27 February 2025

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

Coles Group Limited (Coles) – Appendix 4D and Half Year Report for the period ended 5 January 2025

In accordance with ASX Listing Rule 4.2A and the *Corporations Act 2001* (Cth), I enclose the following for immediate release to the market:

1. Appendix 4D;
2. Half Year Directors' Report;
3. Half Year Financial Report; and
4. Independent Auditor's review report,

for the half year ended 5 January 2025.

Coles will conduct an analyst briefing on the half year results from 10.00am AEDT. This briefing will be webcast and is accessible via the Company's website at www.colesgroup.com.au.

This announcement is authorised by the Board.

Yours faithfully,

Daniella Pereira
Group Company Secretary

Coles Group Limited ABN 11 004 089 936
800 Toorak Road Hawthorn East Victoria 3123 Australia
PO Box 2000 Glen Iris Victoria 3146 Australia
Telephone +61 3 9829 5111
www.colesgroup.com.au

Appendix 4D and Half Year Financial Report

For the 27 weeks ended 5 January 2025

Coles Group Limited
ABN 11 004 089 936

Appendix 4D

Under ASX Listing Rule 4.2A.3

Current reporting period ('1H25')	1 July 2024 to 5 January 2025 (27 weeks)
Previous corresponding period ('1H24')	26 June 2023 to 31 December 2023 (27 weeks)

This Appendix 4D and Half Year Financial Report presents the results of Coles Group Limited ('the Company') and the entities it controlled at the end of or during the 27 weeks ended 5 January 2025 (collectively, 'the Group').

This information should be read in conjunction with the Coles Group Limited 2024 Annual Report.

Results for announcement to the market

	1H25 $m				1H24 $m
Revenue from ordinary activities	23,106	up	3.7%	from	22,274
Earnings before interest and income tax (EBIT)	1,082	up	2.4%	from	1,057
Profit from ordinary activities after tax attributable to members	576	down	(2.2%)	from	589
Profit after tax attributable to members	576	down	(2.2%)	from	589
Profit from continuing activities after tax	576	down	(3.0%)	from	594

Dividends

	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
Current period		
Interim dividend	37.0 cents	37.0 cents
Previous corresponding period		
Interim dividend	36.0 cents	36.0 cents
Year end (30 June 2024)		
Final dividend	32.0 cents	32.0 cents
Conduit foreign income component:		nil
Record date for determining entitlement to the interim dividend:		6 March 2025
Payment date of interim dividend:		27 March 2025

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. The DRP will operate at nil discount. The last date to elect to participate in the DRP or to change DRP election preferences, in respect of the interim dividend is 7 March 2025. In accordance with the DRP Rules, the offer price will be calculated as the arithmetic average of the daily volume weighted average market price of the Company's shares during the 5 trading days commencing on 14 March 2025.

Net tangible assets per share

	1H25	1H24
Net tangible assets per share ($)[1]	1.13	1.08

[1] Net tangible assets are calculated by deducting intangible assets from the net assets of the Group. Net assets include the right-of-use assets and corresponding lease liabilities recognised under AASB 16 Leases.

Appendix 4D (continued)

Entities where control was gained during the period

There were no entities over which control was gained during the period.

Entities where control was lost during the period

There were no entities over which control was lost during the period.

Details of equity accounted investments

		OWNERSHIP INTEREST	
NAME	**TYPE**	**1H25**	**1H24**
Loyalty Pacific Pty Ltd	Joint venture	50%	50%
Queensland Venue Co. Pty Ltd	Associate	50%	50%

Additional Appendix 4D disclosure requirements can be found in the accompanying Half Year Financial Report. The Coles Group Limited 2025 Half Year Results Release also provides further information on the results of the Group.

Coles Group Limited and Controlled Entities

ABN 11 004 089 936

Half Year Financial Report
for the 27 weeks ended
5 January 2025

Directors' Report

The directors present their report on the consolidated entity consisting of Coles Group Limited ('the Company') and the entities it controlled at the end of or during the 27 weeks ended 5 January 2025 (collectively, 'the Group').

Directors

The following persons were directors of the Company during the half year period and up to the date of this report, unless stated otherwise:

James Graham AM	Chairman and Non-executive Director
Leah Weckert	Managing Director and Chief Executive Officer
Peter Allen	Non-executive Director (appointed 1 September 2024)
Terry Bowen	Non-executive Director
Jacqueline Chow	Non-executive Director
Abi Cleland	Non-executive Director
Richard Freudenstein	Non-executive Director
Andrew Penn AO	Non-executive Director
Scott Price	Non-executive Director
Wendy Stops	Non-executive Director

Non-IFRS information

This report contains International Financial Reporting Standards ('IFRS') and non-IFRS financial information. IFRS financial information is financial information that is presented in accordance with all relevant accounting standards. Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information.

Any non-IFRS financial information 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.

Review and results of operations

The Group's reportable segments from continuing operations are set out below:

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.

The Group results from continuing operations for the half year ended 5 January 2025, and the comparative half year ended 31 December 2023, are presented below:

	1H25 $m	1H24 $m	CHANGE
Sales revenue	23,035	22,216	3.7%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)[1]	2,045	1,854	10.3%
Depreciation and amortisation	(928)	(790)	17.5%
Segment EBIT[1]	1,117	1,064	5.0%
Significant items	(35)	–	n/m
EBIT[1]	1,082	1,064	1.7%
Financing costs	(271)	(213)	27.2%
Income tax expense	(235)	(257)	(8.6%)
Net profit after tax from continuing operations	**576**	**594**	**(3.0%)**
Basic earnings per share (cents) from continuing operations	43.1	44.5	(3.1%)

n/m denotes not meaningful.

[1] Includes major project implementation, dual running and transition costs in relation to the two Automated Distribution Centres (ADCs) and two automated Customer Fulfilment Centres (CFCs) (1H25: $92 million, 1H24: $46 million). No major project implementation costs were incurred in the half in relation to the Victorian ADC.

Directors' Report (continued)

Review and results of operations (continued)

Sales revenue increased by 3.7% to $23,035 million with growth in Supermarkets sales revenue of 4.3% and Liquor sales revenue of 0.8%. The Other segment included $402 million of revenue in relation 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 5.0% to $1,117 million underpinned by strong growth in Supermarkets earnings.

Significant items of $35 million ($25 million after tax) were recorded this half relating to future closure and site reconfiguration costs following the announced development of a new ambient ADC in Truganina, Victoria.

Financing costs increased by $58 million to $271 million with financing costs related to leases increasing by $32 million, reflecting higher interest on lease liabilities largely associated with the Kemps Creek ADC and two CFCs as well as increased interest rates on existing lease resets. Non-lease financing costs increased by $26 million with higher weighted average debt and interest rate compared to the previous corresponding period primarily reflecting Coles' $600 million bond issuance in November 2023 and interest on debt associated with our Kemps Creek ADC which is no longer capitalised.

Balance Sheet

With the half year ending on 5 January 2025, an additional payment run occurred in the final week of the half compared to both the prior period and previous corresponding period, resulting in an additional cash outflow of approximately $520 million. This has impacted several balance sheet metrics, including working capital and net debt.

The key balance sheet movements for the half year ended 5 January 2025 as compared to 30 June 2024 are as follows:

Inventories increased by $254 million to $2,957 million to support availability and as a result of the impact from inflation on the cost of goods.

Trade and other payables decreased by $376 million to $4,208 million primarily due to the additional payment run partially offset by the seasonal Christmas and New Year trading activity at the end of the half year period.

Interest-bearing liabilities increased by $624 million to $2,276 million mainly due to increased revolving debt used to support the operations of the business, including the additional payment run. Included in current interest bearing liabilities is a medium term note of $150 million which matures in August 2025.

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 5 January 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.

Directors' Report (continued)

Review and results of operations (continued)

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. As the court proceedings are at an early stage, the potential outcome and total costs associated with these matters remain uncertain.

For further information regarding the Group's contingencies, refer to the Financial Statements Note 12. Contingencies.

Supermarkets

Segment Overview

The Supermarkets results for the half year ended 5 January 2025, and the comparative half year ended 31 December 2023, are presented below:

	1H25 $m	1H24 $m	CHANGE
Sales revenue	20,629	19,778	4.3%
EBITDA[1]	1,935	1,730	11.8%
EBIT[1]	1,077	1,007	7.0%
Gross margin (%)	27.4	26.6	77bps
Cost of doing business (CODB)(%)	(22.2)	(21.5)	64bps
EBIT margin (%)	5.2	5.1	13bps

[1] Includes major project implementation, dual running and transition costs in relation to the two ADCs and two automated CFCs (1H25: $92 million, 1H24: $46 million). No major project implementation costs were incurred in the half in relation to the Victorian ADC.

Operating metrics (non-IFRS)

	1H25	2Q25	1Q25	1H24
eCommerce sales[1] ($ billions)	2.2	1.2	1.0	1.8
eCommerce penetration[1] (%)	10.7	10.6	10.9	9.1
Sales growth excl. tobacco (%)	5.6	6.2	4.9	6.2
Comparable sales growth[2] (%)	3.4	4.2	2.4	4.0
Sales density per square metre[3] (MAT $/sqm)	20,050	20,050	19,861	19,618
Inflation / (deflation) (%)	1.4	1.4	1.5	3.0
Inflation / (deflation) excl. tobacco (%)	1.0	1.0	1.0	2.9
Inflation / (deflation) excl. tobacco and fresh (%)[4]	0.1	0.1	0.1	5.2

[1] eCommerce sales and penetration are now based on IFRS sales revenue and include liquor sold through coles.com.au (previously based on gross retail sales, comparatives have been restated).

[2] Comparable sales are calculated by reference to IFRS sales revenue and for 1H25 are based on the period from 3 July 2023 to 7 January 2024 (weeks 2 to 28 of FY24).

[3] Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

[4] In line with changes to Coles' internal management reporting, from 1Q25, Fresh inflation includes fresh produce, meat, deli, seafood and convenience. Bakery which was previously part of the Fresh category is now included within the Dairy and Frozen category. Convenience was previously included in the Dairy and Frozen category. Historical periods have been restated.

Directors' Report (continued)

Review and results of operations (continued)

Supermarkets (continued)

Highlights

Supermarket sales revenue of $20,629 million increased by 4.3% mainly driven by the successful delivery of seasonal events including Christmas, Halloween and Black Friday, trade events including the SMEG and 'Christmas Instant Win' campaigns, and continued investment in, our 'Great Value, Hands Down' value campaigns.

From late November, in response to competitor supply chain industrial action in Victoria and New South Wales, we invested significant resources and worked with our suppliers to rapidly increase supply of products to our Victorian and impacted New South Wales stores, and our Victorian CFC. We also significantly increased team member resources within stores.

Value remained a consistent focus throughout the period with more than 4,200 products on every day low prices. Our Exclusive to Coles portfolio grew sales revenue by 5.1% and launched more than 530 new products.

Flybuys active members increased by 4.1% to 9.7 million with a notable increase in December as we saw an uplift in new customers entering our Victorian stores or shopping online.

eCommerce sales growth of 22.6% was driven by strong trade plans across Black Friday, Christmas and New Year, coupled with incremental sales in Victoria following competitor supply chain industrial action. Growth was supported by operational initiatives including improved personalisation in the Coles App, the introduction of a Coles Plus annual subscription and the national launch of a windowless Rapid Delivery offer, allowing customers to select an "as soon as possible" option and receiving an estimated time of arrival, calculated and personalised for the customer.

By the end of November, next day home delivery volumes in our Melbourne and Sydney CFC catchments were fully transitioned to our CFCs. We have seen a positive impact on a number of key customer metrics with significant improvements in fulfilment rates and on time deliveries.

Coles 360 income increased by 10.0% in the half[1] with growth most pronounced in our onsite media assets which include online digital assets, such as the Coles App and website.

In the second quarter, total Supermarkets price inflation moderated slightly to 1.4% (first quarter: 1.5%). Inflation excluding tobacco and fresh remained at 0.1% (first quarter: 0.1%).

During the half, Coles completed 25 store renewals, opened three new stores and closed one store, taking the total network to 858 supermarkets.

Gross margin increased by 77 bps to 27.4% and benefitted from a 39 basis point improvement in total loss compared to the previous corresponding period, as a result of loss technology and process initiatives coupled with further improvements in waste and markdowns. Gross margin was also supported by lower tobacco sales, which contributed 22 bps, Simplify and Save to Invest and Redbank ADC benefits and growth in Coles 360 retail media income. These benefits enabled us to continue investing in value at the same time as delivering margin improvement.

Cost of doing business (CODB) as a percentage of sales increased by 64 bps to 22.2%, primarily reflecting a step up in depreciation attributable to our capital investment program, the commencement of operations at our Kemps Creek ADC and our two CFCs and additional right of use lease depreciation. Wage and inflationary cost impacts were offset by Simplify and Save to Invest benefits and increased operating leverage.

Supermarkets EBIT of $1,077 million increased by 7.0%, with an EBIT margin of 5.2%. EBIT also includes $92 million of major project implementation costs compared to $46 million in the previous corresponding period.

[1] Includes Coles 360 income in Supermarkets and Liquor.

Directors' Report (continued)

Review and results of operations (continued)

Liquor

Segment Overview

The Liquor results for the half year ended 5 January 2025, and the comparative half year ended 31 December 2023, are presented below:

	1H25 $m	1H24 $m	CHANGE
Sales revenue	2,004	1,988	0.8%
EBITDA	135	148	(8.8%)
EBIT	67	84	(20.2%)
Gross margin (%)	23.1	22.9	22bps
Cost of doing business (CODB)(%)	(19.7)	(18.6)	110bps
EBIT margin (%)	3.3	4.2	(88bps)

Operating metrics (non-IFRS)

	1H25	2Q25	1Q25	1H24
eCommerce sales[1] ($ millions)	136	82	53	124
eCommerce penetration[1] (%)	6.9	7.3	6.4	6.4
eCommerce penetration (inc. COL)[2] (%)	8.2	8.5	7.6	7.6
Comparable sales growth[3] (%)	(1.3)	1.2	(4.4)	0.2
Sales density per square metre[4] (MAT $/sqm)	15,735	15,735	15,665	16,134

1 eCommerce sales and penetration are now based on IFRS sales revenue and exclude liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales (previously based on gross retail sales, comparatives have been restated).

2 eCommerce penetration including Liquor sold through coles.com.au.

3 Comparable sales are calculated by reference to IFRS sales revenue and for 1H25 are based on the period from 3 July 2023 to 7 January 2024 (weeks 2 to 28 of FY24).

4 Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

Highlights

Liquor sales revenue of $2,004 million increased by 0.8% compared to the previous corresponding period. Performance improved across the half with sales growth in the second quarter of 1.5%. The market continues to be subdued as economic pressures impact discretionary spending, however we saw a slight recovery in November and December. Sales were supported by strong trading across key events including Cyber Week, Spring Racing and Christmas, coupled with improved availability following the roll out of Liquor Easy Ordering to more than 300 stores during the period.

In December we saw a moderate increase in demand in Victoria, particularly in the Ready-to-Drink (RTD) and beer categories, following competitor supply chain disruption in Victoria. However, the incremental increase in sales and earnings from the event were broadly offset by the impact of the CrowdStrike outage in the first quarter.

eCommerce sales revenue increased by 9.2% with penetration increasing to 6.9% reflecting continued growth in the on-demand channel, particularly across Cyber Week.

Our Exclusive Liquor Brand (ELB) portfolio added 139 new lines across key growth categories including craft beer and RTDs, and offered value across all price points. The ELB portfolio received 302 awards during the half, including a trophy from the Royal Hobart Wine Show 2024 for Lowestoft 'La Maison' Pinot Noir.

Coles 360 expanded its retail media offer in Liquor with digital screens rolled out to more than 80 stores. We also partnered with Qsic, an audio retail media platform, to roll out AI-driven in-store audio to our Liquor stores nationally, offering suppliers a way to connect with customers at the point of purchase.

During the period, 67 store renewals were completed, six new stores opened and three stores closed across the Liquorland, Vintage Cellars and First Choice banners. At the end of the period the portfolio comprised 995 stores.

Gross margin increased by 22 bps to 23.1% driven by 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.

CODB as a percentage of sales increased by 110 bps to 19.7% reflecting cost inflation exceeding sales growth, particularly wages and tenancy, and ongoing investments in core IT systems.

During the half, Coles Liquor commenced its banner simplification pilot with 14 stores converted to Liquorland, Liquorland Cellars or Liquorland Warehouse.

Directors' Report (continued)

Review and results of operations (continued)

Other

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.

	1H25 $m	1H24 $m	CHANGE
Sales revenue	402	450	(10.7%)
EBITDA	(25)	(24)	4.2%
EBIT	(27)	(27)	–

In Other, Coles reported sales revenue from the PSA of $402 million, a decline on the previous corresponding period largely due to lower tobacco sales.

The EBIT result reflects corporate costs of $41 million, broadly in line with the previous corresponding period, and a net loss of $2 million from Coles' 50% share of Flybuys, lower than the previous corresponding period due to cost savings following simplification of the Flybuys operating model that was undertaken at the end of FY24. Corporate costs and the Flybuys net result were partly offset by positive earnings contributions of $5 million relating to the PSA and $11 million in property earnings.

Dividends

On 27 February 2025, the directors declared an interim dividend of 37.0 cents per fully paid ordinary share with a payment date of 27 March 2025, fully franked at the corporate tax rate of 30%. The aggregate amount of the interim dividend to be paid out of profits, but not recognised as a liability as at 5 January 2025 is $496 million[1].

Rounding of amounts

The amounts shown in the Half Year Financial Report have been rounded, 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*.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration is set out on page 11.

This report is made in accordance with a resolution of the directors of the Company on 27 February 2025.

James Graham AM

Chairman

Leah Weckert

Managing Director and Chief Executive Officer

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

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 review of the half-year financial report of Coles Group Limited for the half-year ended 5 January 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 review;

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

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

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

Ernst & Young

David Shewring
Partner
27 February 2025

Income Statement

For the 27 weeks ended 5 January 2025

	NOTES	CONSOLIDATED 1H25 $m	1H24 $m
Continuing operations			
Sales revenue	2	23,035	22,216
Other operating revenue		71	58
Total operating revenue		**23,106**	**22,274**
Cost of sales		(16,985)	(16,545)
Gross profit		**6,121**	**5,729**
Other income		68	78
Administration expenses		(5,105)	(4,737)
Share of net loss of equity accounted investments		(2)	(6)
Earnings before interest and tax (EBIT)	2	**1,082**	**1,064**
Financing costs	4	(271)	(213)
Profit before income tax		**811**	**851**
Income tax expense	5	(235)	(257)
Profit for the half year from continuing operations		**576**	**594**
Discontinued operations			
Loss for the half year from discontinued operations, after tax		**–**	**(5)**
Profit for the half year		**576**	**589**
Profit attributable to:			
Equity holders of the parent entity		**576**	**589**
Earnings per share (EPS) attributable to equity holders of the Company:			
Basic EPS (cents)	3	43.1	44.2
Diluted EPS (cents)	3	43.0	44.0
EPS attributable to equity holders of the Company from continuing operations:			
Basic EPS (cents)	3	43.1	44.5
Diluted EPS (cents)	3	43.0	44.4
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net movement in the fair value of cash flow hedges		6	(4)
Income tax effect	5	(2)	1
Other comprehensive (loss)/income which may be reclassified to profit or loss in subsequent periods		**4**	**(3)**
Total comprehensive income attributable to:			
Equity holders of the parent entity		580	586

The accompanying notes form part of the Half Year Financial Report.

Balance Sheet

As at 5 January 2025

		CONSOLIDATED		
		5 JANUARY 2025	30 JUNE 2024	31 DECEMBER 2023
	NOTES	$m	$m	$m
Assets				
Current assets				
Cash and cash equivalents	7	625	675	1,092
Trade and other receivables		500	496	553
Inventories		2,957	2,703	2,868
Assets held for sale		76	3	47
Other assets		128	109	121
Total current assets		**4,286**	**3,986**	**4,681**
Non-current assets				
Property, plant and equipment		5,562	5,619	5,252
Right-of-use assets		7,041	7,048	6,363
Intangible assets		2,247	2,203	2,094
Deferred tax assets		706	717	729
Equity accounted investments		239	225	237
Other assets		118	72	129
Total non-current assets		**15,913**	**15,884**	**14,804**
Total assets		**20,199**	**19,870**	**19,485**
Liabilities				
Current liabilities				
Trade and other payables		4,208	4,584	5,020
Interest-bearing liabilities	8	150	–	–
Provisions		836	943	853
Lease liabilities		914	911	815
Income tax payable		27	73	52
Other		284	260	310
Total current liabilities		**6,419**	**6,771**	**7,050**
Non-current liabilities				
Interest-bearing liabilities	8	2,126	1,652	1,666
Provisions		362	323	319
Lease liabilities		7,525	7,506	6,910
Other		3	1	3
Total non-current liabilities		**10,016**	**9,482**	**8,898**
Total liabilities		**16,435**	**16,253**	**15,948**
Net assets		**3,764**	**3,617**	**3,537**
Equity				
Contributed equity		1,683	1,672	1,651
Reserves		92	103	91
Retained earnings		1,989	1,842	1,795
Total equity		**3,764**	**3,617**	**3,537**

The accompanying notes form part of the Half Year Financial Report.

Statement of Changes in Equity

For the 27 weeks ended 5 January 2025

	SHARE CAPITAL $m	SHARES HELD IN TRUST $m	SHARE-BASED PAYMENTS RESERVE $m	CASH FLOW HEDGE RESERVE $m	RETAINED EARNINGS $m	TOTAL $m
1H25						
Balance at beginning of half year	**1,750**	**(78)**	**93**	**10**	**1,842**	**3,617**
Profit for the half year	–	–	–	–	576	576
Other comprehensive income	–	–	–	4	–	4
Total comprehensive income for the half year	**–**	**–**	**–**	**4**	**576**	**580**
Dividends paid	–	–	–	–	(429)	(429)
Issue of shares to satisfy the dividend reinvestment plan	17	–	–	–	–	17
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	–	5	–	–	–	5
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	–	–	15	–	–	15
Balance at end of half year	**1,767**	**(84)**	**78**	**14**	**1,989**	**3,764**
1H24						
Balance at beginning of half year	**1,733**	**(89)**	**91**	**13**	**1,608**	**3,356**
Profit for the half year	–	–	–	–	589	589
Other comprehensive loss	–	–	–	(3)	–	(3)
Total comprehensive income for the half year	**–**	**–**	**–**	**(3)**	**589**	**586**
Dividends paid	–	–	–	–	(402)	(402)
Transfer of shares to employees under the employee equity incentive plan	–	26	(26)	–	–	–
Transfer of shares to employees under the employee share purchase plan	–	5	–	–	–	5
Purchase of shares to satisfy the employee equity incentive plan	–	(24)	–	–	–	(24)
Share-based payments expense	–	–	16	–	–	16
Balance at end of half year	**1,733**	**(82)**	**81**	**10**	**1,795**	**3,537**

The accompanying notes form part of the Half Year Financial Report.

Cash Flow Statement

For the 27 weeks ended 5 January 2025

	NOTES	CONSOLIDATED 1H25 $m	CONSOLIDATED 1H24 $m
Cash flows from operating activities			
Receipts from customers		24,332	23,542
Payments to suppliers and employees		(22,940)	(21,656)
Interest paid		(62)	(19)
Interest component of lease payments		(210)	(179)
Interest received		2	3
Income tax paid		(272)	(187)
Net cash flows from operating activities		**850**	**1,504**
Cash flows used in investing activities			
Purchase of property, plant and equipment and intangibles		(657)	(863)
Proceeds from sale of property, plant and equipment		125	188
Net investments in joint venture and associate		(16)	(23)
Net advances to related parties		(37)	–
Other		(25)	–
Net cash flows used in investing activities		**(610)**	**(698)**
Cash flows used in financing activities			
Proceeds from borrowings		–	600
Net proceeds/(repayment) of revolving facilities		618	(75)
Payment of principal elements of lease payments		(453)	(410)
Dividends paid		(412)	(388)
Purchase of shares to satisfy the dividend reinvestment plan		–	(14)
Purchase of shares under the equity incentive plan		(43)	(24)
Net cash flows used in financing activities		**(290)**	**(311)**
Net (decrease)/ increase in cash and cash equivalents		**(50)**	**495**
Cash at the beginning of the half year		675	597
Cash at the end of the half year	7	**625**	**1,092**

The accompanying notes form part of the Half Year Financial Report.

Notes to the Consolidated Financial Statements

The Half Year Financial Report of Coles Group Limited ('the Company') in respect of the Company and its controlled entities (collectively, 'the Group') for the 27 weeks ended 5 January 2025 was authorised for issue in accordance with a resolution of the directors of Coles Group Limited on 27 February 2025.

References in this report to 'half year' are to the 27 week period from 1 July 2024 to 5 January 2025 (1H24: 27 weeks from 26 June 2023 to 31 December 2023) unless otherwise stated.

Reporting entity

Coles Group Limited 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 2. Segment reporting from continuing operations.

1. Basis of preparation and accounting policies

The Half Year Financial Report for 27 weeks ended 5 January 2025 has been prepared in accordance with AASB 134 Interim Financial Reporting ('AASB 134') and the *Corporations Act 2001*.

In accordance with AASB 134, the Half Year Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 2024 Financial Report and any public announcements made by the Group during the half year reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

The Half Year Financial Report is presented in Australian dollars and all values are rounded to the nearest million dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

This Half Year Financial Report presents reclassified comparative information where required for consistency with the current half 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. Actual results may differ from these judgements, estimates and assumptions.

The judgements, estimates and assumptions applied in the Half Year Financial Report, including the key sources of estimation uncertainty are the same as those applied in the 2024 Financial Report.

New and amended standards and interpretations adopted from 1 July 2024

There are amendments and interpretations 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

There are no standards issued but not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods.

Seasonality of operations

The financial performance of the Group is affected by seasonality whereby earnings are typically greater in the half year due to Christmas trading.

2. Segment reporting from continuing operations

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 are set out below:

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 financial measure by which management monitors the performance of the segments.

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

	SUPERMARKETS	LIQUOR	OTHER	TOTAL CONTINUING OPERATIONS
	$m	$m	$m	$m
1H25				
Sales revenue	20,629	2,004	402	23,035
EBITDA	**1,935**	**135**	**(25)**	**2,045**
Depreciation and amortisation	(858)	(68)	(2)	(928)
Segment EBIT	**1,077**	**67**	**(27)**	**1,117**
Significant items				(35)
EBIT				**1,082**
Financing costs				(271)
Profit before income tax				**811**
Income tax expense				(235)
Profit for the half year from continuing operations				**576**
Share of net loss of equity accounted investments included in EBIT				(2)
1H24				
Sales revenue	19,778	1,988	450	22,216
EBITDA	**1,730**	**148**	**(24)**	**1,854**
Depreciation and amortisation	(723)	(64)	(3)	(790)
Segment EBIT	**1,007**	**84**	**(27)**	**1,064**
Significant items				–
EBIT				**1,064**
Financing costs				(213)
Profit before income tax				**851**
Income tax expense				(257)
Profit for the half year from continuing operations				**594**
Share of net loss of equity accounted investments included in EBIT				(6)

Notes to the Consolidated Financial Statements (continued)

2. Segment reporting from continuing operations (continued)

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 'other expenses') relating to future closure and site reconfiguration costs.

3. Earnings per share (EPS)

	1H25	1H24
EPS attributable to equity holders of the Company		
Basic EPS (cents)	43.1	44.2
Diluted EPS (cents)	43.0	44.0
EPS attributable to equity holders of the Company from continuing operations		
Basic EPS (cents)	43.1	44.5
Diluted EPS (cents)	43.0	44.4
Profit/(loss) for the half year ($m)		
Continuing operations	576	594
Discontinued operations	–	(5)
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)	1,339	1,337

Calculation methodology

EPS is the profit after tax attributable to ordinary equity holders of Coles Group Limited, divided by the weighted average number of ordinary shares during the half year.

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

Between the half year reporting date and the issue date of this Half Year 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.

4. Financing costs

	CONSOLIDATED	
	1H25	1H24
	$m	$m
Interest on debt and borrowings	48	21
Interest on lease liabilities	210	178
Other finance related costs	13	14
Total financing costs	**271**	**213**

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.

Notes to the Consolidated Financial Statements (continued)

5. Income tax

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

	CONSOLIDATED	
	1H25	**1H24**
	$m	**$m**
Current income tax expense	226	243
Deferred income tax relating to origination and reversal of temporary differences	9	12
	235	**255**
Income tax expense is attributable to:		
Profit from continuing operations	235	257
Loss from discontinued operations	–	(2)
	235	**255**

The components of income tax expense recognised in other comprehensive income (OCI) are set out below:

	CONSOLIDATED	
	1H25	**1H24**
	$m	**$m**
Deferred tax related to items recognised in OCI during the year:		
Net (loss)/profit on revaluation of cash flow hedges	(2)	1
Deferred tax charged to OCI	**(2)**	**1**

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

	CONSOLIDATED	
	1H25	**1H24**
	$m	**$m**
Profit before tax from continuing operations	811	851
Loss before tax from discontinued operations	–	(7)
Profit before income tax	**811**	**844**
At Australia's corporate tax rate of 30% (31 December 2023: 30%)	243	253
Share of results of joint venture	1	2
Non-deductible expenses for tax purposes	1	4
Non-assessable income for tax purposes	(1)	(4)
Utilisation of previously unrecognised capital losses	(9)	–
Income tax expense[1]	**235**	**255**

[1] At an effective income tax rate of 29.0% (31 December 2023: 30.2%).

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 for the Group's financial year beginning 1 July 2024. Of the foreign jurisdictions where Coles has a presence, Singapore has enacted Pillar Two legislation, whereas China and Hong Kong have not. Pillar Two rules impose a minimum 15% effective tax rate applicable in each jurisdiction in which the Group has a presence. Coles expects that the Pillar Two rules will not have a material impact on 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 5 January 2025.

6. Dividends paid and proposed

	CENTS PER SHARE		TOTAL $m	
	1H25	1H24	1H25	1H24
Fully franked dividends determined and paid during the period				
Prior year final dividend	32.0	30.0	429	402
	32.0	**30.0**	**429**	**402**
Fully franked dividends proposed and unrecognised at reporting date				
Interim dividend proposed and unrecognised at reporting date	37.0	36.0	496[1]	482
	37.0	**36.0**	**496[1]**	**482**

[1] Estimated interim 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.

7. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	CONSOLIDATED	
	5 JANUARY 2025 $m	30 JUNE 2024 $m
Cash in transit	373	353
Cash on hand	206	171
Cash at bank and on deposit	46	151
Total cash and cash equivalents	**625**	**675**

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.

8. Interest-bearing liabilities

	CONSOLIDATED	
	5 JANUARY 2025 $m	30 JUNE 2024 $m
Current		
Capital market debt	150	–
Total current interest-bearing liabilities	**150**	**–**
Non-current		
Bank debt	616	–
Capital market debt	1,510	1,652
Total non-current interest-bearing liabilities	**2,126**	**1,652**
Total interest-bearing liabilities	**2,276**	**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.

9. 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:

	FAIR VALUE HIERARCHY	5 JANUARY 2025		30 JUNE 2024	
		ASSET	LIABILITY	ASSET	LIABILITY
		$m	$m	$m	$m
Cash flow hedges					
Forward exchange contracts	Level 2	12	(1)	1	(4)
Interest rates swaps	Level 2	1	–	3	–
Electricity swaps	Level 2	–	–	1	–
Power Purchase Agreement	Level 3	14	(2)	15	(5)
Fair value hedges					
Interest rates swaps	Level 2	17	–	9	–
Total		**44**	**(3)**	**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 best 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.

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.

There were no transfers between levels during the 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 and power purchase agreements are valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot and 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 the Group's financial assets and financial liabilities recognised in the financial statements for the reporting period are materially the same as disclosed in the Financial Report for the period ended 30 June 2024.

Notes to the Consolidated Financial Statements (continued)

10. Related party disclosures

Parent entity

The ultimate parent entity within the Group is the Company, which is domiciled and incorporated in Australia.

Transactions with subsidiaries

Intercompany transactions, assets and liabilities between entities within the Group have been eliminated in the consolidated financial statements.

Transactions with joint venture and associates

Various transactions occurred between the Group and Loyalty Pacific Pty Ltd (operator of Flybuys) during the half year ended 5 January 2025, including:

- sale of goods to members of Flybuys
- payments for loyalty program
- reimbursement of costs incurred

Transactions remain materially the same as disclosed in the Financial Report for the period ended 30 June 2024.

Various transactions occurred between the Group and Queensland Venue Co Pty Ltd (QVC) during the half year ended 5 January 2025, including:

- service fees paid
- sales of inventory to QVC

Transactions remain materially the same as disclosed in the Financial Report for the period ended 30 June 2024.

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.

As at 5 January 2025, the Group has not recognised a provision for expected credit losses relating to amounts owed by related parties (30 June 2024: $nil).

11. Commitments

Capital expenditure commitments of the Group are set out below:

	CONSOLIDATED	
	5 JANUARY 2025	30 JUNE 2024
	$m	$m
Within one year	295	195
Between one and five years	398	5
More than five years	55	64
Total capital commitments for expenditure	**748**	**264**

At 5 January 2025, the Group also had commitments relating to lease agreements that have not yet commenced. During the period, lease commitments relating to a Victorian automated distribution centre and a store support centre were entered into. This results in an increase in lease commitments of $1,314 million.

12. Contingencies

The following matters are disclosed as contingent liabilities 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 5 January 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. As the court proceedings are at an early stage, 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.

13. 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 end of the half year 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.

Directors' Declaration

The directors of Coles Group Limited (the Company) declare that, in their opinion:

a) the financial statements and notes of the Group for the half year ended 5 January 2025 are in accordance with the *Corporations Act 2001*, including:

   I. giving a true and fair view of the financial position as at 5 January 2025 and the performance for the half year ending on that date of the Group; and

   II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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.

Signed in accordance with a resolution of the directors of Coles Group Limited.

James Graham

James Graham AM

Chairman

27 February 2025

Leah Weckert

Managing Director and Chief Executive Officer

27 February 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

Independent Auditor's Review Report to the Members of Coles Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Coles Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Balance Sheet as at 5 January 2025, the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the half-year ended on that date, explanatory notes and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 5 January 2025 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Shape the future
with confidence

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 5 January 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

David Shewring
Partner

Justin Law
Partner

Melbourne
27 February 2025