Comparable sales growth – normalised[1] (%) | 3.4 | 2.6 | 4.0 | 5.8 |
| eCommerce sales[3] ($ billions) | 3.7 | 1.9 | 1.8 | 2.8 |
| eCommerce penetration[3] (%) | 9.4 | 9.6 | 9.1 | 7.5 |
| Sales density per square metre[4] (MAT $/sqm) | 19,816 | 19,816 | 19,618 | 19,201 |
| Inflation / (deflation) (%) | 2.5 | 1.8 | 3.0 | 6.7 |
| Inflation / (deflation) excl. tobacco (%) | 2.2 | 1.5 | 2.9 | 6.9 |
| Inflation / (deflation) excl. tobacco and fresh (%) | 3.4 | 2.0 | 4.8 | 7.6 |

[1] FY24 is 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] Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.
[3] eCommerce sales and penetration are based on gross retail sales and include liquor sold through coles.com.au and exclude gift cards sold online.
[4] Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

### Key highlights

Supermarkets sales revenue of $39.0 billion increased by 6.2% on the prior year (normalised: 4.3%). Sales in the fourth quarter increased 10.1% (normalised: 2.6%), cycling strong growth in the prior corresponding period of 8.0%. On a two-year basis[8], fourth quarter sales revenue growth was 10.8% (normalised).

Sales revenue growth was driven by a positive customer response to our 'Great Value, Hands Down' seasonal value campaigns, well executed continuity and collectibles programs and trade events such as Christmas, Easter and Mother's Day, strong growth in eCommerce and improvements in availability. Delivered in Full (DIF) and Delivered in Full on Time (DIFOT) availability metrics increased to 96% (89% in FY23) and 92% (82% in FY23) of pre-COVID-19 levels, respectively[9].

Providing value to our customers is a key priority for the business. This was delivered through our seasonal value campaigns, with price investments made in key categories such as meat, vegetables and pantry staples, and thousands of weekly

[8] Two-year growth is calculated as the growth between 4QFY24 (normalised) and 4QFY22.
[9] Compared to 1H20 DIF and DIFOT rebased to 100%.

specials and every day low prices. More opportunities to earn and redeem Flybuys points were also introduced, including the ability for Flybuys members to redeem points at checkout. Flybuys active members increased by 5.3% to 9.5 million and over 2 million members redeemed points for the first time at Coles.

Exclusive to Coles sales revenue increased by 8.6% (normalised: 6.6%) to $13.5 billion with the portfolio continuing to resonate with customers seeking value. The Coles Finest range delivered particularly strong sales growth of 20.4% (normalised) and convenience meals, such as the Coles Kitchen range, also grew strongly with customers seeking quality alternatives to eating out and convenient meal solutions. Across the portfolio, more than 1,100 new products were launched with a focus on quality, innovation and affordable value, including more than 70 products in the Coles Finest range. The Coles Simply value range was launched in the first quarter with distinctive yellow packaging to help customers easily identify key Own Brand value items and grew to more than 100 products by year end. This range has achieved strong brand awareness and volume growth over the year. Coles Own Brand implemented several sustainability initiatives focused on packaging and was recognised at the Australian Packaging Covenant Organisation (APCO) awards, winning the Industry Education Award for our Supplier Packaging Enablement program.

eCommerce sales grew by 30.1% (normalised) and penetration increased to 9.4%. Sales growth was driven by improvements in customer experience, availability and strong trade across key events including Black Friday, Christmas, Easter and the Coles Online 25th birthday sale. Online NPS increased by 22.1% with growth in key metrics including availability, range, Click & Collect wait times and ease of check out. Significant digital enhancements were rolled out across the Coles App and website to improve and personalise the customer experience. We made improvements to our Rapid and Same Day delivery offers and are seeing more customers choosing Coles for both their weekly and in-week or immediate needs shopping, resulting in increased loyalty. Coles Plus Saver, a monthly subscription offering customers 10% off one shop in-store or online each month, as well as additional benefits including double Flybuys points was also launched. Efficiency initiatives drove improved profitability, including a reduction in call centre costs and store pick productivity.

Coles 360 media income increased by 20.5% (normalised) with strong advertiser demand growth across our digital media offerings. During the year, we launched our retail media closed loop measurement platform, Coles 360Impact, offering advertisers the ability to effectively measure the sales uplift from their digital and in-store advertising spend. The business also expanded the Coles 360 offering into Liquor, developing a range of new app and website opportunities.

In the fourth quarter, total Supermarkets price inflation moderated to 1.5% (third quarter: 2.2%). Inflation excluding tobacco and fresh was 1.1% (third quarter: 2.9%). In the packaged category, dairy inflation moderated as higher commodity prices, impacting cheese and eggs, were more than offset by the cycling of elevated supplier cost price increase requests in the prior year. Grocery inflation also moderated, in line with a reduction in supplier cost price increase requests. Fresh inflation of 1.3% in the fourth quarter was largely driven by fresh produce which moved into inflation, including bananas and tomatoes, while meat remained in deflation, reflecting lower livestock prices and promotional activity. Bakery inflation also eased in the fourth quarter due to the cycling of elevated wheat commodity prices in the prior year.

During the year, Coles completed 50 store renewals, including 20 Format A and three Coles Local stores. Coles also opened 12 new stores and closed two stores, taking the total network to 856 supermarkets.

On a normalised basis, reported gross margin increased by 49 bps and underlying gross margin[10] increased by 50 bps. Gross margin was supported by lower tobacco sales, growth in Coles 360, range and promotional optimisation and Simplify and Save to Invest benefits. With the rapid implementation of operational initiatives and loss technology throughout the year, the second half also benefited from a 44 bps improvement in total loss compared to the prior corresponding period.

On a normalised basis, reported cost of doing business (CODB) as a percentage of sales increased by 25 bps and underlying CODB[10] as a percentage of sales increased by 20 bps. Simplify and Save to Invest benefits and increased operating leverage largely offset wage and other inflationary cost impacts. Underlying CODB[10] as a percentage of sales, excluding depreciation and amortisation and a one-off $20 million payment to team members[11], remained broadly flat on a normalised basis.

Reported and underlying[10] EBIT increased by 9.6% and 10.5% respectively, on a normalised basis, with a 30 bps expansion in underlying[10] EBIT margin.

[10] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million). FY24 includes $9 million of accelerated depreciation and amortisation in relation to transition to the ADCs and CFCs.

[11] Payment to team members, in the form of gift cards, following the successful vote in favour of the Coles *Retail Enterprise Agreement 2024*.

**Update on ADCs**

During the year, ramp up of the Redbank ADC was completed with Redbank now servicing 219 stores in Queensland (QLD) and northern New South Wales (NSW). Construction and commissioning of Coles' second ADC in Kemps Creek, NSW, was also completed with the first inbound deliveries received as part of the commissioning and testing process in March and the first outbound deliveries to stores commencing in July. Following ramp up, the Kemps Creek ADC will service 229 stores across NSW and the ACT.

Since completion of the ramp up at Redbank in Queensland:

- availability across QLD and northern NSW stores has improved; and
- supply chain costs have reduced in line with business case.

In FY24 implementation costs of $55 million were incurred in relation to the ramp up of Redbank and commissioning of Kemps Creek. In FY25 implementation costs of approximately $60 million are expected to be incurred reflecting the ramp up and dual running phase of Kemps Creek and remaining site closure costs. Depreciation and amortisation in relation to the program in FY25 is expected to be in line with previous guidance of approximately $75 million.

The ADC program remains on track to deliver its first full year of benefits in FY26, with the Kemps Creek ADC expected to be servicing all stores in NSW and the ACT by the end of third quarter FY25.

**Update on automated CFCs**

In July 2024, Coles successfully commenced operations at both the Wetherill Park CFC (NSW) and the Truganina CFC (VIC). These facilities will service next day home delivery orders across metropolitan Sydney and Melbourne.

The CFCs are expected to deliver a significant improvement in customer experience and a differentiated home delivery offer in Sydney and Melbourne, including:

- Industry leading perfect order rates – full inventory control improving availability and reducing substitutions;
- Improved freshness – increased visibility of product life and chill chain integrity maintained to customers' homes provides greater customer confidence in freshness;
- Expanded product range – the CFCs will open with a greater number of SKUs than Coles' existing store average with scope to significantly increase over time; and
- Increased agility in trialling new products.

These facilities will also significantly expand network capacity, with the potential to add the equivalent store capacity of approximately 40 new supermarkets over time. This new capacity will provide for growth in eCommerce sales fulfilled through the CFCs. In addition, by reducing congestion and improving customer experience at some of Sydney and Melbourne's highest trading stores, they will also allow for in-store growth and enable the ongoing growth of same day, immediacy and Click & Collect orders which will continue to be fulfilled from stores.

Next day home delivery orders from stores in metropolitan Melbourne and Sydney are expected to be transitioned to the CFCs by the end of December. Consistent with other large scale network capacity additions, it will take time for these facilities to ramp up to optimal operating capacity.

In FY24, implementation and transition costs of $52 million were incurred. Coles previously indicated that in FY25 implementation and transition costs were expected to be approximately $110 million. As a result of the earlier than anticipated opening of the Truganina CFC and accelerated transition plans, Coles now expects implementation and transition costs in FY25 to be approximately $70 million. This reduction in implementation and transition costs is expected to largely offset the net additional cost of operating the CFCs in FY25[12].

Depreciation and amortisation in FY25 is expected to be in line with previous guidance of approximately $55 million.

No additional implementation and transition costs are expected to be incurred beyond FY25. In addition, in FY26 Coles expects CFC volumes and operating leverage to improve.

[12] Excluding depreciation and amortisation.

## Liquor

| $ MILLION (53 WEEKS TO 30 JUNE 2024) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED[1,3] |
|---|---|---|---|---|
| **Sales revenue** | **3,692** | **3,610** | **2.3%** | **0.5%** |
| EBITDA – reported | 261 | 279 | (6.5)% | (10.1)% |
| EBITDA – underlying[2] | 272 | 279 | (2.5)% | (5.9)% |
| **EBIT – reported** | **133** | **157** | **(15.3)%** | **(20.9)%** |
| **EBIT – underlying[2]** | **144** | **157** | **(8.3)%** | **(13.9)%** |
| | | | | |
| Gross margin – reported (%) | 23.4 | 23.4 | 8bps | 9bps |
| Gross margin – underlying[2] (%) | 23.4 | 23.4 | 8bps | 9bps |
| CODB – reported (%) | (19.8) | (19.0) | 81bps | 101bps |
| CODB – underlying[2] (%) | (19.5) | (19.0) | 51bps | 71bps |
| EBIT margin – reported (%) | 3.6 | 4.3 | (73bps) | (92bps) |
| EBIT margin – underlying[2] (%) | 3.9 | 4.3 | (43bps) | (62bps) |

[1] FY24 is 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] Non-IFRS: Underlying adjusted for tax adjustment relating to prior years (FY24: $5.2 million; FY23: nil) and a write-off of capitalised IT development costs in relation to the eCommerce business (FY24: $5.8 million; FY23: nil).
[3] Refer Appendix 4 for normalised rate to sales figures.



### Operating metrics (non-IFRS)

| | FY24 (53 WEEKS) | 2H24 | 1H24 | FY23 (52 WEEKS) |
|---|---|---|---|---|
| Gross retail sales[2] ($ billions) | 3.7 | 1.7 | 2.0 | 3.6 |
| Gross retail sales growth – normalised[1] (%) | 0.5 | (1.1) | 1.8 | (0.2) |
| Comparable sales growth – normalised[1] (%) | (1.0) | (2.4) | 0.2 | (0.7) |
| eCommerce sales[3] ($ millions) | 225 | 101 | 124 | 203 |
| eCommerce penetration[3] (%) | 6.2 | 6.0 | 6.4 | 5.7 |
| eCommerce penetration (inc. COL)[4] (%) | 7.3 | 7.0 | 7.6 | 6.9 |
| Sales density per square metre[5] (MAT $/sqm) | 15,860 | 15,860 | 16,134 | 16,138 |

[1] FY24 is 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] Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.
[3] eCommerce sales and penetration are based on gross retail sales and exclude liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales.
[4] eCommerce penetration including 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.

### Key highlights

Liquor sales revenue of $3.7 billion increased by 2.3% on the prior year (normalised: 0.5%). Sales growth was impacted by a challenging liquor market, as customers reduced their discretionary spending due to economic pressures, coupled with the business transitioning away from less profitable bulk sales and adjusting promotional mix across third party eCommerce channels ("affiliate" sales) throughout the year. Across all banners there was evidence of customers managing to a budget with units per basket declining but frequency of visits increasing.

Whilst sales revenue was particularly subdued in the second half, the trajectory improved throughout the period with sales revenue declining by 0.4% on a normalised basis in the fourth quarter compared to a decline of 1.9% in the third quarter. Excluding less profitable bulk and affiliate sales, sales revenue on a normalised basis in the fourth quarter grew by 1.4%.

eCommerce sales revenue increased by 9.2% (normalised) with penetration increasing to 6.2% (7.3% including Coles Online). Digital platforms continued to deliver strong growth underpinned by on-demand delivery which was expanded to include Menulog in over 400 stores, in addition to DoorDash and Uber Eats, already in more than 600 stores.

Value and loyalty were areas of focus during the year, with campaigns such as 'Price Match' and '50 Days of Deals' and the national rollout of Flybuys points redemption at checkout at Liquorland and First Choice Liquor Market stores. Successful cross promotions between Supermarkets and Liquorland were also launched as part of trade events including Valentine's Day, Easter and Footy Finals.

Our Exclusive Liquor Brand (ELB) portfolio added 244 new lines, expanding the portfolio across key growth categories including craft beer and Ready-to-Drink, and offering value across all price points.

The ELB portfolio received 538 awards during the year, with Pure Origin Tasmanian Gin awarded Double Gold at the Melbourne International Wine, Beer and Spirits Show and Tinnies Hazy Pale Ale winning 'Best In Show By Country' at the London Beer Show.

For the second year in a row, First Choice Liquor Market was named Canstar Blue's Best Liquor Retailer Brand for 2024, scoring five stars across checkout experience, customer service, store layout and presentation, deals and specials, and overall satisfaction.

During the year, 97 store renewals were completed, 45 new stores were opened and ten stores closed across the Liquorland, Vintage Cellars and First Choice banners. This included successfully completing the acquisition of 20 stores in Tasmania. At the end of the period the portfolio comprised 992 stores.

Gross margin increased by 9 bps (normalised) benefitting from promotional optimisation and the transition away from less profitable bulk and affiliate sales, partly offset by the increased cost of on-demand third party commissions.

Reported CODB as a percentage of sales increased by 101 bps (normalised) largely as a result of wage growth, fixed cost deleverage, investments in core IT systems and increased depreciation and amortisation in relation to new stores and renewals. During the year, a tax adjustment of $5.2 million relating to prior years and a $5.8 million write-off of capitalised eCommerce IT development costs were also incurred. Excluding these non-recurring costs, underlying CODB as a percentage of sales increased by 71 bps (normalised).

On a normalised basis, Liquor reported EBITDA and EBIT decreased by 10.1% and 20.9% . Excluding non-recurring costs, on a normalised basis, underlying EBITDA and EBIT decreased by 5.9% and 13.9%.

## Other

| $ MILLION (53 WEEKS TO 30 JUNE 2024) | FY24 (53 WEEKS) | FY23 (52 WEEKS) | CHANGE | CHANGE NORMALISED[1] |
|---|---|---|---|---|
| **Sales revenue** | **837** | **127** | **n/m** | **n/m** |
| EBITDA | (89) | (54) | 64.8% | 64.8% |
| **EBIT** | **(94)** | **(63)** | **49.2%** | **49.2%** |

[1] FY24 is 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.
n/m denotes not meaningful.

Coles reported negative EBIT of $94 million in Other 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, which is expected to conclude in April 2026.

In Other, Coles reported sales revenue of $837 million in relation to the PSA with 12 months included in FY24 compared to two months in the prior corresponding period. The EBIT result reflects corporate costs of $95 million, broadly in line with the prior year, and a net loss of $18 million from Coles' 50% share of Flybuys offset by positive earnings contributions of $8 million relating to the PSA and $11 million in property earnings.

# Cash flow, balance sheet and capital expenditure

| $ MILLION | 30 JUN 2024 | 25 JUN 2023 |
|---|---|---|
| **Cash flows**[1] | | |
| Net cashflow from operating activities before interest and tax | 3,589 | 3,604 |
| Net cashflow before financing activities | 1,280 | 1,807 |
| Cash realisation ratio[2] (%) | 98 | 102 |

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

## Cash flow

Net cashflow from operating activities before interest and tax was $3,589 million. The timing of year end had an impact on working capital and cash flow conversion, resulting in a cash realisation ratio of 98%. The movement in working capital reflects an increase in inventories to support availability, partially offset by lower receivables and increased payables driven by timing of year end payments.

Net cashflow before financing activities of $1,280 million decreased by $527 million, reflecting increased investments in property, plant, and equipment, consistent with higher capital expenditure. In addition, the proceeds relating to the sale of the Express business were included in the prior year.

| $ MILLION | 30 JUN 2024 | 31 DEC 2023 | 25 JUN 2023 |
|---|---|---|---|
| **Balance sheet** | | | |
| Cash and cash equivalents | 675 | 1,092 | 597 |
| Working capital | (1,385) | (1,599) | (1,506) |
| Property, plant and equipment | 5,619 | 5,252 | 4,985 |
| Capital employed | 12,367 | 11,159 | 10,982 |
| Right-of-use assets | 7,048 | 6,363 | 6,507 |
| Interest bearing liabilities | (1,652) | (1,666) | (1,118) |
| Lease liabilities | (8,417) | (7,725) | (7,849) |
| Net debt (including lease liabilities) | (9,918) | (8,890) | (8,881) |
| Net debt (excluding lease liabilities) | (1,501) | (1,165) | (1,032) |
| Net assets | 3,617 | 3,537 | 3,356 |
| Lease-adjusted leverage ratio[1] | 2.7x | 2.6x | 2.6x |
| Return on Capital (%) – reported (53 weeks) | 17.4 | 16.4 | 16.5 |
| Return on Capital (%) – normalised (52 weeks) | 16.6 | 16.4 | 16.5 |
| | | | |
| Gross operating capital expenditure | (1,399) | (753) | (1,356) |
| Net capital expenditure | (1,418) | (682) | (1,284) |

[1] Leverage ratio (continuing operations) calculated as gross debt less cash at bank and on deposit add lease liabilities, divided by EBITDA from continuing operations for the preceding 12-month period.

## Balance sheet

Net assets were $3,617 million as at 30 June 2024, an increase of $261 million compared to the prior year.

Working capital of $(1,385) million increased by $121 million compared to June 2023, largely driven by an increase in inventories to support availability, as well as the impact from inflation on the cost of goods.

Property, plant and equipment of $5,619 million increased by $634 million compared to June 2023, driven by increased capital expenditure, partly offset by depreciation and property divestments during the year.

Right-of-use assets increased by $541 million and lease liabilities increased by $568 million driven by lease asset additions and remeasurements, including recognition of the leases in relation to the Kemps Creek ADC and two CFCs.

Net debt (excluding lease liabilities) as at 30 June 2024 was $1,501 million, an increase of $469 million compared to June 2023. Coles issued $600 million of fixed rate Australian dollar medium term notes, comprising of $350 million 7-year Notes and $250 million 10-year Notes during the year with the proceeds used for general corporate purposes. At year end, Coles' average maturity of drawn debt was 5.5 years, with undrawn facilities of $2.4 billion.

Coles maintains access to diversified funding sources and no debt is maturing until FY26. The lease-adjusted leverage ratio at the full year was 2.7x on a continuing operations basis, with current published credit ratings of BBB+ with Standard & Poor's and Baa1 with Moody's. Coles retains headroom within its rating agency credit metrics and a strong balance sheet to support growth initiatives.

### Capital expenditure

Gross operating capital expenditure on an accrued basis of $1,399 million increased by $43 million compared to the prior year.

Within Supermarkets, capital expenditure increased largely due to increased investment in store renewals and efficiency initiatives, including stock loss technology and completion of the ADC program. In Liquor, capital expenditure was driven by new stores and renewals and investments in core IT systems.

Net property capital expenditure increased by $91 million compared to the prior year resulting in a net investment of $19 million, with fewer property divestments and higher acquisition and development costs compared to the prior year.

# Outlook

In the first eight weeks of FY25, Supermarkets sales revenue grew by 3.7%[13] with positive volume growth and increasing momentum as the quarter progressed driven by our value and Winter of Sports campaigns. We continue to see signs of customers shifting from out of home dining with our Coles Finest range and convenience meals remaining higher growth categories.

This is an important year for the business as we ramp up our second ADC and transition our metropolitan Sydney and Melbourne next day home delivery orders to our two automated CFCs and we are optimistic for the customer benefits that we expect these to deliver. At the same time, we are continuing to address the impacts of loss through our technology initiatives and maintaining a strong focus on costs as part of our Simplify and Save to Invest program.

In Liquor, in the first eight weeks, sales revenue declined by 1.4%[13]. The CrowdStrike outage in July impacted the period given the number of liquor stores that were unable to trade during the outage. Excluding the impact of CrowdStrike, Liquor sales revenue declined by 0.3%[13]. The overall Liquor market remains challenging and sales continue to be impacted by the transition away from less profitable bulk and affiliate sales[14]. Our focus remains on providing value to customers as well as delivering growth from the recently acquired Tasmanian liquor stores and ensuring our cost base is aligned to the current market environment.

In Supermarkets, we expect to open approximately eight new stores, close five stores and renew approximately 50 stores. In Liquor, we expect to open approximately 13 new stores, close ten stores and renew approximately 60 stores.

Capital expenditure is expected to be approximately $1.2 billion, with continued disciplined investments in renewals and new stores, and digital and technology assets with a focus on customer experience, growth and efficiency.

Depreciation and amortisation is expected to increase this year, reflecting recent capital investment spend coupled with a step up in right of use lease depreciation. Financing costs are also expected to increase reflecting a full year of interest on our $600 million medium term note issuance and increased interest on lease liabilities, which include our ADCs and CFCs.

Coles Group CEO, Leah Weckert, said: "As we look ahead, we are well positioned to deliver on our strategic priorities. With our Kemps Creek ADC ramping up and our two automated CFCs in the process of transitioning orders from stores, we look forward to unlocking the full benefits of our transformation investments, including delivering further improvements in availability and efficiency through our ADCs and delivering a world-class customer experience for online orders. With ongoing cost-of-living pressures, we will also continue responding to the needs of our customers with a focus on value through every day low prices, promotions, Flybuys and Coles Own Brand."



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[13] Based on Reported sales revenue. Comparable sales growth in FY25, including each quarter, will be calculated by reference to the period from 3 July 2023 to 30 June 2024 (i.e. week 2 to week 53 of FY24) to more closely align the dates of the reporting periods in FY25 to the prior corresponding periods in FY24.

[14] Liquor's transition away from bulk and affiliate sales commenced in second quarter FY24.

# Appendices

## Appendix 1
### Number of retail stores

| | OPEN AS AT 26 JUN 2023 | OPENED | CLOSED | OPEN AS AT 30 JUN 2024 |
|---|---|---|---|---|
| NSW & ACT | 263 | 4 | (1) | 266 |
| QLD | 183 | 2 | - | 185 |
| VIC & TAS | 239 | 5 | (1) | 243 |
| SA & NT | 61 | - | - | 61 |
| WA | 100 | 1 | - | 101 |
| **Supermarkets** | **846** | **12** | **(2)** | **856** |
| **Liquor** | **957** | **45** | **(10)** | **992** |
| **Group store numbers** | **1,803** | **57** | **(12)** | **1,848** |

## Appendix 2
### Reporting calendars for FY23, FY24 and FY25

| **FY23** | 1Q23 | 2Q23 | 3Q23 | 4Q23 |
|---|---|---|---|---|
| Reporting period | 27 Jun 2022 - 25 Sep 2022 | 26 Sep 2022 - 1 Jan 2023 | 2 Jan 2023 - 26 Mar 2023 | 27 Mar 2023 - 25 Jun 2023 |
| Number of days | 91 days | 98 days | 84 days | 91 days |
| Number of weeks | 13 weeks | 14 weeks | 12 weeks | 13 weeks |

| **FY24** | 1Q24 | 2Q24 | 3Q24 | 4Q24 |
|---|---|---|---|---|
| Reporting period | 26 Jun 2023 - 24 Sep 2023 | 25 Sep 2023 - 31 Dec 2023 | 1 Jan 2024 - 24 Mar 2024 | 25 Mar 2024 - 30 Jun 2024 |
| Number of days | 91 days | 98 days | 84 days | 98 days |
| Number of weeks | 13 weeks | 14 weeks | 12 weeks | 14 weeks |

| **FY25** | 1Q25 | 2Q25 | 3Q25 | 4Q25 |
|---|---|---|---|---|
| Reporting period | 1 July 2024 - 29 Sep 2024 | 30 Sep 2024 - 5 Jan 2025 | 6 Jan 2025 - 30 Mar 2025 | 31 Mar 2025 - 29 Jun 2025 |
| Number of days | 91 days | 98 days | 84 days | 91 days |
| Number of weeks | 13 weeks | 14 weeks | 12 weeks | 13 weeks |

## Appendix 3
### Reconciliation of reported to underlying Group EBITDA and Group EBIT from continuing operations

| | **EBITDA** | | **EBIT** | |
|---|---|---|---|---|
| | FY24 | FY23 | FY24 | FY23 |
| **Reported** | **3,659** | **3,382** | **2,057** | **1,859** |
| Supermarkets | | | | |
| - Major project implementation costs | 98 | 58 | 107 | 58 |
| - Award covered salaried team member review provision | - | 25 | - | 25 |
| Liquor | | | | |
| - Tax adjustment relating to prior years | 5 | - | 5 | - |
| - Capitalised eCommerce IT development cost write-off | 6 | - | 6 | - |
| **Underlying** | **3,768** | **3,465** | **2,175** | **1,942** |

## *Appendix 4*
### Normalised rate to sales figures

| SUPERMARKETS | FY24 (52 WEEKS) | FY23 (52 WEEKS) | CHANGE |
|---|---|---|---|
| Gross margin – reported (%) | 26.9 | 26.4 | 49bps |
| Gross margin – underlying[1] (%) | 26.9 | 26.4 | 50bps |
| CODB – reported (%) | (21.8) | (21.6) | 25bps |
| CODB – underlying[1] (%) | (21.6) | (21.4) | 20bps |
| EBIT margin – reported | 5.0 | 4.8 | 24bps |
| EBIT margin – underlying[1] (%) | 5.3 | 5.0 | 30bps |

[1] Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (FY24: $107 million; FY23: $58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: $25 million).

| LIQUOR | FY24 (52 WEEKS) | FY23 (52 WEEKS) | CHANGE |
|---|---|---|---|
| Gross margin – reported (%) | 23.5 | 23.4 | 9bps |
| Gross margin – underlying[1] (%) | 23.5 | 23.4 | 9bps |
| CODB – reported (%) | (20.0) | (19.0) | 101bps |
| CODB – underlying[1] (%) | (19.7) | (19.0) | 71bps |
| EBIT margin – reported | 3.4 | 4.3 | (92bps) |
| EBIT margin – underlying[1] (%) | 3.7 | 4.3 | (62bps) |

[1] Non-IFRS: Underlying adjusted for tax adjustment relating to prior years ($5.2 million) and a write-off of capitalised IT development costs in relation to the eCommerce business ($5.8 million).

## *Appendix 5*
### Quarterly sales revenue growth

| SUPERMARKETS | 1Q | 2Q | 3Q | 4Q | 4Q NORMALISED |
|---|---|---|---|---|---|
| FY21 | 9.9% | 5.2% | (6.2)% | 1.7% | |
| FY22 | 1.9% | 0.5% | 3.9% | 3.0% | |
| FY23 | 1.7% | 7.4% | 7.4% | 8.0% | |
| FY24 | 4.7% | 5.1% | 5.1% | 10.1%[1] | 2.6% |

| LIQUOR | 1Q | 2Q | 3Q | 4Q | 4Q NORMALISED |
|---|---|---|---|---|---|
| FY21 | 17.4% | 13.4% | 2.6% | (6.5)% | |
| FY22 | 2.6% | 2.8% | 2.9% | 1.6% | |
| FY23 | (4.3)% | (0.9)% | 2.6% | 2.9% | |
| FY24 | 1.8% | 1.9% | (1.9)% | 7.1%[1] | (0.4%) |

[1] 4QFY24 on a 14-week basis.

## *Appendix 6*
### 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 and operations, market conditions, results of operations and financial conditions, and risk management practices. This report may also include forward-looking statements regarding climate change and other environmental and energy transition scenarios. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance', 'likely', 'aim', 'aspire' and other similar expressions. Similarly, statements that describe objectives, plans, goals, or expectations of the Group are forward-looking statements.

Any forward-looking statements are based on the Group's current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct.

The forward-looking statements involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group, that could cause the actual results, performance or achievements of the Group to be materially different from the relevant statements.

Readers are cautioned not to place undue reliance on forward-looking statements and such statements should be considered in conjunction with the risks, uncertainties and assumptions associated with the relevant statements. All forward looking statements contained in this report reflect the Group's views held as at the date of this report, and 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 or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

## Appendix 7
### Non-IFRS financial 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.

Balance Sheet and Cash Flow information presented in this release is consistent with underlying information disclosed in the 2024 Annual Report.

## Appendix 8
### Glossary of terms

**ADC** – Automated Distribution Centre

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

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

**Cash realisation** – Calculated as operating cash flow excluding interest and tax, divided by EBITDA

**CFC** – Customer Fulfilment Centre

**CODB** – Costs 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. 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. 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. KOi, Daley St)

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

**EBIT** – Earnings before interest and tax

**EBITDA** – Earnings before interest, tax, depreciation and amortisation

**EPS** – Earnings per share

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

**Exclusive Liquor Brands (ELB)** – refers to the portfolio of product brands exclusively available in Coles Liquor stores, 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 Proprietary Brands** – refers to the portfolio of product brands owned by or licensed to suppliers and exclusively available in Coles supermarkets (e.g. La Espanola, Great Ocean Road)

**Exclusive to Coles** – refers to the portfolio of product brands exclusively available in Coles supermarkets, and consists of Coles Own Brand and Exclusive Proprietary Brand products

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

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

**IFRS** – International Financial Reporting Standards

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

**MAT** – Moving annual total

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

**NPAT** – Net profit after tax

**pp** – Percentage point

**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

**SKU** – Stock Keeping Unit

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

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