

2026
Annual Report

colesgroup





colesgroup

At Coles, helping customers find great value is at the heart of everything we do.

This year, we continued to invest in weekly specials, promotions and expanding our Exclusive to Coles ranges, giving customers more choice, quality and value on the products they buy most.

We are proud of the role Coles plays in supporting households and families across Australia every day.

In this report, the terms 'Coles', 'the Group', 'Coles Group', 'our business' and 'organisation' refer to Coles Group Limited ('the Company') and its controlled entities. This report contains information for the Company and its controlled entities collectively (unless otherwise stated).

Forward-looking statements

This report contains forward-looking statements, including statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, plans, commitments or current expectations which may relate to the Group's business, market and financial conditions, results of operations and risk management practices. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance', 'likely', 'aim', 'aspire' and other similar expressions. The report also includes and relies upon various management judgements and estimates.

Any forward-looking statements, management judgements and estimates are based on the Group's current knowledge, assumptions and intent as at the date of this report. These forward-looking statements, judgements and estimates involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group.

The Group does not give any assurance that the assumptions will be correct and the actual results or outcomes may differ materially from the implication made in such statements, judgements or estimates. Forward-looking statements are not guarantees or predictions of future performance or outcomes.

A summary of the material risks which may impact the Group is set out under the *Risk Management* section on pages 30 to 37 and these risks may also affect the reliability of the forward-looking statements. These risks include legal and regulatory change and enforcement approach; industry competition; changes to consumer behaviour; the development and adoption of new technologies and related implementation risks; macro-economic and geopolitical factors, including global market conditions; and the physical impacts of climate change such as climate variability and the occurrence of natural disasters.

Forward-looking statements, management judgements and estimates should be considered together with the risks, uncertainties and assumptions associated with the relevant statements particularly given the inherent unpredictability of future policy, market conditions, and technological developments. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking

statements in this report or to advise of any change in assumptions on which any such statement is based or changes to management judgements or estimates.

Other notices

Past performance cannot be relied on as a guide for future performance.

This document may contain statements that have been prepared by Coles on the basis of information from publicly available sources, and other third-party sources. While Coles believes that each of these third-party sources is credible and that third-party information relied upon has been prepared by a reputable source, this information has not been verified by the Group and the Group cannot guarantee the currency, accuracy, or completeness of such information in this report. There may be differences in the way third parties calculate or report data compared to Coles, which means third-party data may not be comparable to Coles' data.

Climate-related information

This report also includes forward-looking statements regarding climate change including energy transition, climate-related risks and opportunities, climate-related goals, targets, pathways, various environmental scenarios as well as the Group's strategy and plans in response to climate-related risks and opportunities.

Indications of future financial impacts from climate-related risks and opportunities and potential impacts from climate scenarios are also forward-looking statements.

These climate-related disclosures are subject to significant limitations, assumptions and variables due to known and unknown factors such as the uncertain nature of climate outcomes; the uncertainty and limitations in measuring or quantifying greenhouse gas (GHG) emissions and operational energy consumption; the reliance on third parties for data or to take (or refrain from taking) certain actions; external market changes including as a result of the transition to a lower-carbon future; the unclear and potentially long time horizon over which relevant impacts could emerge; evolving regulatory and legal requirements; changes to market standards and social expectations; and judgements and estimates made to support the methodology and modelling used or relied upon in the preparation of the report. There is a risk that these judgements, estimates or assumptions may subsequently prove incorrect.

There are limitations associated with scenario analysis, including any climate-related scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. The information on climate scenario analysis is provided to enable an understanding of the resilience of the Group's business strategy.

While the Group has prepared this information based on its current knowledge and understanding, scenario analysis is not an indication of probable outcomes and the actual outcome or impact on the Group will be affected by the assumptions and variables detailed above.

The long-term nature of some of this information also means these forward-looking statements are inherently uncertain.

Non-IFRS information

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

Any non-IFRS financial information included in this report has been labelled to differentiate it from statutory or IFRS financial information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information.

Operating metrics that are prepared on a non-IFRS basis have been included in the segment commentary to support an understanding of comparable business performance. Non-IFRS information is not subject to audit or review.

Glossary of terms

Please refer to pages 178 to 179 for a glossary of terms included in this report.

Acknowledgement of Country



Coles Group acknowledges the Traditional Owners of Country throughout Australia.

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

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



This report is interactive

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

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Pictured: Coles Local Glen Iris, Victoria, opened in April 2026 at the former Leo's Fine Food & Wine site, continuing a new chapter for one of Glen Iris' favourite food destinations. More than 15 loved Leo's suppliers continued on shelves, alongside a range of new premium products, building on its speciality food reputation. This is also the first Coles Local store to feature a dedicated in-store liquor section.

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Our 2026 reporting suite

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

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



To view these reports visit colesgroup.com.au

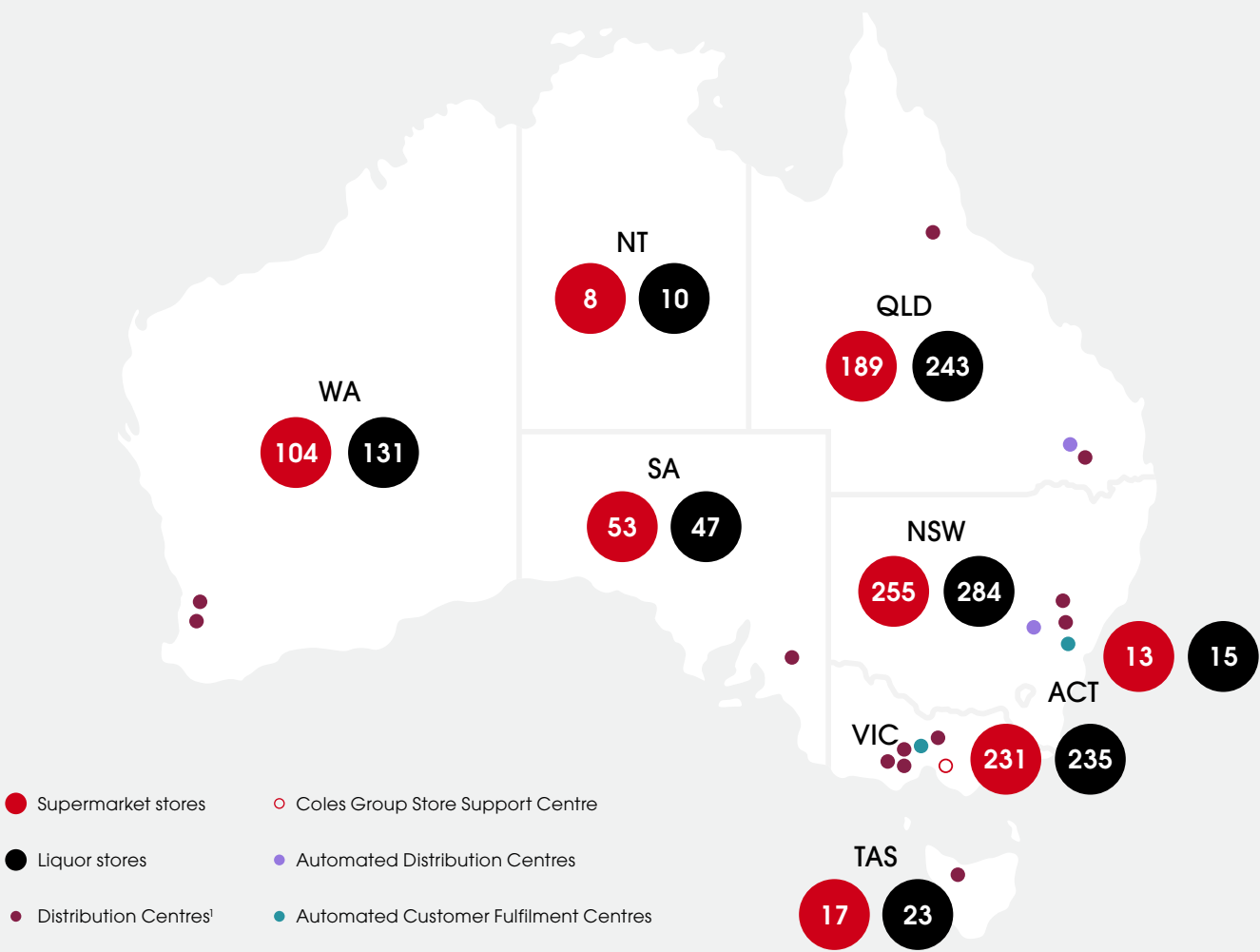
2026 Annual Report	2026 Corporate Governance Statement
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Coles Group

Coles is one of Australia’s leading grocery retailers with an extensive national network of 870 supermarkets and 988 liquor stores and a range of digital platforms, allowing us to deliver a full service omnichannel experience for customers.

Our network



- Supermarket stores
- Liquor stores
- Distribution Centres¹
- Coles Group Store Support Centre
- Automated Distribution Centres
- Automated Customer Fulfilment Centres

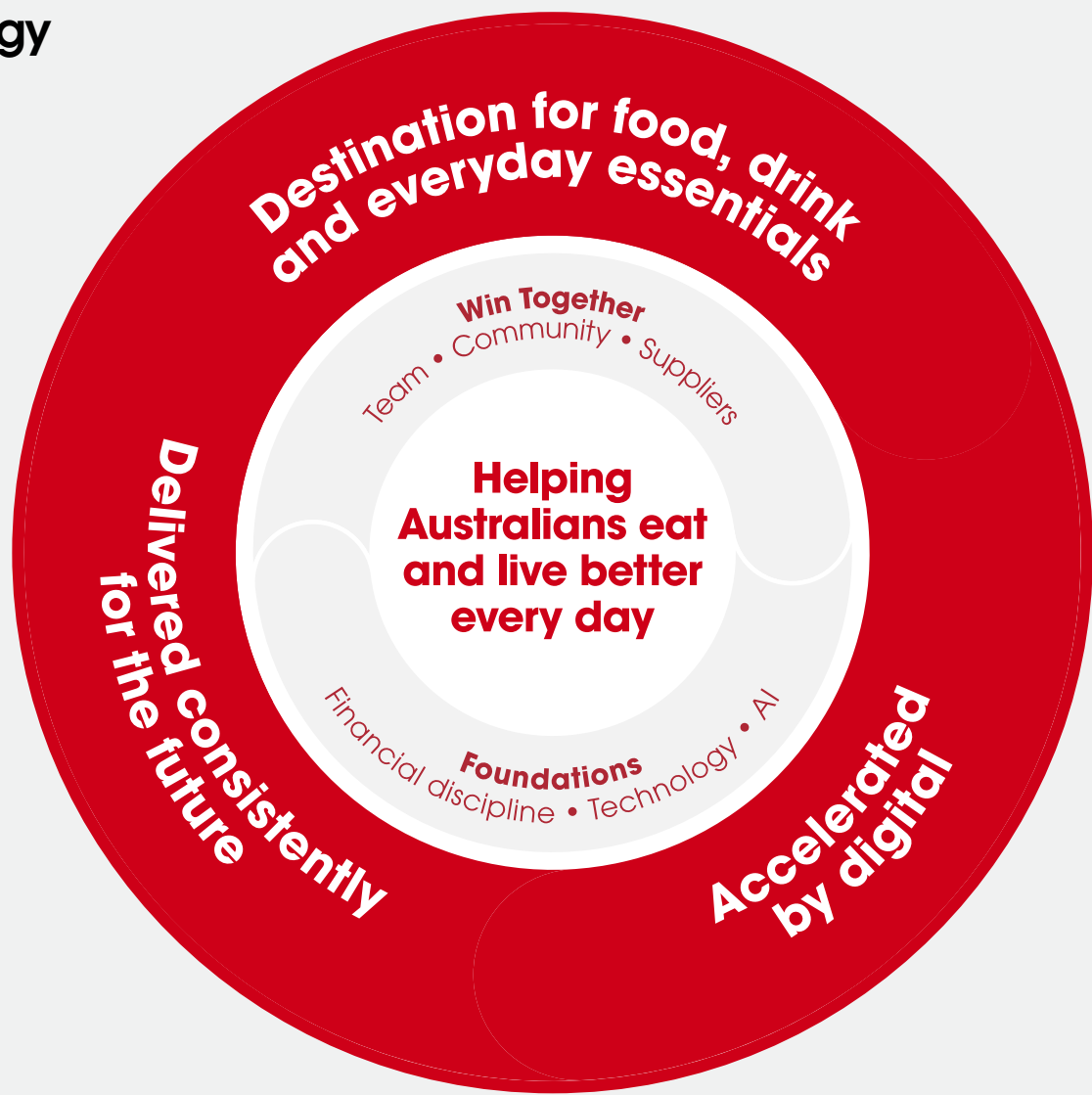
1. Comprised of Coles and non-Coles Distribution Centres which exclusively serve Coles.

Our brands



Our strategy

Read more about our strategy and our FY26 key strategic highlights on **pages 16 to 17.**



Our values

We are proudly **coles**



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FY26 highlights



Group sales revenue

\$45.6 billion

Group EBIT¹

\$2.3 billion

NPAT

\$1.1 billion



Exclusive to Coles products

~5,600

Supermarkets eCommerce sales growth

26.4%

New stores and renewals

241



Equivalent meals donated to SecondBite and Foodbank²

40.9 million

Women in leadership roles³

42.4%

Total solid waste⁴ diverted from landfill

88.2%

1. Excluding significant items.
2. Equivalent to 20.5 million kilograms of food donated, valued at \$106 million. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank.
3. Leadership positions are comprised of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.
4. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers).

Value and differentiation through Coles Own Brand



Everyday value

During the year, we expanded our everyday value range across key household categories, strengthening our commitment to value and the role of Coles Own Brand in helping customers manage their household budgets.

Across the portfolio, we refined formulations and packaging to enhance product quality and functionality, including targeted improvements within our CUB baby and Ultra cleaning ranges.

Coles Finest

Our Coles Finest range continued to bring restaurant-quality dining into Australian homes, with sales increasing by 9.2% in FY26. New products were launched across convenience meals, specialty meats and frozen desserts, extending the range across a broader variety of dining occasions.

The quality of these products was recognised at the 2026 Product of the Year Awards, with several products receiving awards, including our Coles Finest Mango Sorbet and Cacio E Pepe Gnocchi.



Celebrating key events

The strength of our integrated Supermarkets and Liquor businesses was demonstrated across key events and gifting occasions during the year.

For Mother's Day, we showcased the benefits of our integrated offer, combining flowers, wine and champagne in a distinctive proposition that delivered greater value for customers. We also expanded our Smith St floral range through new collections, a broader gifting offer and convenient delivery options, making everyday and premium gifting more accessible.

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Coles' impact in FY26



Customers

We serve millions of Australians every week. We are committed to providing customers with choice and value through our extensive range across our store and online channels.

~18m
average transactions per week

Thousands
of weekly specials and promotions



Team members

We aim to build a workforce that reflects the diversity of the communities we serve and seek to provide an inclusive environment where all team members feel respected, supported and able to progress.

\$6.7bn
paid in salaries, wages and benefits

Highest ever
mysay team member engagement score, maintaining our position in the top quartile¹



Suppliers

We partner with more than 8,000 suppliers to deliver around 35,000 product lines for our customers. We value the long-term partnerships and relationships we have with our suppliers, many of which span decades.

\$36.5bn
supplier spend for products and services

>97.5%
of fresh produce, by volume, sourced from Australian suppliers²



Community

We are committed to supporting the communities in which we operate. Working alongside our team members, suppliers and customers, we focus on improving health outcomes and building community resilience.

\$151m
in community contributions³

>\$43m
awarded across 127 Australian businesses since 2015 through the Coles Nurture Fund



Shareholders

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

\$979m
paid out in dividends to shareholders in FY26

83.2%
FY26 dividend payout ratio⁴

1. Relative to the Australian benchmark. Based on results of our May 2026 *mysay* team member engagement survey (67% participation). Benchmarked by Culture Amp against Australian organisations with more than 5,000 employees. Top quartile benchmark period: January to December 2025.
2. Excluding floral, nuts, dried fruit, sauces, dressings and packaged salads.
3. Community contributions include Coles' direct contributions, fundraising/leverage, value of in-kind donations and management costs, aligned with the Business for Societal Impact (B4SI) Framework.
4. Excluding significant items.

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Message from our Chairman and CEO

The progress we made this year reflects the strength of our strategy, the commitment of our team and our continued focus on creating enduring value for customers and shareholders.

Dear Shareholder,

FY26 was a year of continued strategic progress for Coles in a complex operating environment.

Household budgets remained under pressure from the cost of living, while geopolitical tensions and global trade disruption affected parts of the grocery supply chain. Against this backdrop, Coles remained focused on delivering value and quality for customers, maintaining strong availability, and executing our strategy.

This year once again demonstrated the strength and resilience of the Coles business and the benefits of the investments we've made over several years in automation, customer fulfilment and our store network. We delivered a step-up in earnings and Net Promoter Score (NPS), while continuing to build the capabilities that will support sustainable growth and long-term shareholder value.

Delivering financial performance and shareholder returns

We delivered Group Sales Revenue of \$45,580 million and Net Profit After Tax of \$1,090 million. We also reported Group EBITDA and EBIT (excluding significant items) of \$4,220 million and \$2,322 million.

The Board declared fully franked dividends for the year of 78.0 cents per share, including the final dividend of 37.0 cents per share.

The result reflects successful capital investment over many years, together with the ongoing benefits of our Simplify and Save to Invest program, which delivered \$311 million in benefits during the year. We remain on track to deliver \$1 billion in savings over the four-year program. These benefits support our capacity to invest in customer value and experience, offset cost inflation and deliver sustainable returns for shareholders.

Strengthening our customer proposition

Customers remained highly value-conscious, so we continued to invest in value, quality, convenience and personalisation.

We expanded our everyday value range and delivered thousands of weekly specials, targeted promotions and seasonal campaigns to provide value where it mattered most to customers.

Our Exclusive to Coles portfolio remained an important source of value and differentiation, with sales continuing to outpace overall sales growth, increasing 6.1%, and Coles Finest growing 9.2%. This performance reflected our continued investment in product development, innovation and quality, supported by the successful launch of a broad range of new products during the year.

We also made further progress in fresh quality, with supply chain improvements extending shelf life by one to two days across key fresh produce categories.

We strengthened our digital and eCommerce proposition as customers continued to seek greater convenience in how they shop. Supermarkets eCommerce sales increased 26.4%, with penetration rising 2.4 percentage points to reach 13.6%. We expanded our rapid delivery offer through our market-leading partnership with Uber Eats, giving customers access to one of the largest grocery ranges available through an on-demand delivery platform in Australia. We also extended rapid Click & Collect, expanded same-day delivery in Melbourne and Sydney, and continued to enhance the Coles app and website.

Our Customer Fulfilment Centres (CFCs) in Melbourne and Sydney continued to perform strongly, with sales growth ahead of the broader eCommerce business and the CFCs delivering positive EBITDA for the year. The CFCs improved availability, order accuracy, speed and reliability, contributing to higher customer satisfaction.

In loyalty, Flybuys reached 10.3 million active members, an increase of 3.5%, while greater personalisation improved the relevance and effectiveness of our customer offers.

In Liquor, we completed the Simply Liquorland banner transformation, converting all stores to Liquorland and creating a more unified network with greater consistency across pricing, range, branding and the digital customer experience.

Progressing our strategy

FY26 demonstrated the value of our long-term strategy and disciplined execution as we continued to invest in capabilities that support productivity, customer experience and growth.

Data, technology and artificial intelligence (AI) are increasingly embedded across Coles and are important enablers of our strategy. Coles has used AI and advanced analytics across parts of the business for more than a decade, and our focus remains on practical applications that

create measurable value, supported by strong governance and responsible use. During the year, we expanded the use of advanced analytics and digital tools to improve forecasting, rostering, store-specific ranging, operational decision-making and team member productivity. This included the rollout of ChatGPT Enterprise to store support centre team members.

We advanced the next phase of supply chain transformation, including construction of the Victorian Automated Distribution Centre (ADC), which remains on budget and on schedule. We also continued to optimise the Sydney and Brisbane ADCs, with new AI initiatives supporting simpler operations, efficiency and improved availability across our store network.

We continued to invest in our store network, completing 212 supermarket and liquor store renewals and opening 29 new supermarkets and liquor stores, including the expansion of our Coles Local format into South Australia. We also continued to test and refine integrated offers, including a combined food and liquor offer at Glen Iris in Melbourne.

Coles 360 continued to grow, with revenue increasing 10%. This reflects the development of our retail media and data-led customer engagement capabilities, helping suppliers connect with customers in more relevant and measurable ways.

Regulatory environment

During FY26, the Federal Court delivered decisions in two historical matters.

In September 2025, the Court delivered judgment on historical pay arrangements for award-covered salaried team members. Coles has apologised to affected team members and remains committed to completing appropriate remediation. Final orders have not been made.

In May 2026, the Court found that while supplier-driven price increases by Coles in 2022–23 had been commercially justifiable, certain ticketing representations at the time were misleading. Coles continues to review the judgment, and penalties and other orders remain outstanding.

More broadly, the regulatory framework continued to expand during the year, including the introduction of the excessive pricing prohibition and Australia's new mandatory merger regime.

Coles supports regulation that protects consumers and promotes competition. However, regulation must also be clear and practical. The growing volume and complexity of regulation adds material cost across the sector and, over time, risks constraining investment and placing further upward pressure on grocery prices.

Coles will continue to engage constructively with governments and regulators on these issues.

Contributing to Australia

Coles' scale and national store footprint give us an important role in the Australian economy and communities across the country. During periods of disruption following the expanded conflict in the Middle East and natural disasters, our teams worked closely with suppliers, transport partners and government to keep shelves stocked, stores operating and customers served.

Our long-term community partnerships support food security, health and wellbeing and a range of local causes. Over the three years to FY26, Coles, together with our customers, suppliers and team members, contributed more than \$497 million in community support.

This included support for partners such as Hospitals United for Sick Kids, FightMND, Redkite and Fitted for Work, along with the value of food donations from our stores and distribution centres through food-rescue partners SecondBite and Foodbank.

Through these food-rescue partnerships, we have helped provide the equivalent of more than 384 million meals to Australians in need since the partnerships began.

We continued to support the resilience, productivity and long-term sustainability of Australian food and agriculture. In FY26, the Coles Nurture Fund awarded more than \$3.5 million to eight businesses, taking total support since 2015 to more than \$43 million across 127 Australian businesses.

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Message from our Chairman and CEO continued

Coles sourced all Coles Own Brand fresh meat, eggs and milk, and 97.5% of fresh produce, from Australia, supporting domestic supply chains and regional economies.

We also progressed our priorities across climate, nature and circularity. This Annual Report includes Coles' first statutory Sustainability Report, prepared in accordance with the Corporations Act and AASB S2 Climate-related Disclosures (see pages 40 to 81).

We were also pleased that Coles was ranked #6 in the world by the World Benchmarking Alliance corporate human rights benchmark report and was the highest-ranked food retailer.

Engaging our team

We thank every Coles team member for their contribution during the year. With more than 115,000 team members across the country, Coles remains one of the nation's largest employers and provides many Australians with their first job.

We maintained a top-quartile employee engagement score and progressed safety, wellbeing and capability outcomes. We continued to invest in leadership development across stores, distribution centres and support centres, while building our pipeline of future leaders through the Graduate Program. We also advanced our diversity, equity and inclusion priorities, achieving Platinum status for the second year in the Australian Workplace Equality Index for LGBTQI+ inclusion and remaining one of Australia's largest private sector employers of First Nations people.

Board and leadership

In October, we farewelled Terry Bowen, who transitioned to a full-time executive role. Terry made a significant contribution to Coles, and we thank him for his service. Board renewal remains an important priority and we continue to explore opportunities to bring additional skills and experience to the Board.

In our Executive Leadership Team, we farewelled Sally Fielke, Group Corporate Affairs Officer, in September after almost six years at Coles, and Mike Sackman, Chief Technology Officer, who returned to the UK for family reasons. We were delighted to welcome Clive Mathieson as our new Group Corporate Affairs Officer in March.

Looking ahead

As we look to FY27, while we expect the external environment to remain dynamic, we are confident in the strength of Coles' foundations and opportunities ahead. Our continued investment in customer value, digital and AI, our store footprint and operational efficiency position the business strongly for the future.

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

Peter Allen
Chairman, Coles Group Limited

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



Pictured: Coles Group Chairman, Peter Allen, and Coles Group MD & CEO, Leah Weckert, with South Australian Premier, Peter Malinauskas, and Store Manager, Gerard, at the opening of Coles Local The Avenues, South Australia, in October 2025.

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Business model and strategy



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

Business model

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

Coles’ reportable segments from continuing operations are:

Supermarkets

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

Liquor

Liquor retailing, including online services and Coles 360 retail media services.

Other

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

Coles’ brand portfolio includes Coles Group, Coles, Coles Local, Liquorland, Liquorland Cellars, Liquorland Warehouse, QuiteLike, Coles 360 and Coles Financial Services. In addition, Coles is a 50% shareholder of Flybuys, which has more than ten million active members.

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

Pictured: Coles and Liquorland Yarrawonga opened in May 2026.

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Delivering our strategy

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

Our strategic pillars



Destination for food, drink and everyday essentials

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



Accelerated by digital

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



Delivered consistently for the future

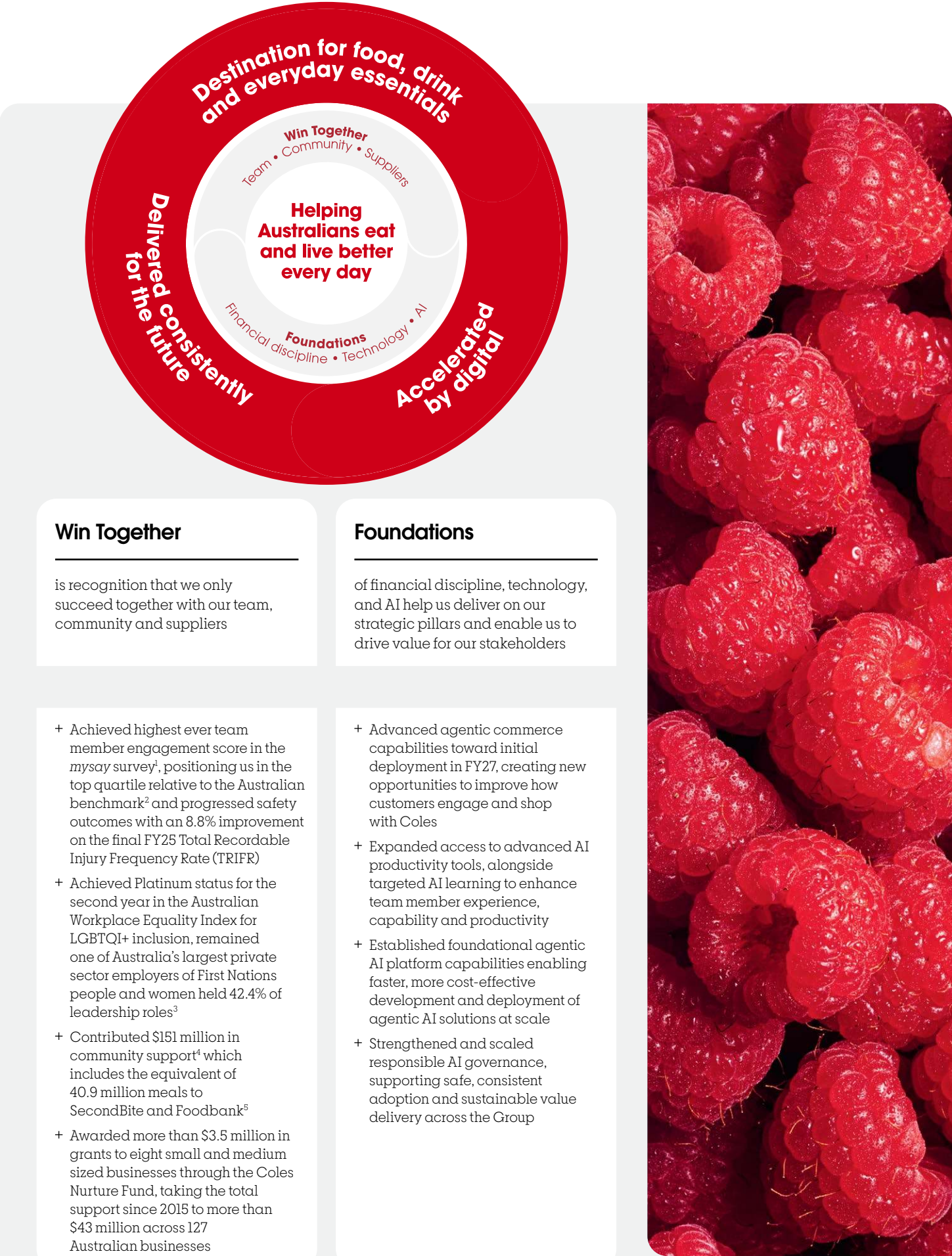
is our focus on making our operations more efficient and investing in our network for the future

FY26 key strategic highlights

- + Strengthened our value proposition through expanded everyday value and Exclusive to Coles ranges, seasonal campaigns and personalised loyalty offers
- + Delivered Exclusive to Coles sales revenue growth of 6.1%, with 40 awards received and new exclusive partnerships entered into including M&S, Grill’d and Gami
- + Increased Flybuys active members to 10.3 million
- + Achieved a significant uplift in customer satisfaction and engagement across both Supermarkets and Liquor
- + Improved fresh quality, availability and shelf life at home through an enhanced multi-speed network extending to fresh produce

- + Increased Supermarkets eCommerce sales by 26.4%, with penetration reaching 13.6%
- + Expanded same day delivery from our Customer Fulfilment Centres (CFCs), installed on grid robotic pick arms and auto frame loading automation technology and delivered positive CFC EBITDA for the year
- + Expanded partnership with Uber Eats, providing Coles’ customers with the largest selection of groceries available on an on-demand delivery platform in Australia
- + Enhanced digital functionality, including checkout improvements, in-store detection and ‘New for You’ and ‘My Weekly Specials’ app features, delivering more seamless and personalised experiences
- + Increased Coles 360 retail media income by 10%

- + Delivered \$311 million in Simplify and Save to Invest benefits, helping fund continued investment in value, stores and digital capability
- + Opened 13 new supermarkets, completed 71 renewals and advanced the future store pipeline
- + Opened 16 new co-located liquor stores, completed 141 renewals and progressed repositioning of the Liquor network
- + Increased AI adoption and automation, including providing store support team members with access to ChatGPT Enterprise
- + Completed building construction of the Victorian Automated Distribution Centre (ADC), with automation fit out commenced



Win Together

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

Foundations

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

- + Achieved highest ever team member engagement score in the *mysay* survey¹, positioning us in the top quartile relative to the Australian benchmark² and progressed safety outcomes with an 8.8% improvement on the final FY25 Total Recordable Injury Frequency Rate (TRIFR)
- + Achieved Platinum status for the second year in the Australian Workplace Equality Index for LGBTQI+ inclusion, remained one of Australia’s largest private sector employers of First Nations people and women held 42.4% of leadership roles³
- + Contributed \$151 million in community support⁴ which includes the equivalent of 40.9 million meals to SecondBite and Foodbank⁵
- + Awarded more than \$3.5 million in grants to eight small and medium sized businesses through the Coles Nurture Fund, taking the total support since 2015 to more than \$43 million across 127 Australian businesses

- + Advanced agentic commerce capabilities toward initial deployment in FY27, creating new opportunities to improve how customers engage and shop with Coles
- + Expanded access to advanced AI productivity tools, alongside targeted AI learning to enhance team member experience, capability and productivity
- + Established foundational agentic AI platform capabilities enabling faster, more cost-effective development and deployment of agentic AI solutions at scale
- + Strengthened and scaled responsible AI governance, supporting safe, consistent adoption and sustainable value delivery across the Group

1. Based on results of our May 2026 *mysay* team member engagement survey (67% participation). — 2. Benchmarked by Culture Amp against Australian organisations with more than 5,000 employees. Top quartile benchmark period: January to December 2025. — 3. Leadership positions are comprised of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles. — 4. Community contributions include Coles’ direct contributions, fundraising/leverage, value of in-kind donations and management costs, aligned with the Business for Societal Impact (B4SI) Framework. — 5. Equivalent to 20.5 million kilograms of food donated, valued at \$106 million. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank.

Group performance

Sales revenue

\$45,580m

FY26Growth ▲ 2.8%

FY25\$44,352m

Segment EBIT

\$2,322m

FY26Growth ▲ 9.9%

FY25\$2,112m

Cash realisation

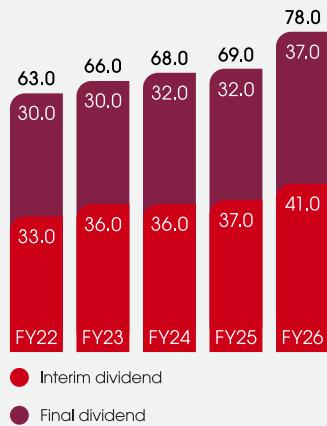
101%

Net debt

\$1,232m

Total dividend in respect of the financial year

78.0cps



Group sales revenue (\$m)

	FY26	FY25	Change
Supermarkets	41,472	39,987	3.7%
Liquor	3,547	3,667	(3.3%)
Other	561	698	(19.6%)
Total Group sales revenue	45,580	44,352	2.8%

Group performance (\$m)

	FY26	FY25	Change
Supermarkets ¹	2,365	2,108	12.2%
Liquor ²	59	113	(47.8%)
Other	(102)	(109)	6.4%
Segment EBIT	2,322	2,112	9.9%
Significant items ³	(235)	(35)	n/m
EBIT	2,087	2,077	0.5%
Financing costs	(538)	(541)	0.6%
Income tax expense	(459)	(457)	(0.4%)
Net profit after tax	1,090	1,079	1.0%

n/m denotes not meaningful.

- FY25 includes major project implementation, dual running and transition costs in relation to ADCs and CFCs of \$103 million.
- Includes non-recurring expenses recorded within the Liquor division (FY26: \$20 million; FY25: \$8 million).
- Significant items recorded in FY26 relate to the Award covered salaried team member provision, and in FY25 relate to future closure and site reconfiguration costs on development of a new Victorian ADC.

Performance overview

Group sales revenue increased by 2.8% to \$45,580 million with growth in Supermarkets sales revenue of 3.7% and declines in Liquor of 3.3% and Other of 19.6%.

Segment EBIT increased by 9.9% to \$2,322 million as Supermarkets sales momentum, operating leverage and disciplined cost control translated into strong earnings growth ahead of sales.

Significant items of \$235 million (\$165 million after tax) were recorded as a result of the Federal Court judgment received in September 2025 in relation to the Fair Work Ombudsman’s (FWO) proceedings.

Net profit after tax (NPAT) increased by 1.0% to \$1,090 million. Excluding significant items, NPAT increased by 13.7% to \$1,255 million, reflecting strong EBIT growth and stable financing costs.

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 December 2021, the FWO filed proceedings in the Federal Court of Australia which included issues relating to the interpretation and application of various provisions of the GRIA. The FWO alleged 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. Class action proceedings, filed in the Federal Court of Australia in May 2020, in relation to payment of Coles managers employed in supermarkets was heard at the same time. Judgment was received on 5 September 2025 with orders yet to be determined. Following the determination of orders an opportunity to appeal will exist for all parties to the proceeding.

As a result of the FWO’s interpretation of a number of GRIA and Fair Work Act provisions being upheld by the Federal Court, an additional provision of \$235 million has been recognised in the current year, bringing the total provision as at 28 June 2026 to \$254 million (29 June 2025: \$19 million).

There is a risk that the determination of orders and/or appeals may impact the Group’s current assessment of the position and require the Group to make further remediation payments.

Any potential penalties remain uncertain at the date of this report, as does the impact of the class action.

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 alleged that 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 was 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. The class action applicant agreed that it would not take an active role in the proceeding and will be bound by the findings in the ACCC litigation.

Earnings per Share and dividends

Basic Earnings per Share (EPS) was 81.5 cents, an increase of 0.9% from the prior year.

	FY26	FY25
Total profit for the period (\$m)	1,090	1,079
Weighted average number of ordinary shares for basic EPS (shares, million)	1,338	1,336
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,342	1,340
EPS attributable to equity holders of the Company		
Basic EPS (cents)	81.5	80.8
Diluted EPS (cents)	81.2	80.5
Basic earnings per share excluding significant items (cents)	93.8	82.6

The Board has determined a fully franked final dividend of 37.0 cents per share (cps).

In respect of the year	Franked amount cps per security	
FY26		
Interim dividend	41.0 cents	41.0 cents
Final dividend	37.0 cents	37.0 cents
FY25		
Interim dividend	37.0 cents	37.0 cents
Final dividend	32.0 cents	32.0 cents

The matter was heard in the Federal Court in February 2026 in respect of 12 of the 245 products identified by the ACCC. Judgment in respect of those 12 sample products was received on 14 May 2026.

The Court found that all price increases resulted from supplier cost price increases and were, therefore, commercially justifiable. However, the Court found that, after a cost price increase, a minimum price establishment period of 12 weeks was required before promoting products on its Down Down program. As a result, the Court found the Down Down tickets were misleading.

The case is currently proceeding through a series of interlocutory processes prior to a hearing on the relief sought by the ACCC, which has provisionally been scheduled for December 2026.

At the current time, the application of the decision to other products beyond the 12 sample products has not been determined.

Any penalties and compensation that may be ordered will be determined following the filing of further submissions and evidence. As a result, at this time, both the quantum and timing of economic outflows is uncertain.

Group performance continued

Balance Sheet

A summary of key balance sheet accounts for the Group:

\$m	FY26	FY25	Change
ASSETS			
Cash and cash equivalents	568	705	(19.4%)
Trade and other receivables	543	487	11.5%
Inventories	2,738	2,733	0.2%
Income tax receivable	–	28	n/m
Property, plant and equipment	6,415	5,866	9.4%
Right-of-use assets	6,671	6,942	(3.9%)
Intangible assets	2,221	2,246	(1.1%)
Deferred tax assets	742	671	10.6%
Other	507	616	(17.7%)
Total assets	20,405	20,294	0.5%
LIABILITIES			
Trade and other payables	4,711	4,637	1.6%
Interest-bearing liabilities	1,800	1,984	(9.3)%
Income tax payable	90	–	n/m
Provisions	1,512	1,275	18.6%
Lease liabilities	8,092	8,343	(3.0%)
Other	254	249	2.0%
Total liabilities	16,459	16,488	(0.2%)
Net assets	3,946	3,806	3.7%

n/m denotes not meaningful.

Cash and cash equivalents decreased to \$568 million driven by the repayment of a medium term note that matured in August 2025.

Property, plant and equipment increased to \$6,415 million reflecting the investment in the Group’s annual capital program, partially offset by depreciation and property divestments during the year.

Deferred tax assets increased to \$742 million predominantly driven by the provision raised as a result of the Federal Court judgment received in September 2025 in relation to the FWO proceedings.

Other assets decreased to \$507 million predominantly driven by a decrease in assets held for sale at period end.

Provisions increased to \$1,512 million driven by the provision raised as a result of the Federal Court judgment received in September 2025 in relation to the FWO proceedings.

Capital management

Interest-bearing liabilities reflect external borrowings and debt capital funding commitments. In August 2025, Coles repaid \$150 million of fixed rate Australian dollar medium term notes.

At 28 June 2026, Coles’ average debt maturity was 4.4 years, with undrawn facilities of \$2,547 million. Coles remains committed to maintaining diversified funding sources and extending its debt maturity profile over time.

The lease-adjusted leverage ratio at the reporting date was 2.3x, with current published credit ratings of BBB+ with Standard & Poor’s and Baal with Moody’s.

Cash Flow

Summary cash flows of the Group:

\$m	FY26	FY25	Change
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	47,985	46,787	2.6%
Payments to suppliers and employees	(43,706)	(42,806)	(2.1%)
Interest paid	(100)	(108)	7.4%
Interest component of lease payments	(426)	(425)	(0.2%)
Interest received	3	3	–
Income tax paid	(412)	(515)	20.0%
Net cash flows from operating activities	3,344	2,936	13.9%
Net cash flows used in investing activities	(1,418)	(1,364)	(4.0%)
Net cash flows used in financing activities	(2,063)	(1,542)	(33.8%)
Net (decrease)/increase in cash and cash equivalents	(137)	30	n/m

n/m denotes not meaningful.

Net cash flows from operating activities increased to \$3,344 million driven by the increase in EBITDA underpinned by growth in Supermarkets earnings. Income tax paid decreased due to lower taxable income in FY25, paid in FY26, with FY25 including higher depreciation and amortisation deductions related to the commencement of the ADCs.

Net cash flows used in investing activities increased to \$1,418 million, which reflects lower proceeds from the sale of property, plant and equipment and an increase in property investment.

Net cash flows used in financing activities increased to \$2,063 million which reflects the repayment of a medium term note that matured in August 2025, an increase in the principal components of lease payments and an increase in dividends paid during the year.



Pictured: Coles team member Zach assists a customer with their Click & Collect order at Richmond Traders, Victoria.

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Supermarkets



Supermarkets sales revenue of \$41,472 million increased by 3.7% on the prior year, an increase of 5.1% excluding tobacco sales.

Total sales revenue

\$41.5bn

eCommerce sales¹

\$5.6bn

growth of 26.4%

Exclusive to Coles sales revenue growth²

6.1%

1. eCommerce sales include liquor sold through coles.com.au.
2. Sales growth is on a like-for-like basis, including products that meet the Exclusive to Coles definition in both reporting periods.

Pictured: Coles Local Milton Village, Queensland, opened in November 2025.



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\$m	FY26	FY25	Change
Sales revenue	41,472	39,987	3.7%
EBITDA ¹ (%)	4,099	3,788	8.2%
EBIT ¹ (%)	2,365	2,108	12.2%
Gross margin ¹ (%)	27.8	27.4	37bps
Cost of doing business (CODB) ¹ (%)	(22.1)	(22.1)	6bps
EBIT margin (%)	5.7	5.3	43bps

1. FY25 includes major project implementation, dual running and transition costs in relation to ADCs and CFCs of \$103 million.

Operating metrics (non-IFRS)

	FY26	2H26	1H26	FY25
Sales growth excl. tobacco (%)	5.1	4.7	5.5	5.7
Comparable sales growth (%)	3.4	3.4	3.4	3.7
eCommerce sales ¹ (\$ billions)	5.6	2.8	2.8	4.5
eCommerce penetration ¹ (%)	13.6	14.1	13.1	11.2
Sales density per square metre ² (MAT \$/sqm)	20,364	20,364	20,104	19,774
Inflation (%)	1.5	1.1	1.8	1.5
Inflation excl. tobacco (%)	1.2	0.8	1.5	1.2
Inflation excl. tobacco and fresh (%)	0.8	0.4	1.2	0.2

1. eCommerce sales and penetration include liquor sold through coles.com.au
2. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

Highlights

Sales revenue increased, successfully cycling the impact of the competitor industrial action in the previous corresponding period and achieving market share growth for the year. Key trade events throughout the year and continuity campaigns, including our European Glassware and KitchenAid cookware campaigns, and 'Shop. Scan. Win!', continued to resonate with customers.

eCommerce sales increased by 26.4% with penetration reaching 13.6% for the year. Double digit growth was recorded across all fulfilment channels with our expanded partnership with Uber Eats delivering strong growth in immediacy sales. Store-fulfilled Click & Collect benefited from improved wait times and additional capacity as same-day orders in Melbourne and Sydney transitioned to the CFCs.

Our CFCs delivered a particularly strong performance during the year reflecting the strength of our 'Deliver More' offer and its ongoing appeal to customers. Strong volume growth was supported by expanded catchment areas and the introduction of same day delivery from the CFCs.

Coles 360 retail media income grew by 10%¹ driven by investments in new ad-serving and first party audience capabilities, focused on enabling self-service and optimised advertising across web, app and in-store channels to deliver a more connected omnichannel experience.

Exclusive to Coles continued to outperform the broader portfolio with sales increasing by 6.1%², supported by double digit growth in our Ultra cleaning and PerFORM high protein convenience meals ranges, an expanded CUB baby range, 9.2% growth in Coles Finest and continued investment in Coles Simply. During the year, we also expanded our exclusive ranges, partnering with leading brands, including M&S, Grill'd and Gami.

1. Includes Coles 360 Income in Supermarkets and Liquor.
2. Sales growth is on a like-for-like basis, including products that meet the Exclusive to Coles definition in both reporting periods.

Group performance continued

Supermarkets continued

Total Supermarkets price inflation for the year was 1.5%. In the fourth quarter, inflation remained broadly stable at 1.0% (3Q26: 1.1%).

During the year, 71 store renewals were completed, 13 new stores were opened and three stores were closed, taking the total network to 870 supermarkets.

Gross margin increased by 37 bps for the year, benefiting from the mix shift to lower tobacco sales (27 bps) and annualised ADC benefits, which were both weighted toward the first half, together with continued benefits from strategic sourcing, Simplify and Save to Invest program initiatives and growth in Coles 360 retail media income. These benefits more than offset our investments in value as well as incremental fuel costs incurred in the second half as a result of geopolitical tensions.

Cost of doing business (CODB) as a percentage of sales improved by 6 bps. Disciplined cost management, operating leverage and strong execution of our Simplify and Save to Invest program successfully offset inflationary pressures, higher regulatory, compliance and technology costs and the mix impact of strong growth in eCommerce.

The absence of major project implementation, dual running and transition costs in FY26 (FY25: \$103 million) also positively contributed to the gross margin and CODB outcomes.

Supermarkets EBIT of \$2,365 million increased by 12.2% with EBIT margin expansion of 43 bps to 5.7%.



Pictured: A Coles customer shops with the limited edition Coles x Anya Hindmarch Universal Bag, which was exclusive to Coles from September 2025, from the designer's global Universal Bag collection.

Group performance continued

Liquor



Liquor sales revenue of \$3,547 million declined by 3.3% for the year.

Total sales revenue

\$3.5bn

eCommerce sales¹

\$265m

decline of 1.5%

Liquor store renewals

141

1. eCommerce sales exclude liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales.

Pictured: Exclusive to Liquorland, the Winton Road wine range uses South Australian grapes to produce wines that pair perfectly with at home celebrations



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\$m	FY26	FY25	Change
Sales revenue	3,547	3,667	(3.3%)
EBITDA ¹	199	246	(19.1%)
EBIT ¹	59	113	(47.8%)
Gross margin (%)	23.9	23.5	40bps
Cost of doing business (CODB) (%)	(22.2)	(20.4)	(182bps)
EBIT margin (%)	1.7	3.1	(142bps)

1. Includes non-recurring expenses (FY26: \$20 million; FY25: \$8 million).

Operating metrics (non-IFRS)

	FY26	2H26	1H26	FY25
Comparable sales growth (%)	(3.4)	(3.2)	(3.6)	(1.3)
eCommerce sales ¹ (\$ millions)	265	116	149	269
eCommerce penetration ¹ (%)	7.6	7.3	7.8	7.4
eCommerce penetration (inc. COL) ² (%)	8.8	8.6	9.0	8.6
Sales density per square metre ³ (MAT \$/sqm)	15,388	15,388	15,438	15,645

1. eCommerce sales and penetration include B2B sales and exclude liquor sold through coles.com.au which is reported in Supermarkets eCommerce sales.
2. eCommerce penetration includes liquor sold through coles.com.au.
3. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

Highlights

Liquor sales revenue declined by 3.3% for the year. Sales were impacted by the cycling of prior year benefits from competitor supply chain disruption, together with ongoing cost of living pressures and subdued consumer sentiment, which was more pronounced in the second half amid heightened geopolitical uncertainty. Promotional activity across the sector was also elevated, particularly in the large format end of the market.

We delivered positive sales growth across our convenience portfolio¹ for the year, which accounts for more than 90% of our store footprint, with growing demand for convenience, product innovation and smaller pack sizes influencing channel and category mix.

Customer satisfaction metrics also recorded a significant uplift following the completion of our Simply Liquorland program, reflecting stronger in-store execution, a simpler omnichannel experience and increased Flybuys engagement.

During the year, 16 new stores were opened, 26 stores closed and 141 store renewals completed, inclusive of the Simply Liquorland conversions. At the end of the year, the portfolio comprised 988 stores.

Gross margin increased by 40bps supported by strategic sourcing and promotional optimisation initiatives, growth in Coles 360 retail media income and a disciplined approach to price investment.

Liquor EBIT declined by 47.8%, as inflationary cost pressure, fixed cost leverage and one-off costs of \$20 million associated with the Simply Liquorland program outweighed the gross margin improvement.

Whilst customer metrics were strong, the financial result for FY26 was below our expectations. We have completed a strategic review of the business and are now executing a program to improve the financial performance by creating a more integrated food and drink proposition, optimising the store network and simplifying the operating model.

1. Includes the 895 Liquorland and Liquorland Cellars stores.

Group performance continued

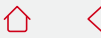
Other



\$m	FY26	FY25	Change	
Sales revenue	561	698	(19.6%)	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 due to expire in November 2026. In Other, Coles reported sales revenue from the PSA of \$561 million with volumes declining as the PSA nears expiry. Other EBIT recorded a loss of \$102 million. Corporate costs of \$95 million were lower than the prior year, largely due to lower insurance related costs. Property recorded a net loss of \$17 million, which was higher than the prior year, while Flybuys contributed a \$1 million net gain compared with a \$5 million net loss in the prior year. Income from the PSA was in line with the prior year at \$9 million.
EBITDA	(78)	(93)	16.1%	
EBIT	(102)	(109)	6.4%	



Pictured: Coles Spring Farm Village in Kingston, Tasmania opened in May 2026.



Looking to the future

We are investing with discipline to deliver sustainable growth and create long-term value for all of our stakeholders.

Over the past three years, we have invested to transform our operations, including our two ADCs and two CFCs which are now fully operational. Over this period, we have more than doubled the scale of our digital and eCommerce operations and strengthened our competitive position. Strong retail execution and disciplined cost management have also supported EBIT margin expansion.

This progress provides a strong foundation for our next phase of growth.

Our priorities are clear: deliver compelling value, quality and convenience; execute consistently; and invest with discipline.

We will strengthen our customer offer through reliable availability, our Exclusive to Coles ranges, enhanced loyalty offers and rewards and simpler, more personalised digital experiences across food, liquor and everyday essentials.

We will continue to invest in new stores and renewals, online fulfilment, data and technology, while progressing our Victorian ADC to further modernise our supply chain. Technology, data and artificial intelligence will help simplify work, improve decisions and build a more efficient and resilient business.

We are executing a multi-year repositioning of Liquor to create a stronger and more distinctive food and drink proposition. This program will optimise the store network with a greater focus on stores that are co-located with our supermarkets, better connect our digital and loyalty platforms, and simplify the operating model to improve performance over time.

Together, these initiatives will strengthen our customer proposition, productivity and long-term growth. Supported by disciplined cost control, capital allocation and sustainability, they will help create value for all our stakeholders.

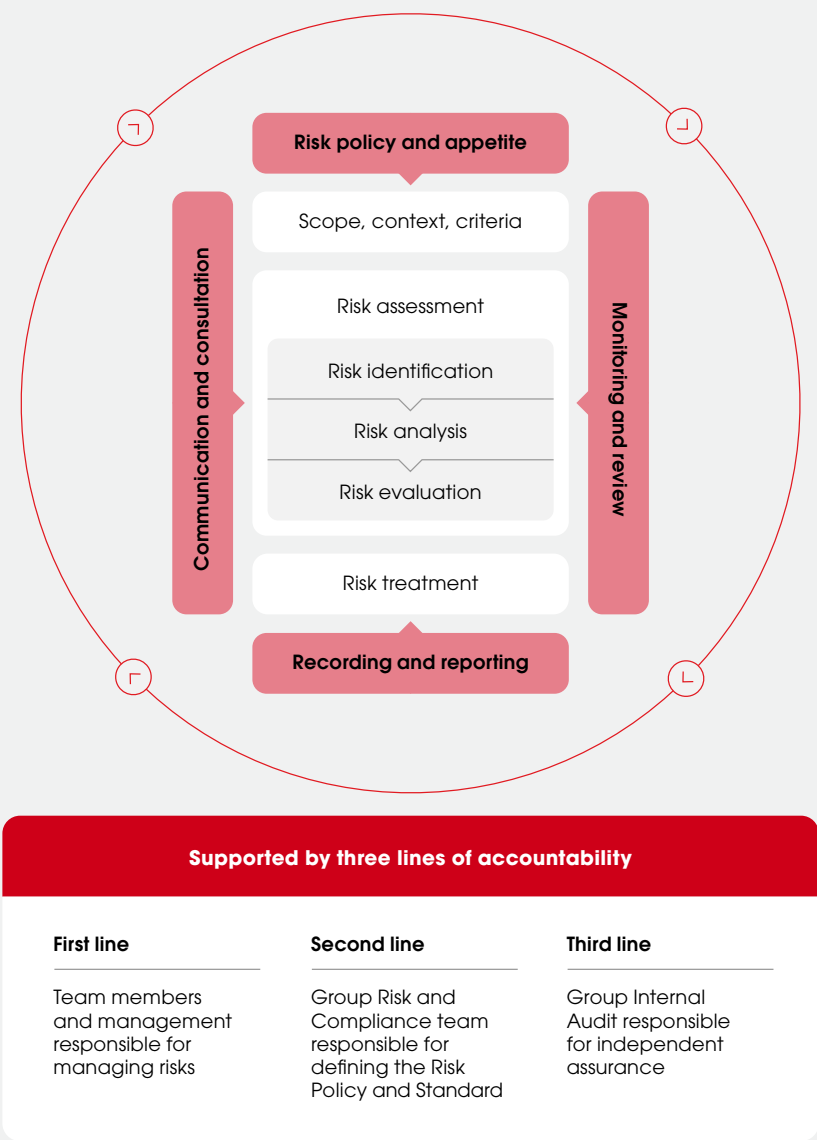


Pictured: Construction of Coles' ADC in Victoria progressed during the year with external construction completed and automation fit out commenced.

Risk management

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

Coles risk management process



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

Further information about our Risk Policy and Risk Standard is available in our 2026 Corporate Governance Statement.

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

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

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

External and strategic risks

1. Geo-economic (geopolitical and macro-economic)



Context

Coles continues to face heightened volatility and uncertainty in the geopolitical and macro-economic (geo-economic) environment. This included the Middle East conflict and related fuel, raw material and commodity price volatility and supply uncertainty.

Impacts of global tariff volatility moderated in the reporting period but continue to be monitored.

Geo-economic factors pose heightened uncertainty in the cost of doing business, consumer sentiment and spending, economic growth and exchange rates. Coles may face increased input prices, disruptions to supply chain operations, and reduced product or input availability, including agricultural commodities, fuel, packaging and funding costs.

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

Key mitigations

- Strategic and corporate planning, and financial review processes that incorporate scenario planning and consideration of future market conditions.
- Stakeholder engagement processes covering government, suppliers, unions, shareholders and other stakeholder groups.
- Established and practised crisis management and business continuity processes to prepare for disruptive events.
- Maintenance of a strong balance sheet to fund operations and maximise financial performance.
- Execution of cost-efficiency programs with the aim of offsetting inflation and reducing costs while investing in the business.
- Investment in technology, processes and training to reduce stock loss.

2. Climate change and environment



Context

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

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

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

- our transition to a lower-carbon economy
- an increase in the frequency and intensity of extreme weather events, such as cyclones, floods, droughts and heat waves, as well as longer-term changes in climate conditions.

Key mitigations

- Continuing to execute against our FY26–FY30 Sustainability Strategy, which focuses on the three key strategic pillars of climate, nature and circularity.
- Development of our first Climate Transition Plan, which is an evolving blueprint for how we will reduce emissions across our value chain.
- Further information on our management of climate-related risks and opportunities, including governance, risk management, strategy, and metrics and targets, is provided in the Sustainability Report commencing on page 40.
- Further information on our nature and circularity targets and commitments supporting the delivery of our Sustainability Strategy is reported in our 2026 Sustainability Supplement.

Risk management continued

3. Changing consumer behaviour and competition



Context

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

Other changes in consumer behaviour include:

- online shopping and use of digital channels and personalised options;
- preference for private label products as a better value alternative;
- gradual moderation in consumption of alcoholic beverages and changes in tobacco purchasing patterns;
- loyalty program adoption, including use of points redemptions to reduce grocery bills;
- cross-shopping food retailers to benefit from specials and price differences;
- demand for convenience, online and omnichannel propositions;
- adoption of AI and online assistants to support shopping; and
- increasing focus on healthy food options.

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

Failure to adequately respond to and keep pace with changing consumer behaviour and the competitive environment, could lead to customer dissatisfaction and challenge our purpose of 'Helping Australians eat and live better every day'.

Key mitigations

- Active monitoring of customer sentiment and experience, and customer feedback, to develop action plans for improvement.
- Focus on value, including through loyalty offers, refresh and expansion of the Coles Simply range, weekly specials, targeted promotions and seasonal campaigns including for Flybuys customers.
- Added features to the Coles App and website, including AI-enabled content personalisation, product recommendations and search and access to AI-augmented customer care.
- Customer Click & Collect, Rapid Delivery and related programs to support omnichannel experience, value and loyalty. We expanded our CFC same day delivery offer and our partnership with Uber Eats to support our immediacy offer.
- Cost-efficiency programs which aim to offset inflation and reduce costs while investing in the business.



4. Strategy delivery



Context

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

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

Key strategic programs included continued automation of our CFCs, progress on the construction of our third ADC in Truganina Victoria, our store renewal and new store programs, and delivery of cost efficiencies through our Simplify and Save to Invest program. We continued to invest in customer value and our Coles Own Brand proposition, growing our eCommerce, digital and retail media business, and delivering on our Liquor strategy.

Key mitigations

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

5. People



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

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

Coles has identified skills in supermarkets, leadership, technology and data, commercial, supply chain, and strategic program delivery, as key to supporting our strategy. We also understand the importance of embracing innovation and ways of working resulting from new technology adoption, notably AI, and growing this capability within the business.

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

Key mitigations

- Recruitment processes which seek to attract appropriately skilled and experienced talent aligned to our goals and values.
- Leadership and development programs support our leaders and career growth of key talent.
- Partnered with Open AI to roll-out ChatGPT Enterprise to team members, supported by relevant policies and training to drive AI adoption and capability build across the business to increase efficiencies.
- Talent and succession planning discussions with Management and the People and Culture Committee.
- Team member performance review process that considers skills development requirements.
- Flexible working arrangements and policy.
- Team member engagement, including our *mysay* team member engagement survey.
- Coles Enterprise Agreements, which provide increased certainty for eligible wage-paid team members, are proactively renegotiated and stakeholder and team member input is considered.

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6. Third-party dependencies

Context

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

Disruptions to third parties, including due to severe weather, cyber events, geopolitical events, input unavailability and capacity constraints, may negatively impact our operations, safety outcomes, customer satisfaction, reputation and financial performance. This was illustrated when cyclones, such as Cyclone Narelle, impacted transport providers’ delivery capability, and a poultry supplier to Coles experienced a cyber incident that temporarily impacted production.

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

Key mitigations

- Due diligence processes assess the adequacy and suitability of key suppliers, service providers and strategic partners and whether they meet our supplier and third-party engagement requirements, including for ethical sourcing.
- Monitoring and management of key suppliers and strategic third parties throughout their engagement with Coles.
- Defined service level and key performance indicators are in place for key supply contracts. Risks are intended to be managed through contractual protections.
- Business continuity plans consider critical third-party dependencies required to continue operating in the event of a business disruption. Crisis simulations involving the Executive Leadership Team and Board are completed to test and refine our resilience and response capability.
- Coles’ Ethical Sourcing Policy is a condition of trade and sets out the minimum standards for suppliers across Exclusive to Coles, Fresh Produce, Goods Not For Resale (GNFR), and Exclusive Liquor Brands. Additional information on our Human Rights Strategy and Ethical Sourcing Program can be found in our annual Modern Slavery Statement.

7. Supply chain resilience

Context

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

This year we managed impacts related to:

- the Middle East conflict, which impacted availability and costs of fuel, commodities and other product input costs, including fertiliser and packaging;
- supplier disruptions, notably due to elevated cyber and extreme weather events;
- Tomato Potato Psyllid, creating potential fresh produce availability risk and requiring the implementation of related biosecurity controls; and
- cost of inputs and supply chain volatility impacting raw materials.

Multiple severe weather events temporarily disrupted transport and supply chain networks. These included flooding in Queensland and NSW, including from Cyclone Narelle, and disruption to transport between WA and the Eastern Seaboard due to flooding in SA.

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

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

8. Technology operations, cyber security, data and artificial intelligence

Context

Coles is committed to optimising technology and data to deliver an efficient, seamless and personalised customer experience. The complexity in our technology environment creates the potential for impacts to system availability and performance, cyber security risks, data breaches and potential reputational damage. Contributing factors include:

- our growing external digital footprint and number of third-party providers;
- maintaining and modernising our technology environment;
- external threat landscape including geopolitical unrest and high profile/high impact cyber security events such as ransomware, data theft and third-party compromise; and
- increasing usage of data analytics and AI to augment and accelerate productivity across the organisation.

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

Data and cyber security incidents may result in the unauthorised disclosure of confidential, financial or personal information, leading to loss of customer trust, erosion of market share, regulatory and legal action, financial penalties and reputational damage. Ransomware attacks may similarly disrupt operations, compromise data integrity and create financial exposure (including potential ransom payments) while further undermining customer confidence.

Increased use of AI may introduce inaccurate or inappropriate data, unintended bias or ethical risks, particularly where governance and control frameworks are insufficient. This may compromise the effectiveness and integrity of outcomes, adversely impact customers and team members, and result in regulatory and legal exposure and reputational damage.

Additional information on the SOCI Act and Coles’ approach to managing related risks can be found in the *Legal and regulatory* risk on page 37.

Key mitigations

- An enterprise roadmap and delivery approach that prioritises and phases ongoing investment to modernise our systems, continue to build our data and AI foundations, and enhance our system stability and resilience.
- Group Cyber Strategy to ensure risk management activities keep pace with evolving and emerging cyber threats. The strategy is supported by a program focused on key controls spanning Coles’ technology, team members, third parties and data. Controls are aligned to principles set out in the Australian Cyber Security Centre Essential Eight Maturity Model and National Institute of Standards and Technology Cybersecurity Framework.
- Privacy and cyber security policies, standards and procedures, supported by security awareness campaigns and mandatory training for team members.
- AI policies and training, focusing on responsible, secure, and ethical use of AI. This is supported by a cross-functional working group that reviews and endorses AI-use cases.
- Data Governance Council provides compliance and oversight of Coles’ enterprise data standards and security.
- Crisis simulations involving operational teams, the Executive Leadership Team and the Board are conducted to validate and enhance our IT continuity and information security preparedness, response and recovery capability. This includes IT Incident Management, Disaster Recovery Plans (DRPs) and penetration testing.
- Monitoring in place 24/7 for technology operational and cyber incidents. IT incident response capability, DRPs and business continuity plans guide our response should an incident or disruption occur. Industry experts are retained to be on-call in the event of a cyber security incident.

Risk management continued

9. Product and food safety



Context

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

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

Safety processes were initiated as required in response to product withdrawals and recalls.

Key mitigations

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

10. Health, safety and wellbeing



Context

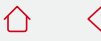
The safety of our team, customers, third parties and contractors is paramount to Coles.

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

The nature of our operations requires us to manage physical and psychosocial risks faced by workers at our sites and those working remotely. Similarly, growth in our eCommerce offer requires us to prioritise safety measures for team members working in CFCs, Distribution Centres as well as drivers supporting these networks.

Key mitigations

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



11. Legal and regulatory



Context

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

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

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

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

Coles undertook compliance activities related to key regulatory and legislative requirements including those related to the Food and Grocery Code, Anti Money Laundering/Counter Terrorism Financing, payments system modernisation, climate-related financial disclosures, unfair trading and competitive practices, mergers and acquisition reforms, security of critical infrastructure and cyber security.

Coles acknowledges heightened regulator, government and public scrutiny and expectations relating to the supermarket and grocery sectors' practices. This included an ACCC case relating to historical Down Down promotional pricing campaigns and passing of excessive pricing laws.

Coles continues to proactively engage with regulators and stakeholders to meet its ethical and legal commitments.

Key mitigations

- Coles' Code of Conduct sets out expectations of behaviour for directors, team members, consultants, contractors and business partners, including legal compliance and appropriate ethical standards. The Code of Conduct is underpinned by our Coles Group values, and Group policies in key areas.
- Compliance standards, requirements and accountability to manage compliance obligations are set out in our Compliance Policy and Framework, which is based on AS ISO 37301: Compliance Management Systems – Requirements with guidance for use.
- Mandatory training is in place for relevant roles covering key regulatory areas, including the revised Food and Grocery Code.
- Legal and compliance teams monitor and manage legal issues, matters, claims and disputes – supported by a panel of external law firms.
- Program in place to comply with SOCI Act obligations, which seeks to uplift the security and resilience of Australia's critical assets.
- Relationships maintained with regulators and industry bodies to monitor new and impending legislative and policy changes in order to respond accordingly.
- Independent and confidential reporting lines for team members and suppliers to raise issues and concerns.
- The Audit and Risk Committee oversees the Group's systems for compliance with legal and regulatory requirements. Further information about the role of the Audit and Risk Committee is available in our 2026 Corporate Governance Statement.

Financial risks

12. Financial, treasury and insurance



Context

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

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

Key mitigations

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

Sustainability approach

Our approach to sustainability is focused on building business resilience for the long term and delivering stakeholder value.

We are seeking to embed sustainability across our business, integrating sustainability considerations into how we make decisions every day – from the products we put on our shelves, to how we move them around the country, to which suppliers we partner with.

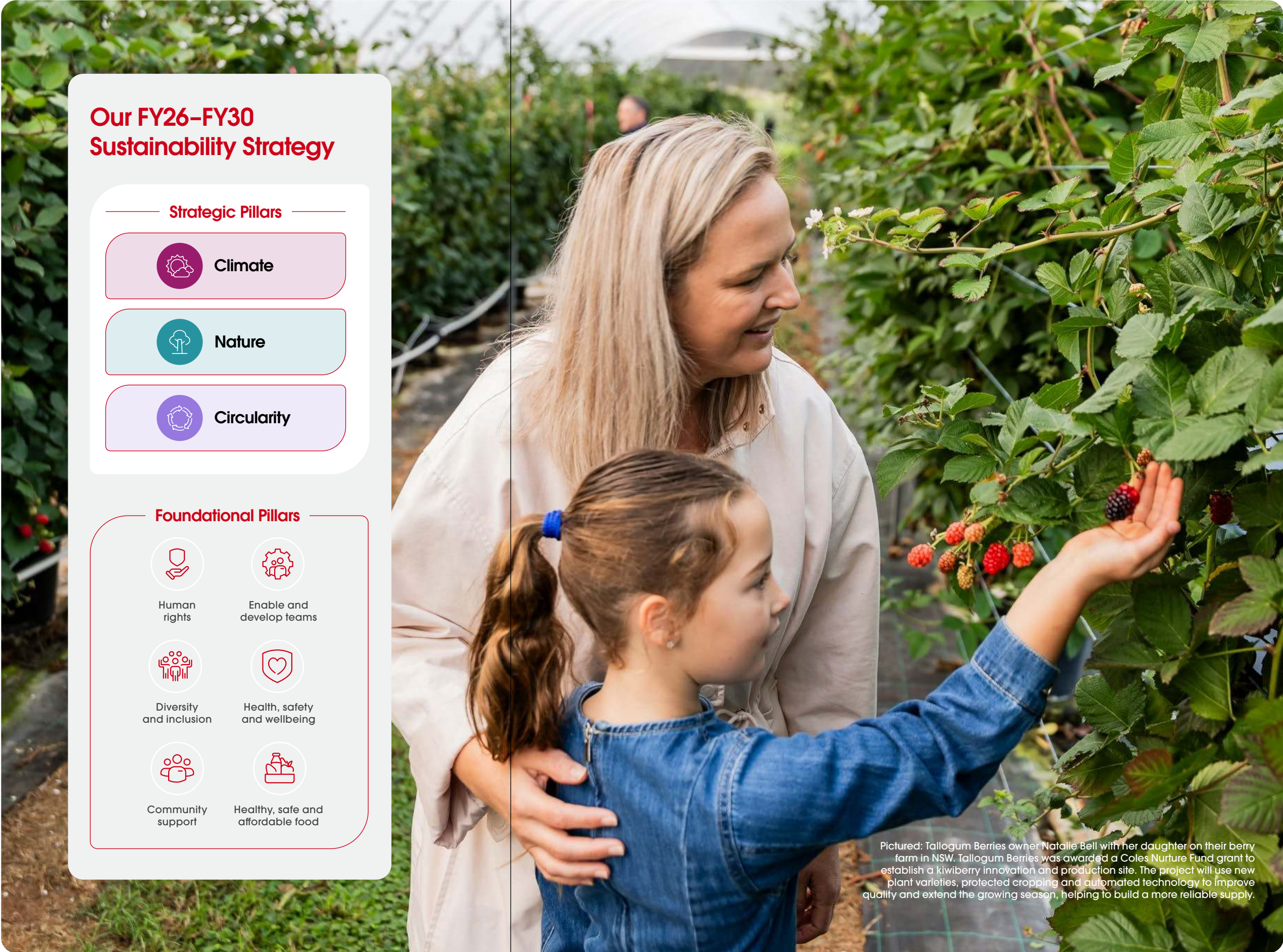
With more than 1,800 stores and an extensive network of Australian and international suppliers, our scale provides opportunities to improve sustainability outcomes across our operations and value chain.

Our FY26–FY30 Sustainability Strategy is built around three interconnected pillars of **Climate**, **Nature** and **Circularity**. We are working to reduce emissions across our operations and value chain, in partnership with suppliers and stakeholders. At the same time, we are collaborating with farmers and suppliers to support responsible sourcing practices, seeking to reduce environmental impacts and safeguarding animal welfare. In support of the transition to a circular economy, we are reducing waste in our operations, keeping materials in use for longer, and embedding recycling, reuse and improved product and packaging design.

These three strategic pillars are underpinned by our continued commitment to human rights, enabling and developing our team, diversity and inclusion, health, safety and wellbeing, community support, and providing healthy, safe and affordable food.

We are prioritising actions under each of our three strategic sustainability pillars that seek to deliver both commercial and environmental benefits. The work we are doing now is aimed at making Coles and our supply chain more resilient and efficient into the future.

➤ For more detailed information on our progress, refer to our 2026 Sustainability Supplement available at colesgroup.com.au.



Our FY26–FY30 Sustainability Strategy

Strategic Pillars



Climate



Nature



Circularity

Foundational Pillars



Human rights



Enable and develop teams



Diversity and inclusion



Health, safety and wellbeing



Community support



Healthy, safe and affordable food

Pictured: Tallogum Berries owner Natalie Bell with her daughter on their berry farm in NSW. Tallogum Berries was awarded a Coles Nurture Fund grant to establish a kiwiberry innovation and production site. The project will use new plant varieties, protected cropping and automated technology to improve quality and extend the growing season, helping to build a more reliable supply.

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This Sustainability Report has been prepared in accordance with Australian Sustainability Reporting Standards (ASRS) issued by the Australian Accounting Standards Board (AASB S2) and the *Corporations Act 2001* (Cth).

This Sustainability Report is prepared in respect of Coles Group Limited (‘the Company’) and the entities it controlled during the 52-week period ended 28 June 2026 (collectively ‘Coles’ or ‘the Group’).

As this is the first year in which the Group has applied AASB S2, the Group has elected to apply the transition relief to not disclose comparative information in this report.

The Group has also elected to early adopt AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures, issued in December 2025. The December 2025 amendments are effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. This report was authorised for issue in accordance with a resolution of the directors on 25 August 2026.

Important terms

This report uses defined terms (without capital letters) and should be read in conjunction with all terms defined in the *Glossary of terms* on pages 178 to 179 of this 2026 Annual Report.

Forward-looking information

This Sustainability Report contains forward-looking statements, including statements regarding the Group’s intent, belief, goals, objectives, plans, opinions, initiatives, commitments or current expectations which may relate to climate-related risks and opportunities and the Group’s business, market and financial conditions, results of operations and risk management practices. The report also includes and relies upon various management judgements and estimates.

See our notice on the inside front cover and on page 1 of this Annual Report for further information on forward-looking statements, management judgements and estimates should be considered together with the risks, uncertainties and assumptions associated with the relevant statements, particularly given the inherent unpredictability of climate change, energy transition and future policy, market conditions, and technological developments. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements in this report or to advise of any change in assumptions on which any such statement is based or changes to management judgements or estimates.

Connected information

This Sustainability Report forms part of the Group’s broader annual reporting suite and should be read in conjunction with the Financial Report and Directors’ Report in this 2026 Annual Report, and the 2026 Corporate Governance Statement.

Climate-related risks and opportunities described in this report have been considered, where relevant, in the preparation of the Group’s financial statements.

The Group has sought to ensure that climate-related disclosures are connected and, where appropriate, consistent with information presented elsewhere in this Annual Report.

Given the nature of climate-related analysis, differences may arise between information presented in this report and the financial statements.

Where material, these differences are explained within the relevant sections of this report. Cross-references are provided throughout to assist users in understanding the relationships between climate-related disclosures and other information presented in this Annual Report.

Please also refer to the *Basis of preparation, judgements and assumptions* section on page 69.

Strategy

Business model

Coles is one of Australia’s leading retailers, with an extensive supermarket and liquor store footprint across Australia, and a range of digital platforms, allowing us to deliver a full service omnichannel experience to our customers. More detailed information on the Group’s business model is discussed on pages 14 to 15 of this Annual Report.

The Group generates revenue primarily through the sale of fresh food, groceries, general merchandise and liquor to customers, as well as other services.

Products are sourced from a broad network of domestic and international suppliers and distributed through centralised distribution centres to support efficient store replenishment and product availability. The Group also operates several manufacturing facilities, which supports security of

supply across products in meat, dairy and convenience. This supply model also reflects the Group’s exposure to value chain emissions and climate-related risks, particularly in upstream sourcing.

Key inputs to the business model include supplier partnerships, team members, store infrastructure, logistics networks and digital platforms. Value is created by delivering quality, affordable and essential goods to customers conveniently, while supporting resilient supply chains, responsible sourcing and efficient operations. Management of emissions across the value chain, including engagement with suppliers, supports long-term value creation and resilience.

We have considered our business model and value chain (upstream and downstream) in assessing the Group’s resilience to climate change, primarily

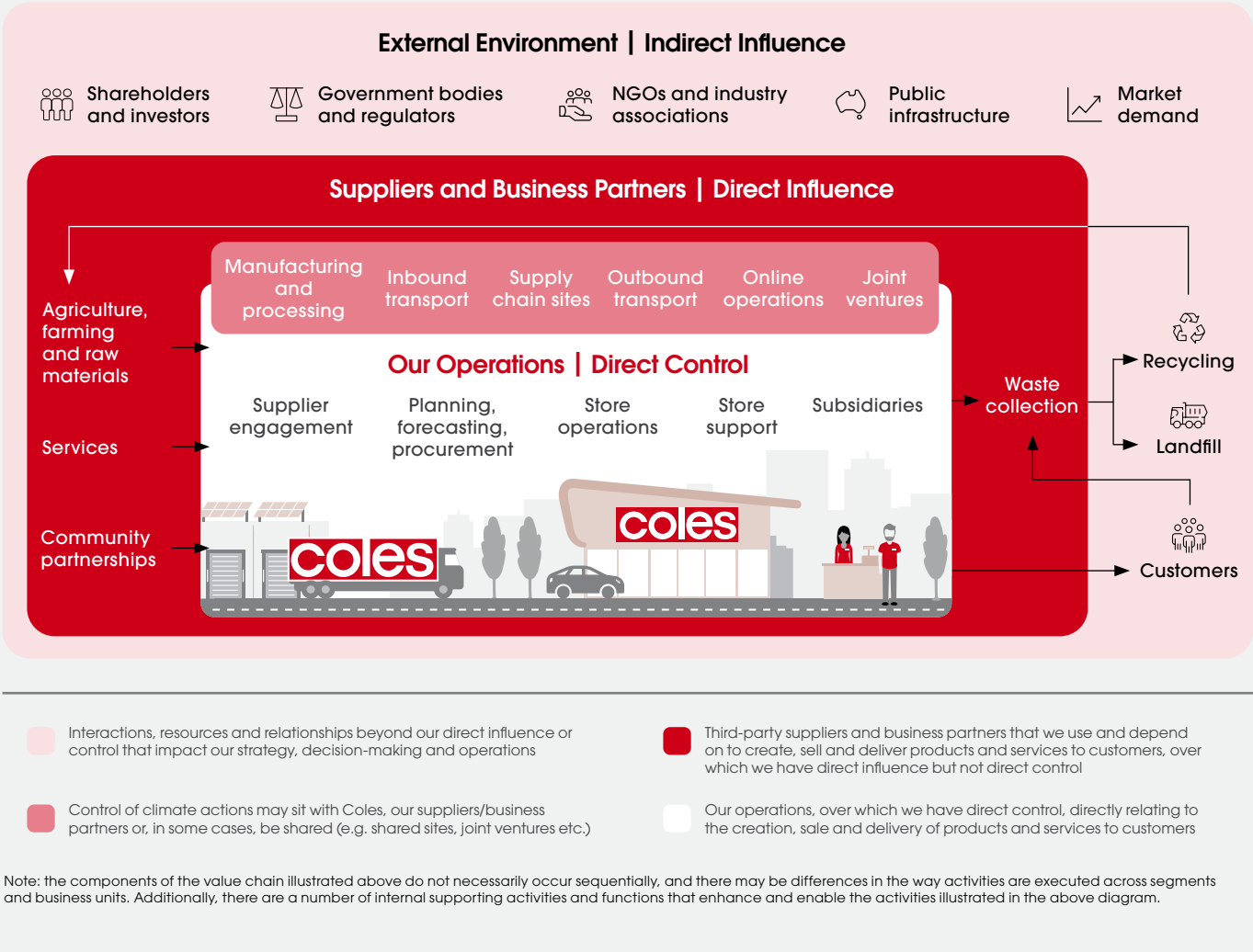
through the application of scenario analysis to our climate-related risks. This includes consideration of emissions sources and potential decarbonisation pathways across the value chain. Information on current and anticipated changes to our business model in response to physical and transition climate-related risks is discussed in the section commencing on page 53.

Our value chain

The below diagram illustrates the key interactions, resources and relationships, related to the Group’s business model and external operating environment, that we use to create our products and services, from conception to delivery, consumption and end-of-life.

Climate-related risks and opportunities have been identified across this value chain, as discussed in the *Climate-related risks and opportunities* section on the following page.

Scope The scope of the value chain is aligned with our business model as described in the Operating and Financial Review and includes the following segments/brands: Supermarkets; Liquor; QuteLike; Coles 360; Coles Financial Services; and our Joint Ventures (Flybuys, QVC).



Strategy continued

Climate-related risks and opportunities

The Group conducts an annual climate-related risk and opportunity (CRRO) assessment, as part of its broader risk management process. Refer to the *Risk management* section commencing on page 30 for further discussion on our approach to risk management.

The assessment includes identifying the following types of CRROs:



Physical risks

Risks resulting from climate-related acute/event-driven weather impacts, such as storms, floods or heatwaves, or from chronic longer-term shifts in climatic patterns, such as changes in temperature and sea-level rise.



Transition risks

Risks associated with the transition to a lower-carbon economy, including policy, regulatory and legal, technological, market and reputational risks.



Opportunities

Potential positive effects arising from climate change or efforts to mitigate and adapt to climate change.



The CRRO assessment process is iterative and, in FY26, comprised the following steps:

- Initial CRRO identification:** the Group compiled an initial list of CRROs that could reasonably be expected to affect our business model and value chain, informed by external research, industry reports and prior year assessments,¹ which had included the application of two scenarios ('Sustainability – Paris aligned' and 'Fossil-fuelled Development') across our strategy to identify a broad list of CRROs.
- CRRO validation and assessment:** we validated the initial list of CRROs and their potential impacts across our value chain through workshops facilitated with internal subject matter experts and senior leaders. We qualitatively assessed the likelihood and consequence of potential impacts for each climate-related risk over the short, medium and long term to assign a risk rating across each time horizon, using the Coles Risk Standard (Risk Standard) criteria. Detail on the time horizons used for the assessment is on page 45.
- CRRO mitigation and response:** we identified existing and potential mitigations to respond to climate-related risks, including management responsibility, and plans in place to respond to climate-related opportunities.
- CRRO prioritisation:** we prioritised our climate-related risks based on their risk rating and time horizon, and prioritised climate-related opportunities based on consideration of qualitative factors.

Using the outputs of the qualitative assessment, the Group undertook scenario analysis and, where possible, quantified the potential financial impacts of prioritised climate-related risks and opportunities. As part of this process, the climate-related risks were assessed on a gross basis, before considering existing or planned mitigation measures, to determine which risks to be selected for disclosure. The *Climate scenario analysis* section commencing on page 43 details our scenario analysis assumptions, and the *Scenario assumptions underpinning anticipated climate-related effects* section on page 45 details the assumptions underpinning the anticipated effects of CRROs.

Through the scenario analysis process, which included consultation with internal stakeholders and senior management, the Group identified six climate-related risks and one climate-related opportunity that could reasonably be expected to affect the Group's prospects over the short, medium and long term. These CRROs were assessed for quantitative materiality, consistent with the financial statements. While not all the CRROs met the quantitative materiality threshold, they were considered relevant for disclosure if they could reasonably be expected to influence decisions that primary users of general-purpose financial reports make, based on:

- prevalence of the climate-related risk across the value chain;
- potential impact on delivery of the Group's strategy; and/or
- market expectations and industry themes.

Climate-related risks and opportunities:



Physical risks

- Risk to the growth and/or production of agricultural raw materials due to the impact of extreme weather events and climate conditions
- Risk to the resilience of our store and supply chain operations (including manufacturing) due to the impact of extreme weather events and climate conditions.



Transition risks

- Energy system volatility, rising prices and supply disruptions
- Changing policy, regulatory and legal requirements to decarbonise and manage climate risk
- Dependency on our third-party suppliers and logistics partners to reduce emissions and adopt low-carbon practices
- Delayed adoption of low-emissions technology – including conversion of refrigeration and heating, ventilation and air-conditioning (HVAC) assets.



Opportunities

As part of the CRRO assessment, the Group identified an initial list of climate-related opportunities that were prioritised based on consideration of qualitative factors. Through this process, the following opportunity was selected for disclosure on the basis that it could reasonably be expected to affect the Group's prospects:

- Offering more sustainable products to customers to meet changing customer preferences.

Climate scenario analysis

The Group uses climate scenario analysis to inform the assessment (including anticipated effects) and management of CRROs as well as to test the resilience of our strategy and business model.

Our scenario analysis in FY26 has been performed across the Group's operations and, where relevant, on the specific parts of our value chain where the CRROs are concentrated.

To comprehensively understand the resilience of our business model, we have chosen low- and high-end scenarios. We have continued to use the two climate change scenarios previously selected as primary scenarios for analysis during FY24 and FY25 to stress-test high-end climate change transition risk (low-warming scenario) and maximum consequence physical risk (high-warming scenario). These scenarios and their assumptions were further refined during FY26 in line with the Shared Socioeconomic Pathways (SSPs)¹ adopted by the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), and where required, adapted to reflect Australian policy settings, energy system characteristics and physical risk implications.²

In addition, we used a moderate-warming scenario ('Middle of the road') to assess the anticipated financial effects of our CRROs.



1. SSPs are climate change scenarios of projected socio-economic global changes up to 2100 and are aligned with the latest IPCC report.
2. Broad scenario narratives are sourced from Rishi et al. (2017), Global Environmental Change, Vol. 42, "The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview" & O'Neill et al. (2017), Global Environmental Change, Vol. 42, "The roads ahead: Narratives for shared socioeconomic pathways describing world futures in the 21st century".

1. See our 2025 Annual Report (page 40) for the climate risks and opportunities identified using the recommendations of the Task Force on Climate-related Financial Disclosure.

Strategy continued

The selected scenarios illustrate potential, plausible future climate pathways and provide insights into strengths and vulnerabilities to climate change and the transition to a lower-carbon economy.¹ They do not reflect our expectations for the future.

Scenario name

'Sustainability – Paris aligned' (low-warming world)	'Middle of the road' (moderate-warming world)	'Fossil-fuelled development' (high-warming world)
Temperature increase by 2100 ¹		
1.5°C	2.7°C	4.4°C

Description

<i>Aligned with SSP1-1.9</i> Effective environmental regulation and strong globally co-ordinated mitigation policies, with governments, businesses and consumers working together to reduce emissions. Low-emissions technologies develop and are adopted rapidly, supporting the transition of energy systems towards renewable and other low-emissions sources, and lower-emissions production across industry, including agriculture and transport. Energy systems transition rapidly to renewable sources, and industries – including agriculture and transport – become more efficient and lower-emitting. Economic growth continues, but with a greater focus on sustainability, with consumer preferences evolving toward lower-environmental impacts goods and services. Physical climate impacts remain unavoidable due to historical emissions already locked into the climate system. Expected impacts (informed by the consideration of national- and regional-level variables, including climate hazard projections at a regional level)² include rising temperatures, more frequent heatwaves, altered rainfall patterns and ongoing sea-level rise, although the severity and frequency of extreme events such as floods, storms and bushfires are lower than under higher-emissions scenarios. Physical disruptions to agriculture, water availability and supply chains are expected to remain comparatively manageable with effective adaptation measures.	<i>Aligned with SSP2-4.5</i> Continuation of current social, economic and policy trends, with moderate and uneven climate action across regions. Governments, businesses and consumers make gradual progress on emissions reduction, but not at the pace needed to meet Paris-aligned pathways. Technology development and adoption progress at a moderate and uneven pace. Energy systems transition gradually, with renewable energy expanding alongside continued fossil fuel use, while incremental improvements in energy efficiency, agriculture and transport reduce emissions intensity over time. Economic growth and technological progress continue steadily, with sustainability becoming more important in policy and consumer decision-making, although economic and energy security priorities continue to compete with environmental objectives. Physical climate risks are expected to become increasingly material over time, with more frequent and severe extreme weather events, rising temperatures and growing pressure on water resources, supply chains and infrastructure. These impacts are likely to increase operational disruption, resilience costs and adaptation requirements across many sectors.	<i>Aligned with SSP5-8.5</i> Limited global action on climate change, with a continued focus on economic growth and a reliance on fossil fuels. Technology develops and is adopted rapidly, but directed towards fossil fuel investment, with alternative energy sources not actively pursued. Agricultural and industrial productivity increase, but high energy demand and carbon intensity drive sustained growth in global emissions. Physical impacts are severe, driven by very high levels of warming and more frequent and intense extreme weather events. Rising temperatures, water stress, sea-level rise and escalating disruptions to infrastructure, operations and supply chains are expected to materially increase resilience and adaptation costs. Over time, these conditions lead to increasing physical climate risks and greater disruption across economies and systems.
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1. Temperatures represent the IPCC AR6 best estimates of global average warming by 2100 relative to 1850–1900. Actual warming outcomes are subject to uncertainty and are presented by the IPCC as likely ranges. The 1.5°C scenario has a likely warming range of approximately 1.2–2.0°C; the 2.7°C has a likely warming range of approximately 2.1–3.5°C; and the 4.4°C scenario has a likely warming range of approximately 3.3–5.7°C.

2. National- and regional-level variables were considered across the three climate scenarios. The Group used ClimSystems to perform the modelling of climate data. Input data predominantly uses national climate projections by Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Bureau of Meteorology, based on CMIP6 (the basis of preparation for IPCC’s Sixth Report).

Scenario assumptions underpinning anticipated climate-related effects

As noted above, the assessment of the anticipated effects of the Group’s CRROs has been informed by a scenario aligned with SSP2-4.5 (‘Middle of the road’). This scenario reflects incremental global action on climate change, with warming projected to exceed 2°C over the long term.

Under this scenario, the following key assumptions have been made:

- electricity grids will continue to decarbonise, however costs will continue to increase;
- carbon pricing regulations over further areas of the economy are possible, but unlikely to directly affect agriculture or supermarket operations in the short to medium term;
- global temperatures are projected to increase by approximately 2.7°C by 2100 compared to pre-industrial levels, as the world largely relies on existing technologies and existing policies to decarbonise; and
- physical risks to store and supply chain operations are expected to increase, and more frequent and severe interruptions to agricultural production are expected.

Time horizons

In addition to using the scenarios to assess the anticipated effects of our CRROs, we also assessed whether the effects of each CRRO are expected to occur over the short, medium or long term.

The time horizons are aligned to the Group’s strategic and corporate planning cycle, and the timelines for assessing CRROs as set out in Coles’ Risk Standard.

Short-term 0–4 years (FY30)

Aligns with our financial and capital planning horizon, informs development of Coles’ current and near-term financial decision-making. Focuses on immediate CRROs.

Medium-term 4–10 years (FY36)

Aligns with management of medium-term financial and organisational decisions. Allows for the identification of CRROs beyond the near-term planning period.

Long-term 10–24 years (2050)

Aligns with our net zero emissions target.¹ Allows for management of long-life assets and for significant CRROs to emerge.

The outcome of the scenario analysis has been used to generate the current and anticipated effects on the Group’s business model and value chain and is described in the tables on pages 46 to 52. The time horizons disclosed against each CRRO reflect the time horizons over which the financial and/or non-financial effects of the risk could reasonably be expected to occur.

CRROs and financial effects

The Group identified seven CRROs, set out in Tables 1 and 2, that could be reasonably expected to affect the Group’s prospects. During the current reporting period, the identified CRROs did not have a material impact on the Group’s financial position, financial performance or cash flows. Nevertheless, the Group deployed approximately \$112 million of separately identified capital expenditure in relation to managing climate-related risks.

Further, no significant risk of material adjustment to the carrying amount of assets or liabilities reported in the financial statements is expected in the next 12 months. The Group may continue to incur capital and operating expenditure as part of its mitigation and adaptation activities.

Over the short- to medium-term time horizons, the Group expects that any material financial effects of the six climate-related risks identified by the Group will be mitigated to some extent. However, the Group acknowledges there is considerable uncertainty in estimating the potential financial impacts of climate-related physical events, policy and regulatory changes and stakeholder expectations. This uncertainty reflects the inherent challenges in predicting the frequency, severity, timing and scope of such events on the Group’s business across the short-, medium- and long-term time horizons.

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1. Commitment refers only to Coles’ Scope 1 and Scope 2 emissions.

Strategy continued

Table 1 – Climate-related risks

Transition risk			
Energy system volatility, rising prices and supply disruptions			
Risk description	Time horizon over which effects could reasonably be expected to occur		
Exposure to energy system volatility resulting in higher electricity costs.	Short-term	Medium-term	Long-term
Potential impacts	Mitigation measures		
The electricity system is transitioning away from coal-fired baseload to a more decentralised mix of renewables and fossil fuel generation. Growing electricity demand, gas powered firming and increased investment across electricity generation, transmission and distribution works could result in higher electricity costs for the Group.	Supermarkets account for approximately 85% of the Group's total energy costs and are therefore the primary focus of operational energy management activities. The Group's national store footprint helps to mitigate localised energy market volatility, as does the Group's ability to pass through costs where appropriate.		
This risk impacts electricity costs more significantly than other energy costs, as the Group is one of Australia's largest electricity users, ¹ with electricity representing approximately 95% of the Group's total energy costs.	Additionally, the Group continues to implement a series of direct mitigation measures, focused on reducing energy consumption and improving energy flexibility via our:		
While other energy costs are only circa 5% of the Group cost, the gas market dynamics can influence electricity prices. Exposure is greater for the Group's energy-intensive sites and activities that are harder to decarbonise, for example, at our manufacturing facilities.	• Origin Energy alliance, which deploys rooftop solar and Battery Energy Storage Systems (BESS) without the use of the Group's capital; • energy efficiency capital projects; • fixed electricity prices in Queensland until 2032; and • centralised energy management team.		
	The Group also engages in progressive purchasing with the support of energy specialists to reduce our energy rates and provide cost certainty.		
Financial impact			
Current reporting period – The exposure to energy cost volatility did not have a material impact on the Group in FY26.			
Anticipated impact on FY27 – No material impact on the Group's FY27 financial results is anticipated based on current information.			
Short- to medium-term anticipated future effects – The Group has used its own financial planning assumptions as well as assumptions sourced from the Australian Energy Market Operator (AEMO) ² in line with the 'Middle of the road' scenario, to project potential changes in electricity prices. Despite an anticipated increase in electricity prices, the analysis indicates that the impact will not be material over the short- to medium-term time horizons.			
Long-term anticipated future effects – Long-term effects are more difficult to forecast and subject to significant measurement uncertainty which means that any quantitative information is not useful. There are several external factors that, if unmitigated, could have significant effects on the Group's electricity costs such as policy and regulatory settings, the closure date of coal-fired generators, battery technology development, electricity demand, the cost of capital and the costs passed through from electricity networks to electricity consumers. Any cost increases from rising electricity prices will impact the cost of sales and administration expenses line items in the financial statements.			
Mitigation and adaptation financial effects – Certain operating costs associated with energy management and renewable energy initiatives have been incorporated into the financial modelling assumptions and reflected in the Group's corporate plan. Based on current information capital expenditure relating to energy-efficiency initiatives is not expected to be material.			

1. Coles Group was Australia's 12th largest location-based Scope 2 emitter in FY25, as per National Greenhouse and Energy Reporting (NGER) Scheme data: <https://cer.gov.au/markets/reports-and-data/nger-reporting-data-and-registers/corporate-emissions-and-energy-data-2024-25#greenhouse-and-energy-information-by-controlling-corporation-2024-25>.

2. AEMO, The 2025 Inputs, Assumptions and Scenarios Report, Executive Summary (pages 5 to 7) & table 19 (page 115 to 116) – 'Step Change' scenario; NGFS, Climate Scenarios, Technical Documentation, V5.0, November 2024; and DCCFEW, Australia's emissions projects 2025, November 2025.

Transition risk			
Changing policy, regulatory and legal requirements to decarbonise and manage climate risk			
Risk description	Time horizon over which effects could reasonably be expected to occur		
The introduction of a mandatory carbon price.	Short-term	Medium-term	Long-term
Potential impacts			
A range of relevant regulations and government publications ¹ were qualitatively reviewed before a carbon price assessment was completed across the Group's business model and value chain. The potential introduction of a mandatory carbon price was determined to be the most relevant to the Group based on market expectations, potential quantitative exposure and the potential impact on the Group's business model and value chain.			
The Group's pricing structure reflects both the cost of goods sold and the cost of doing business. If a carbon price is introduced, this would likely increase costs, and some of these costs may be passed on to customers.			
A carbon price could impact higher emissions-intensive parts of the Group's operations and its upstream suppliers. The Group has considered its electricity and refrigerant use, its logistics and its Scope 3 Forest, Land and Agriculture (FLAG) emissions as part of the carbon price assessment.			
Financial impact			
Current reporting period – No material impact has been identified in FY26.			
Anticipated impact on FY27 – No material impact on the Group's FY27 financial results is anticipated based on current information.			
Short- to medium-term anticipated future effects – The Group has reviewed the impact of a potential carbon price affecting its operations, electricity consumption, logistics and upstream supply chain, however, at this time, there is no indication that a carbon pricing scheme will be introduced beyond the existing scope of the Safeguard Mechanism ³ (noting this mechanism does not directly impact the Group). While the likelihood of a broader carbon pricing scheme may increase slightly over the medium-term, this is still considered unlikely under current policy settings. ⁴ On this basis, the Group does not expect this risk to materially impact its financial position, performance, or cash flows over the short to medium term.			
Long-term anticipated future effects – Over the long term, the introduction of a mandatory carbon pricing scheme is still considered unlikely to have a material financial effect on the Group under the anticipated 'Middle of the road' scenario. However, the nature, timing and scope of any future climate-related policy, regulatory or legal requirements becomes increasingly difficult to predict over longer time horizons. Currently, the Group anticipates policy settings to remain broadly aligned with the current emissions reduction trajectory. On this basis, the Group does not			
To reduce exposure to carbon price risk, the Group may need to increase capital expenditure or bring forward planned investment, particularly for initiatives related to electricity and refrigeration. There may also be a requirement for increased investment in transport and logistics.			
Mitigation measures			
The Group continues to monitor emerging regulations and is engaging in industry and government-led climate-related policy consultations.			
The Group continues to review operational emissions, and is installing rooftop solar, fuel switching to electricity (for example, trialling electric heat pumps instead of gas boilers) and continuing to roll out energy-efficiency initiatives across its operations as well as progressing our transition from high to low global warming potential (GWP) refrigerants. In addition, development and refinement of decarbonisation pathways for key trading areas ² is in progress.			
expect this risk to have a material impact on its financial position, performance, or cash flows over the long term. If a mandatory carbon pricing scheme were to come into effect, it would potentially impact the following line items from the financial statements: cost of sales and administration expenses.			
The Group has considered the potential effects of carbon pricing under different scenarios, which helped to inform its resilience assessment. While this climate-related risk is not anticipated to have a material effect on the Group, it has been disclosed in response to market expectations and to provide context on the quantitative materiality of current climate-related policy settings on the Group.			
Mitigation and adaptation financial effects – The most significant potential mitigation costs associated with this risk are expected to arise in the Group's upstream supply chain, including through suppliers and logistics providers. As supplier and logistics transition plans remain at an early stage and are dependent on actions taken by third parties, the timing and amount of any related costs remain highly uncertain and have not been separately quantified. To the extent such costs arise, they are expected to be reflected primarily in cost of sales.			
Mitigation initiatives within the Group's own operations, including energy-efficiency projects, electrification, renewable energy and the transition to lower global warming potential refrigerants, overlap with the mitigation activities described in the energy and refrigeration risk disclosures. Please refer to those specific risks for more detail.			

1. For example, the Safeguard Mechanism; New Vehicle Efficiency Standard; Carbon Leakage Review (Department of Climate Change, Energy, the Environment and Water); and 2025 Emissions Reduction Targets Report (Climate Change Authority).

2. Trading areas is a reference to the Group's key commercial categories.

3. The Safeguard Mechanism requires Australia's highest greenhouse gas emitting facilities to reduce their emissions in line with Australia's emission reduction targets. It applies to facilities in the mining, manufacturing, transport, waste and oil and gas production sectors and affects facilities that emit more than 100,000 tonnes of CO₂. Coles' facilities are not captured under the mechanism.

4. Climate Change Authority, 2035 Targets Advice Report: <https://www.climatechangeauthority.gov.au/2035-emissions-reduction-targets-advice>.

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Transition risk			
Dependency on our third-party suppliers and logistics partners to reduce emissions and adopt low-carbon practices			
Risk description	Time horizon over which effects could reasonably be expected to occur		
The Group's dependency on our third-party suppliers and logistics partners to reduce emissions and adopt low-carbon practices may limit the Group's ability to achieve its emissions reduction targets, increase costs, and expose the Group to reputational risks.	Short-term	Medium-term	Long-term
Potential impacts	Mitigation measures		
More than 90% of the Group's total value chain emissions are indirect greenhouse gas (GHG) emissions (or Scope 3 emissions). As a result, the Group is highly reliant on supplier action in order to reduce these emissions.	The Group continues to manage climate-related risk through supplier engagement, emissions measurement and decarbonisation initiatives.		
In the short term, data limitations and varying levels of supplier capability may impact the degree to which suppliers in the Group's value chain can take action to reduce emissions. These factors may constrain the Group's ability to measure Scope 3 emissions accurately and may influence reported emissions outcomes. They may also expose the Group to reputational risk.	Key actions include:		
Over the longer term, the Group may face increased costs associated with supporting suppliers to transition, as well as higher sourcing costs as suppliers invest in their own decarbonisation activities. Emissions-intensive suppliers are most likely to be exposed to these costs. Recognising this, the Group has set a FLAG emissions reduction target and a supplier engagement target. FLAG emissions arise from on-farm activities, including fertiliser use, manure management and livestock management. Products dependent on these activities may therefore face greater cost increases.	- investing in supplier engagement and educational resources to support our suppliers and logistics partners; - delivering carbon baselining, measurement and decarbonisation projects across red meat and dairy farms, in collaboration with our consulting and industry partners; and - continuing to develop and refine decarbonisation pathways for other key trading areas.		
Financial impact			
Current reporting period – No material impact has been identified in FY26.	and government regulation. As a result, quantitative information has not been disclosed, as it would not be useful. If financial effects did eventuate it could potentially impact the following line items from the financial statements: sales revenue and cost of sales. There may also be reputational impacts if the Group is unable to deliver emissions reduction targets. This could affect customer trust and stakeholder confidence, which may in turn influence revenue and demand.		
FY27 anticipated impact – No material impact is anticipated in FY27 reflecting the early stage of supplier transition and current limitation in data availability and measurement.			
Short- to medium-term anticipated future effects – Over the short and medium term, there is significant measurement uncertainty in assessing the potential effects of this risk on the Group's financial position, financial performance and cash flows. As a result, quantitative information has not been disclosed, as it would not be useful. Reputational impacts are inherently difficult to quantify, and any direct financial effects are uncertain due to the variability in independent supplier action. If financial effects did eventuate it could potentially impact the following line items from the financial statements: sales revenue and cost of sales.	Mitigation and adaptation financial effects – As supplier transition remains at an early stage, no specific mitigation or adaptation costs have been modelled or estimated for this risk. The Group's response is dependent on the actions, data availability, technological capability and transition pathways of third-party suppliers and logistics providers, which makes the timing and financial effects of mitigation measures complex and uncertain. The Group currently undertakes supplier engagement, emissions measurement and decarbonisation initiatives through existing procurement, sustainability and operational activities. Any related costs are expected to be reflected primarily in operating expenses and cost of sales.		
Long-term anticipated future effects – In the long term, effects may include structural increases in input costs and broader supply chain changes required to meet emissions reduction targets. However, there is significant uncertainty in measuring these financial effects due to the variability in independent supplier action, technology availability			

Transition risk			
Delayed adoption of low-emissions technology – including conversion of refrigeration and HVAC assets			
Risk description	Time horizon over which effects could reasonably be expected to occur		
Risk to supermarkets from current legislative requirement ¹ to phase down high global warming potential (GWP) refrigerant gases, and potential acceleration of the phase-down.	Short-term	Medium-term	Long-term
Potential impacts	Mitigation measures		
The Group's capital expenditure plan incorporates the forecasted expenditure required to meet the current legislative requirements for the phase-down of high-GWP refrigerants.	As disclosed in our Climate Transition Plan, the Group continues to implement the following mitigation measures, focused on reducing exposure to this risk:		
If these legislative requirements are accelerated, the Group may need to incur additional capital spend as well as accelerating planned investment.	- where practical and commercially viable, transitioning from high to low GWP refrigerants during store refurbishments and end-of-life replacement; - using low GWP refrigerants at all newly constructed supermarkets; - minimising refrigerant gas loss through our gas leak detection program; and - ensuring proper recovery, recycling, storage or destruction of refrigerants from decommissioned equipment.		
If the capital program does not successfully address legislative requirements, refrigerated assets may be impacted and there may be a risk that the Group is unable to operate at full capacity, provide a full range of products to customers, and continuity of trade in some stores may be jeopardised. This could result in loss of sales.	The Group also continues to trial mitigations aimed at addressing the risk of delayed adoption of low emissions technology in a more general sense, not specific to refrigerants. These mitigations are also disclosed in our Climate Transition Plan and include the replacement of gas boilers with electrified heat pumps, boiler and HVAC efficiency initiatives and advanced lighting solutions. The effectiveness of these mitigations depends on their commercial viability, the availability of key technologies and the pace of technological development.		
Financial impact			
Current reporting period – Capital expenditure of \$109 million was incurred in FY26 on refrigeration assets as part of the Group's proactive and end-of-life replacement and renewal program to comply with legislated high-GWP phase-down requirements. This expenditure was mostly capitalised as additions to property, plant and equipment.	replacement and network renewal activities. The transition is expected to occur over an extended period (to approximately FY50), with expenditure remaining phased and aligned to the Group's capital management framework. On this basis, total capital expenditure relating to refrigeration assets is expected to average approximately \$163 million per annum over the long term.		
FY27 anticipated impact – The Group currently expects to incur capital expenditure of approximately \$111 million in FY27 in relation to refrigeration asset replacement and conversion. No other material impact on the Group's FY27 financial results is anticipated based on current information.	Across all assessed time horizons, investment in refrigeration asset replacement and conversion is expected to be substantially aligned with end-of-life asset replacement and renewal cycles. As a result, the Group does not currently expect a material increase in write-offs or premature retirement of existing equipment associated with the transition compared with current levels. There remains a degree of estimation uncertainty associated with these amounts, including assumptions relating to regulatory timing, refrigerant pricing, technology pathways, supplier capacity, landlord participation and labour availability. While accelerated regulatory change may increase the pace and timing of capital investment in the short term, the Group expects these impacts to be manageable through adjustments to capital deployment. All estimates are based on current internal plans and assumptions and may change as further information becomes available.		
Short- to medium-term anticipated future effects – Over the short to medium term, the Group expects to continue incurring capital expenditure for refrigeration asset replacement and conversion. This expenditure is expected to be approximately \$115 million per annum in the short term and \$131 million per annum in the medium term.			
These amounts are already included in the Group's long-term capital planning and are not expected to result in a material change to the Group's overall planned capital expenditure levels.			
Long-term anticipated future effects – Over the long term, capital expenditure associated with the transition is expected to continue in line with asset lifecycle			

1. Australia regulates the use and phase-down of high-GWP refrigerant gases under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, which gives effect to Australia's obligations under the Montreal Protocol and its Kigali Amendment, including controls on hydrofluorocarbons (HFCs).

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Risk to the growth and/or production of agricultural raw materials due to the impact of extreme weather events and climate conditions			
Risk description	Time horizon over which effects could reasonably be expected to occur		
Reduced availability of key agricultural products impacting sourcing costs and revenue.	Short-term	Medium-term	Long-term
Potential impacts	Mitigation measures		
Long-term shifts in climate conditions may affect growing conditions and reduce the availability and quality of key agricultural inputs over time. More frequent extreme weather events can also disrupt crop yields, affect livestock productivity and increase the likelihood of supply interruptions, and may result in reduced availability and/or increased cost to source affected products.	The Group continues to work with suppliers to strengthen supply resilience while reviewing sourcing strategies, where appropriate, to respond to climate-related risks.		
Challenges in product availability and pricing changes may also influence customer purchasing behaviour, including substitution of alternative products, which may result in fluctuations in revenue and margins across product categories.	Historical experience indicates customers may respond to availability and pricing impacts by switching to alternative products. This may partially offset impacts to sales across affected categories.		
Financial impact	Prolonged impacts to specific products may affect the broader market. The Group may respond through sourcing strategies and, where commercially appropriate, pricing actions.		
Current reporting period – Weather events did not have a material impact in FY26.			
Anticipated impact on FY27 – No material impact on the Group's FY27 financial results is anticipated based on current information.			
Short- to medium-term anticipated future effects – There is inherent uncertainty in forecasting the frequency and severity of climate-related events and their potential impacts.			
The assessment of anticipated future effects is informed by scenario-based modelling.			
The modelling incorporated sourcing locations, climate science projections ¹ and assumptions informed by historical disruption events to estimate the potential impacts of physical climate risks. This was supplemented by a broader sensitivity analysis, with the extrapolated impacts remaining below the Group's quantitative materiality thresholds.			
Based on this analysis, no material impacts are expected in the short term.			
In the medium term, increased climate variability may result in periodic, category-specific supply constraints. These could lead to temporary impacts on product availability, sales, sourcing costs and product mix.			
These impacts are expected to be limited and may be mitigated through product substitution, sourcing flexibility and pricing responses. However, some margin variability may occur.			
While these impacts may affect revenue, margins and operating costs, they are not expected to have a material impact on the Group's financial performance, financial position or cash flows in the short or medium term.			
Long-term anticipated future effects – Over the long term, chronic climate-related risks (e.g. drought) may affect the suitability of certain regions for agricultural production, potentially leading to intermittent supply disruptions and shifts in sourcing.			
Given the essential nature of agricultural products, customers may respond to availability or pricing impacts by switching to alternative products. As a result, impacts are not expected to be material at a Group level, supported by the Group's diversified supply chain and ability to adapt product mix and sourcing strategies.			
The assessment is based on currently modelled climate scenarios and does not fully reflect the potential for concurrent severe impacts across multiple commodities, sourcing regions and supply chains. Such events could result in greater disruption and financial impacts than currently assessed.			
While operating cash flows may experience periodic volatility due to fluctuations in sourcing costs, changes in product mix and temporary supply constraints, these effects are not expected to materially impact the Group's overall financial position or long-term financial performance.			
While the Group does not currently expect this risk to have a material impact at a Group level across the short, medium or long term, the risk remains relevant due to the potential for periodic disruption to product availability, sourcing costs, category performance and operating margins. As a result, the Group continues to monitor and manage these exposures through sourcing diversification, supplier engagement and pricing and product mix responses.			
Mitigation and adaptation financial effects – The Group may incur operating expenditure to support supply resilience, including supplier engagement, alternative sourcing and changes to product mix. Based on current information, these costs are not expected to be material. However, they have not been separately quantified due to the complexity of distinguishing them from broader business expenditure and the ongoing development of the Group's processes for identifying and tracking climate-related expenditure.			

1. Coles used ClimSystems to perform the modelling of climate data. Input data predominantly uses national climate projections by CSIRO and Bureau of Meteorology, based on CMIP6 (the basis of preparation for IPCC's Sixth Report).

Physical risk

Risk to the resilience of our store and supply chain operations (including manufacturing) due to the impact of extreme weather events and climate conditions			
Risk description	Time horizon over which effects could reasonably be expected to occur		
Risk of disruption to store and supply chain operations (including manufacturing) and decreased access to, or increased cost of, insurance.	Short-term	Medium-term	Long-term
Potential impacts	model and established business continuity processes support resilience to disruption events. This includes inventory resilience protocols, diversification of transport modes and routes, management of critical supply routes, and contingency planning for logistics disruptions where appropriate.		
Changing climate conditions and more frequent extreme weather events may increase the risk of disruption across the Group's store and supply chain operations, including manufacturing, logistics and supporting infrastructure.	The Group maintains insurance cover to support operational continuity and help mitigate the financial impact of extreme weather-related interruptions.		
	The Group uses resilient asset design strategies and targeted infrastructure investments to enhance the physical resilience of specific assets and reduce the risk of climate-related impacts. This includes flood modelling for major sites, including ADCs and CFCs. Where elevated flood risk is identified, a more detailed risk evaluation is completed before construction to assess the nature and severity of the exposure and inform site planning, design and any appropriate mitigation actions.		
Mitigation measures			
While climate-related disruption risk may increase over time, the Group's geographically diversified operating			
Financial impact			
Current reporting period – Weather events did not have a material impact in FY26.			
Anticipated impact on FY27 – No material impact on the Group's FY27 financial results is anticipated based on current information.			
Short- to medium-term anticipated future effects – In the short term, no material impacts are expected.			
In the medium term, disruption risk is expected to increase moderately. This may result in more frequent temporary store closures, transport delays and power outages. However, based on current assumptions and available information, any net financial impacts are expected to remain immaterial, with no anticipated material effect on asset valuations, provisions or useful life estimates.			
Long-term anticipated future effects – Over the long term, exposure to extreme weather events is expected to increase. This may result in more frequent operational disruption including temporary disruptions to ADCs and CFCs, and temporary reductions in sales in affected geographic areas.			
While the Group's geographically diversified store and supply chain network reduces exposure to localised disruptions, the smaller number and operational significance of ADCs and CFCs may result in greater concentration risk where an individual facility is affected. The Group has incorporated targeted resilience measures into the design and operation of major facilities to reduce flood exposure and the likelihood and severity of disruption during extreme weather events. These measures are supported by business continuity and operational response plans. In addition, disruptions to CFC operations are expected to be partially mitigated through the Group's store network.			
	The assessment of anticipated future effects across the time horizons is informed by scenario-based modelling using the latest climate science projections ¹ and historical disruption data. The assessment has been performed on a gross basis, before application of insurance recoveries. The modelling does not explicitly account for potential changes in future insurance premiums, deductibles or coverage availability. This reflects the uncertainty associated with long-term insurance market conditions. The Group continues to regularly review its insurance program in response to evolving climate-related risks.		
	Scenario analysis indicates that financial impacts are incremental to baseline operating conditions and are not expected to materially affect the Group's financial position, financial performance or cash flows across the assessed time horizons.		
	While the Group does not currently expect this risk to have a material impact, the risk remains relevant due to the potential for periodic operational disruption, including temporary disruption to ADCs and CFCs, increased operating costs and the timing differences between disruption events and related insurance recoveries.		
	Mitigation and adaptation financial effects – The Group may incur additional capital and operating expenditure to improve the resilience of stores, distribution centres and supporting infrastructure. This may include asset rectification works, flood resilience measures, backup power and other targeted infrastructure investments. These costs have not been separately quantified in the climate risk model, as they are not separately identified within the Group's existing asset renewal, maintenance and capital planning programs. Where incurred, the expenditure would impact property, plant and equipment, depreciation and operating expenses.		

1. Coles used ClimSystems to perform the modelling of climate data. Input data predominantly uses national climate projections by CSIRO and Bureau of Meteorology, based on CMIP6 (the basis of preparation for IPCC's Sixth Report).

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Table 2 – Climate-related opportunity

Opportunity			
Offering more sustainable products to customers to meet changing customer preferences			
Opportunity description	Time horizon over which effects could reasonably be expected to occur		
Potential competitive advantage through offering lower-carbon products such as plant-based protein alternatives.	Short-term	Medium-term	Long-term
Potential opportunity	Strategic response		
The Group serves millions of customers each week, and continuing to meet their needs is central to the Group's business model and strategy.	The Group monitors customer trends and continues to consider lower-carbon products, including alternative proteins.		
Changing customer preferences may result in increasing demand for lower-carbon products and could impact the products the Group sells. This could be a competitive advantage if the Group is able to identify new revenue streams early or take advantage of favourable margins in lower-carbon products.	The Group's Customer Insights and Commercial teams have resources and processes in place to monitor and respond to changes in customer preferences, including in relation to sustainable products.		
Financial impact			
Current reporting period – The Group did not identify a material current financial effect attributable to this opportunity in FY26.	Sustained demand for lower-carbon products may generate additional sales revenue, operating cash flows and potential margin benefits. Responding effectively to changing customer preferences may also strengthen the Group's competitive position and customer proposition. However, the extent of customer demand, future pricing, product costs and associated financial benefits remain uncertain and cannot currently be estimated reliably.		
Anticipated impact on FY27 – No material impact on the Group's FY27 financial results is anticipated based on current information.	Predicting customer preference changes in relation to lower-carbon products is challenging across all time horizons. However, it was judged this opportunity could reasonably be expected to affect the Group's prospects based on scenario analysis, relevance to the Group's business model and value chain, strategic relevance and expectations of primary users.		
Short- to medium-term anticipated future effects – Over the short and medium term, there is significant measurement uncertainty in assessing the potential effects of this opportunity on the Group's financial position, financial performance and cash flows. As a result, quantitative information has not been disclosed, as it would not be useful.	Strategic response financial effects – The Group may incur additional operating expenditure to support changes to sourcing strategies and product mix. These costs form part of broader sourcing, procurement and category management activities and at this stage, incremental costs specifically attributable to sourcing sustainable products cannot be separately identified or reliably quantified. As such, there is too much measurement uncertainty to assess these costs. As a result, quantitative information has not been disclosed, as it would not be useful.		
Changing customer preferences may affect sales volumes, product mix and category margins. Potential financial benefits may arise if demand increases for lower-carbon products and the Group is able to respond early to this demand. The Group reviewed current product-category margins however, the timing and scale of customer preference changes, future product mix and margins are subject to significant measurement uncertainty and cannot currently be estimated reliably.			
Long-term anticipated future effects – Over the long term, there is significant measurement uncertainty in assessing the potential effects of this opportunity on the Group's financial position, financial performance and cash flows. As a result, quantitative information has not been disclosed, as it would not be useful.			

Climate resilience

As discussed in the *Climate scenario analysis* section commencing on page 43, the Group has used scenario analysis to evaluate how CRROs may affect the Group's strategy and business model and to inform its assessment of the Group's climate resilience. The analysis used the low- and high-warming climate scenarios outlined on page 44 and considered climate-related physical and transition risks under both scenarios, to determine the Group's capacity to adjust and adapt its strategy.

A low-warming scenario is likely to have the greatest impact on climate-related transition risks and climate-related opportunities. The Group's capacity to adapt for climate-related transition risks and climate-related opportunities under this scenario is described on page 54.

A high-warming scenario is likely to have the greatest impact on climate-related physical risks. The Group's capacity to adapt in response to climate-related physical risks under this scenario is described on page 55.

The analysis indicates that the Group's strategy and business model are expected to remain broadly resilient under both scenarios, based on the scope, assumptions and limitations of the assessment undertaken. As such, we are not anticipating changes to our business model.

The Group's business model and financial processes, including funding and capital allocation, are intended to provide flexibility to respond to the potential risks identified through the climate-related scenario analysis.

As noted in Table 4 on page 55, under the high-warming scenario, the Group could face increased physical-risk impacts, including disruption to operations and supply chains, asset resilience requirements and changes in insurance costs. These potential impacts would be considered through existing planning, risk management and governance

processes, which support the Group in reviewing and updating capital and operating expenditure, reprioritising investment and adjusting the timing, scope or sequencing of projects, where appropriate. Under a low-warming scenario, these planning processes also support the Group's transition plan by enabling emissions reduction initiatives and consideration of climate-related opportunities as part of annual and longer-term financial planning.

This resilience assessment reflects the Group's current view based on available information and assumptions and is subject to change as climate science, regulatory settings, consumer preferences and stakeholder expectations evolve.

We recognise this assessment of the resilience of the Group's strategy and business model is subject to uncertainty, including the timing, scale and interaction of CRROs under the scenarios considered. We will continue to enhance our modelling, data and assessment of these risks over time.

Key areas of uncertainty include the:

- nature and timing of climate-related legislation and regulation, including the potential introduction of a carbon price and any changes to the legislated phase-out pathway for high-GWP refrigerants;
- pace, cost and reliability of Australia's electricity grid decarbonisation, and implications for the Group's operating model, energy costs and transition planning;
- availability, maturity and cost-effectiveness of lower-emissions technologies and infrastructure required to support the Group's transition and adaptation activities; and
- ability of suppliers and other value chain partners to transition to a lower-carbon economy, adapt to physical climate impacts and maintain continuity of supply in a timely and cost-effective manner.



Pictured: Toll President, Retail and Consumer, Nick Vrckovski, Coles team member Ian, and Toll Senior Vice President Transport and Grocery, Michael Freestone with one of the electric prime mover trucks at the Kewdale Distribution Centre in WA.

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Low-warming scenario: SSP1-1.9 – ‘Sustainability – Paris aligned’

Resilience testing was performed on the identified transition risks and climate-related opportunities by comparing the low-warming scenario against current operating conditions. The Group assessed the potential incremental financial effects of transition-related changes over time, relative to this baseline.

Under this scenario, ambitious climate policies and accelerated decarbonisation could increase the Group’s operating and supply costs when considered on an unmitigated basis. Changing customer preferences under this scenario could present a revenue opportunity for the Group.

Carbon price sensitivity modelling indicates these impacts could be material, with the greatest exposure expected across the Group’s upstream supply chain, particularly among emissions-intensive suppliers contributing to its Scope 3 Forest, Land and Agriculture (FLAG) emissions.

Should this scenario eventuate, there are activities the Group currently undertakes that could be adjusted or adapted to mitigate potential impacts of risks and to take advantage of potential opportunities, outlined in Table 3 below. There may also be additional activities and response plans identified as the Group continues to monitor and manage the CRROs.

Table 3 – The Group’s response to climate-related transition risks and climate-related opportunities

Response to climate-related transition risks and climate-related opportunities	The Group has responded to climate-related transition risks by reducing Scope 1 and 2 emissions, including by sourcing 100% renewable electricity for our operations (through onsite solar and large-scale generation certificates (LGCs)). This supports the Group’s resilience under the low-warming scenario, where the transition to a lower-carbon electricity system is assumed to accelerate and may increase energy system investment, policy and market costs. By procuring LGCs, the Group incorporates the cost of renewable electricity into its financial planning and reduces its exposure to future climate-related policy or market changes associated with grid electricity emissions. The Group’s Alliance with Origin Energy also supports resilience by expanding onsite rooftop solar, which reduces the Group’s reliance on grid-supplied electricity and helps mitigate exposure to electricity price volatility and transition-related energy costs. In addition to maintaining our sourcing of 100% renewable electricity, we will continue to roll out energy efficiency initiatives to reduce Scope 1 and 2 emissions. We will also continue to progress our supplier engagement program pursuant to our target of 80% of our suppliers by spend, having science-based emissions reduction targets by the end of FY29. Additionally, we will work with suppliers, farmers and other commercial partners to deliver our target of a 30.3% reduction in Scope 3 FLAG sector emissions by the end of FY30. The Group will continue to monitor customer trends and consider lower-carbon products, where appropriate. The Group may incur additional operating costs from its decarbonisation activities, and higher sourcing costs where suppliers pass through the costs of investing in lower-emissions technologies and renewable energy. For further information about the Group’s climate-related commitments and targets, refer to the <i>Climate Transition Plan</i> section on page 56 and the <i>Climate-related targets</i> section commencing on page 63.
Current and anticipated changes to the business model/ climate resilience	Transition risks are already influencing the Group’s operations through its decarbonisation activities and climate-related targets and commitments. Over time, transition risks are expected to further shape the Group’s business activities as it adapts operations, supply chains and procurement functions to a lower-carbon economy. We anticipate that in this scenario capital planning would increasingly prioritise emissions reducing technologies, sourcing of renewable electricity, and energy efficiency upgrades. Scenario analysis indicates that alignment of the supply chain with the Group’s decarbonisation commitments, targets and ambitions will become increasingly important, influencing procurement standards, sourcing decisions and engagement with farmers and manufacturers. Operational processes and asset strategies may shift over time to support lower emissions operating models, with possible implications for the design of store and logistics assets and the consideration of emissions reduction activities in investment decisions.

High-warming scenario: SSP5-8.5 – ‘Fossil-fuelled development’

Resilience testing was performed on the identified physical climate risks by comparing the high-warming scenario against current operating conditions. The Group assessed the potential incremental financial effects of worsening climate conditions over time, relative to this baseline. The assessment used the same modelling methodology, assumptions and judgements applied in the anticipated financial effects assessment, with the primary change being the application of a high-warming climate scenario.

Under this scenario, the analysis indicated that more frequent and severe extreme weather events could increasingly disrupt the Group’s store and supply chain operations and impact product availability and costs. The Group also recognises that a high-warming scenario may result in broader systemic and societal impacts across food systems, infrastructure and customer affordability, which could require material adaptation of aspects of the current business model and operating strategy over time. Should this scenario eventuate, there are activities the Group currently undertakes that could be adjusted or adapted to mitigate the potential impacts, outlined in Table 4 below. There may be additional activities and response plans identified as the climate-related risks continue to be monitored and managed.

Table 4 – The Group’s response to climate-related physical risks (acute and chronic)

Response to physical climate-related risks	The Group’s response to acute and chronic physical climate-related risks centres on enhancing the resilience of both its agricultural supply base and its operational footprint. For agricultural commodities, the Group is already implementing measures including: • where possible, working with suppliers to reduce exposure to climate-related impacts, including through the geographic diversification of growing regions and sourcing locations; • offering a wide range of products to enable customers to substitute products in the event some products are unavailable; and • adapting growing and production methods to mitigate climate-related impacts (e.g. cropping under covers for fresh produce). For operational assets across stores, distribution centres, CFCs, and manufacturing facilities, the Group continues to: • incorporate results from a physical climate risk model of the Group’s asset portfolio into leasing and new store approvals; • use detailed flood modelling for major sites with higher exposure to support site planning, asset design and targeted resilience investments; • maintain comprehensive insurance coverage to mitigate the financial impacts of extreme weather events; • design and construct high-risk assets using resilience-enhancing measures; • implement crisis management and business continuity plans to support ongoing operations during extreme weather; and • strengthen supply chain contingency measures to prepare for disruptions linked to acute physical events.
Current and anticipated changes to the business model/ climate resilience	It is likely that an increasing frequency and severity of extreme weather events may result in greater diversification of agricultural sourcing regions, strengthened supply chain contingency measures and resilient design across our ADCs and manufacturing sites to support the robustness of the operating model over time. In the agricultural supply chain, increasing climate variability may influence sourcing geographies, supply stability, and product mix, requiring greater flexibility in procurement strategies, supplier engagement, and pricing approaches. Within store and supply chain operations, rising insurance premiums, costs to help ensure asset resilience and operational disruptions from more frequent or extreme weather events point to an ongoing shift toward a more adaptive, regionally diversified, and resilience-focused operating model.

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Transition planning and our Climate Transition Plan

The Group’s first Climate Transition Plan (CTP), released in August 2026, sets out our strategic approach to supporting lower-emissions and more resilient food systems in Australia, while achieving our corporate purpose of ‘Helping Australians eat and live better every day’.

The CTP outlines our approach and actions we are taking in relation to:

- our climate-related risks and opportunities;
- reducing emissions and improving resilience across our own operations;
- decarbonising and strengthening resilience across our value chain;
- enabling climate transition through internal and external mobilisation; and
- broadening sustainability priorities including nature and circularity.

Key assumptions and judgements underpinning our CTP

The Group’s CTP is underpinned by several key assumptions and judgements, including that:

- the Group assumes a higher degree of control over emissions reduction within its own operations relative to its broader value chain; and
- emissions projections are based on internal growth forecasts, which remain subject to change over time. The Group also recognises that corporate actions, including acquisitions and divestments, may require the re-baselining of emissions reduction targets.

Key dependencies and limitations in relation to our CTP

Execution of our CTP is subject to material dependencies and limitations. Capital allocation beyond the current corporate planning horizon is inherently uncertain, constraining the ability to forecast longer-term investment pathways with precision. Delivery is dependent on a range of external factors, including the evolution of regulatory frameworks, the pace of technological development, supplier engagement, and changes in consumer behaviour.

Coles acknowledges that business growth may result in increases in absolute emissions, for example through network expansion and new store openings. In addition, data limitations persist across elements of the value chain, necessitating the use of estimates and assumptions.

Delivery of our CTP is further contingent on government policy and regulatory settings, including emissions reduction targets and energy market reforms.

Delivery of our CTP also depends on the availability and scalability of enabling infrastructure, such as renewable energy supply, EV charging networks, and recycling systems.

Capital investment in support of transition planning

The Group is investing in capital projects that support our climate transition and the delivery of our sustainability strategy. We have completed a decarbonisation plan that incorporates funded emissions reduction programs designed to deliver meaningful progress toward our near-term Scope 1 and 2 targets.

Annual capital and expenditure projections aligned with the decarbonisation plan are embedded within corporate plans and budgets.

Key areas receiving capital investment include:

- **Refrigeration systems transition** – upgrading our refrigeration systems is a key activity for the Group. Our ambition is to transition from high-GWP to lower-GWP (or natural) refrigerants by the end of 2050; and
- **Building design and energy efficiency in stores** – the Group adopts a holistic approach to new and renewal stores by incorporating some sustainable building design elements, selecting lower-impact construction materials where feasible and implementing energy-efficient technologies to reduce energy consumption. We are also investing in our refrigeration pipe replacement program to reduce gas leakage.

In addition, the Group continues to work proactively with landlords and energy partners to enable rooftop solar and battery deployment. Investment may be shared between the Group and its energy partners, with the funding mix varying by project.



Further detailed information about the Group’s CTP is available at www.colesgroup.com.au/climate.

Risk management

Approach to risk management

As discussed on page 42, Coles conducts an annual CRRO assessment, the purpose of which is to identify our CRRO profile.

The Managing Director and Chief Executive Officer (MD & CEO) and the Executive Leadership Team (ELT) are responsible for maintaining, monitoring and implementing Coles’ risk management framework, which includes the identification, measurement and mitigation of climate-related risks across the Group in accordance with the risk appetite set by the Board.

The identification, assessment and management of CRROs across our business model and value chain is integrated within the Risk Standard, with both physical and transition climate-related risks being assessed using the same risk management process and criteria applied to our other risks. Executive ownership is assigned to each of our climate-related risks, as well as management responsibility for current and planned mitigating actions.

The CRRO profile also supports the assessment and management of climate change risk, which continues to be identified and disclosed as a material risk for the Group, based on the range of potential cumulative impacts that climate-related risks can have on our business, including legal and regulatory, operational, reputational and financial. Climate change can therefore amplify other existing risks, such as risks associated with health, safety and wellbeing, product and food safety, legal and regulatory compliance, and supply chain resilience. The Group’s material climate change risk and related key risk indicators are reviewed annually and monitored for adherence to risk appetite and changes in exposure during the year and reported to the Audit and Risk Committee of the Board. This is consistent with how other material risks to the Group are reviewed, monitored and reported. Periodic reviews over our climate change risk and controls are also conducted by Internal Audit in accordance with the annual Internal Audit Plan.

Further information about the risk management processes defined in our Risk Standard, as well as the Group’s material risks and how they are monitored and reported is available in the *Risk management* section on pages 30 to 37 of this Annual Report and in our 2026 Corporate Governance Statement available at colesgroup.com.au/corporategovernance.



Pictured: Solar installation at Coles Customer Fulfilment Centre in Truganina, Victoria.

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Board oversight of climate

The Board oversees and approves the strategic direction of the Group and the effectiveness of Coles’ sustainability and governance policies and practices. As such, the Board has ultimate responsibility for the oversight of climate-related risks and opportunities (CRROs).

The Board oversees the Group’s approach to identifying, assessing and managing CRROs. As explained in the *Risk management* section of this report on pages 30 to 37, CRROs are integrated into Coles’ Risk Standard and managed through the Group’s established risk management framework. In FY26, the Audit and Risk Committee supported the Board by overseeing management’s procedures for identifying the Group’s CRROs that could reasonably be expected to affect Coles’ prospects, reviewing their assessment and the controls in place to mitigate or adapt to the risks, and recommending those CRROs and any changes to the Board for approval.

The Audit and Risk Committee and Board monitor the ongoing effectiveness of the risk management framework and receive quarterly reporting from management on the Group Risk Profile, which includes climate change as a material risk and related key risk indicators. Periodic reviews of climate change risk, procedures and controls are also performed by Internal Audit, with outcomes presented to management and ARC for oversight.

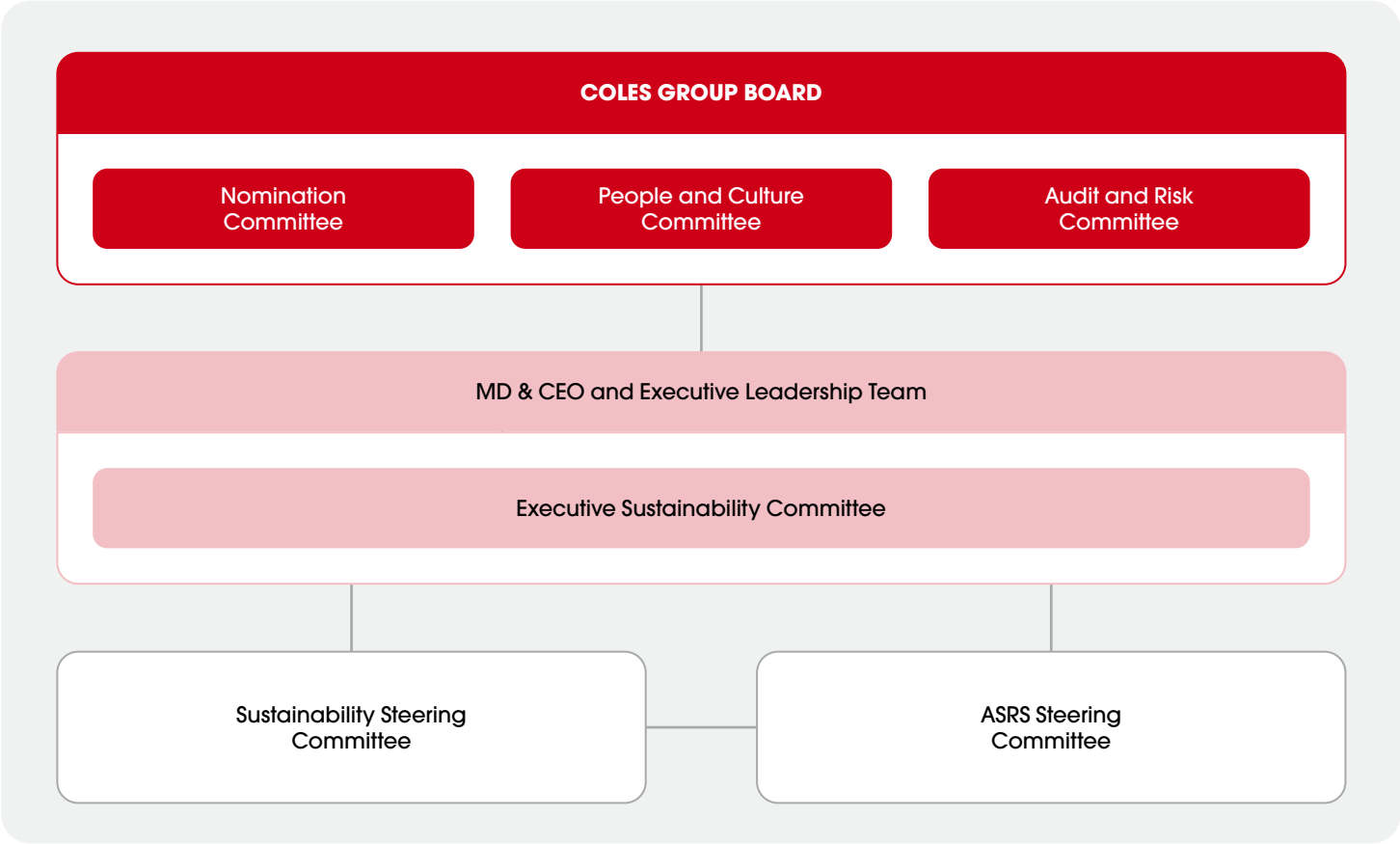
The Board Charter outlines the responsibilities of the Board, including powers that are expressly reserved to the Board, and powers that are specifically delegated to the MD & CEO and ELT.

In addition to overseeing the process for identifying and managing CRROs and monitoring the Group’s exposure to climate-related risks, climate-related responsibilities of the Board include:

- approving the Sustainability Report;
- approving the Group’s climate-related strategy and material climate-related external commitments and targets;
- overseeing the management of sustainability and monitoring progress against the material climate-related external commitments and targets; and
- approving the Group’s climate-related policies and overseeing the effectiveness of such policies.

During FY26, the Board reviewed and approved the Group’s Climate Transition Plan; reviewed and approved this Sustainability Report; monitored the Group’s performance against its external climate-related targets; and approved investment towards the management of certain climate-related risks (for example, the refrigeration program). The Board also approved the Group’s Corporate Plan and associated budget which included funding for initiatives related to climate risks (for example, energy efficiency projects) and received presentations about the Group’s climate-related risks and opportunities on three occasions.

There were no material acquisitions or divestments in FY26 – accordingly, the Board was not required to consider any climate-related trade-offs with respect to decisions on major transactions.



Assessing the Board’s climate skills and competencies

The Board, in consultation with the Nomination Committee of the Board, regularly assesses, including by reference to the Board Skills Matrix, whether there are areas in which Board members would benefit from further education.

Based on this assessment, updates and training are provided to the Board from both management and external experts on relevant issues, as well as deep dives into particular focus areas. The Board Skills Matrix includes an item directed at skills and expertise with ‘Sustainability and Environment’ matters, which is defined as including experience in managing and driving environmental management initiatives and reporting (including in relation to climate change), as well as experience in overseeing sustainability-related risks, opportunities and trends (including emerging regulations and global sustainability reporting standards).

In FY26, the Directors received in-depth briefings from management and subject matter experts on material issues—these included deep dives into climate transition, scenario analysis and transition planning.

Board committees with climate-related responsibilities

The Board discharges its responsibility for oversight of climate strategy and climate-related risks and opportunities with the assistance of three standing committees.

Audit and Risk Committee

The Audit and Risk Committee Charter outlines the Committee’s role, which includes supporting the Board in fulfilling its responsibilities by:

- reviewing and assessing the processes designed to ensure the integrity of the Sustainability Report and its compliance with ASRS requirements;
- endorsing the Sustainability Report to the Board for approval;
- evaluating the adequacy and effectiveness of the Group’s identification, prioritisation and management of climate-related risks and its disclosure of any material exposures to those risks, including the assumptions made to model and disclose such risks; and
- overseeing the effectiveness of the systems of internal controls and the risk management framework, including as they relate to climate-related risks.

The Audit and Risk Committee’s oversight of climate risk is facilitated by:

- receipt of reports from management on new and emerging sources of risks and the risk controls and mitigation measures that management has put in place to deal with those risks; and
- reporting from the Internal Audit function, which provides independent assurance over Coles’ internal controls and risk management framework, including in relation to climate matters.

Nomination Committee

Under its Charter, the Nomination Committee is responsible for developing and reviewing Board succession plans, with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity. The Nomination Committee considers whether appropriate skills and competencies are available on the Board to oversee Coles’ strategies, including as those strategies relate to management of climate-related risks and opportunities.

People and Culture Committee

The People and Culture Committee is responsible for reviewing and making recommendations to the Board on the Group’s remuneration framework and policies to confirm that they support Coles’ strategic objectives, encourage and sustain a culture aligned with Coles’ values, and are aligned with the Group’s risk management framework and risk appetite.

Management’s oversight of climate-related risks and opportunities

Led by the MD & CEO, members of the ELT have a key role in driving the implementation of Coles’ climate strategy, assessing the climate-related risks and opportunities relevant to their areas of responsibility.

Managing Director and Chief Executive Officer

The MD & CEO, with the support of the ELT, is responsible for the day-to-day management of the Group and its businesses. Under the Board Charter, the Board delegates all powers to manage the day-to-day business of the Group to the MD & CEO, apart from the powers reserved specifically to the Board and any specific delegations of authority approved by the Board. This includes climate strategy and the management of climate-related risks and opportunities.

Executive Leadership Team

The ELT endorses the Group’s climate-related external targets, material risk profile, climate-related risks and opportunities and Sustainability Report to the Board. Individual members of the ELT are responsible for managing relevant climate-related risks and opportunities and implementing measures to meet climate-related external targets relevant to their business unit. Updates are provided to the Chief Commercial and Sustainability Officer (CCSO), the Executive Sustainability Committee and the Board.

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Chief Commercial and Sustainability Officer

The CCSO, a member of the ELT reporting to the MD & CEO, oversees climate reporting and strategy. In consultation with the ELT, the CCSO proposes appropriate material climate-related external targets to be endorsed by the ELT to the Board, and monitors and advises on progress against those targets.

The CCSO provides regular updates on climate-related matters to the Executive Sustainability Committee, the ELT, and the Board. These updates include standardised quarterly reporting on climate-related activities and material climate-related external targets.

Management committees

Executive Sustainability Committee

The Executive Sustainability Committee provides dedicated oversight of the strategic sustainability pillars under Coles’ FY26–FY30 Sustainability Strategy.

Meetings of the Committee are attended by key members of management and involve discussion of climate issues and strategy, such as the management of climate-related risks and opportunities and endorsing and overseeing progress against climate-related external targets. The Executive Sustainability Committee also oversees Coles’ ASRS reporting and receives regular reports from management, including updates from the Sustainability Steering Committee and the ASRS Steering Committee.

Sustainability Steering Committee

The Sustainability Steering Committee oversees Coles’ sustainability performance and response to climate change. Chaired by the CCSO, the Sustainability Steering Committee has senior representatives from across the business and receives project updates from management working groups implementing the sustainability strategy. It monitors the Group’s performance against its climate-related external targets and provides regular updates to the Executive Sustainability Committee.

ASRS Steering Committee

The ASRS Steering Committee was established in FY25 to oversee the Group’s implementation of ASRS. This cross-functional committee monitors Coles’ ASRS reporting processes and reports to the Executive Sustainability Committee.

Governance of climate-related targets

Coles sets external climate-related targets to support the delivery of its sustainability strategy. The ELT endorses the Group’s climate-related external targets, which are approved by the Board.

The Sustainability Steering Committee monitors the Group’s performance against its climate-related external targets and provides regular updates to the Executive Sustainability Committee. The Board receives regular updates on the Group’s performance against climate-related external targets from the CCSO.

Climate-related KPIs

In FY26, the short-term incentive (STI) plan for Executive Key Management Personnel included Strategic and Non-financial measures across Customer, People and Safety, Sustainability and Transformation (Performance Measures).

Climate-related considerations were included in the Performance Measures for the STI award of the MD & CEO. The Sustainability Performance Measure included in the MD & CEO’s FY26 STI scorecard has a target weighting of 10%, determined by delivery of the Group Sustainability Strategy, with progress against our sustainability strategy commitments, including customer perception, being considered holistically as part of that component.

Further information about the operation of the STI plan and the FY26 outcome for the Sustainability Performance Measure in the MD & CEO’s scorecard can be found in the Remuneration Report on pages 103 to 105.

Metrics and targets

Climate-related metrics

Emissions performance

The Group adopts an operational control approach to set its boundary for emissions reporting in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (‘GHG Protocol Corporate Standard’). An entity has operational control over a facility if it has the greatest authority to introduce and implement its operating policies at the facility. The Group has chosen this approach as it aligns boundary-setting methodologies across both the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and the GHG Protocol Corporate Standard.

Table 5 summarises the Group’s total absolute gross greenhouse gas (GHG) emissions for FY26¹, comprising Scope 1, Scope 2 and Scope 3 emissions. The reporting boundary for Scope 1 and Scope 2 emissions is consistent with the Group’s financial reporting boundary. The Group has no other investees outside the consolidated accounting group over which it has operational control for Scope 1 and Scope 2 emissions reporting purposes.

Table 5 – The Group’s absolute GHG emissions for the year ended 30 June 2026¹

Scope 1 GHG emissions	tCO ₂ -e
Total	256,203
Scope 2 (location-based) GHG emissions	tCO ₂ -e
Total	1,008,242
Scope 2 (market-based) GHG emissions	tCO ₂ -e
Total	0
Scope 3 GHG emissions	MtCO ₂ -e
Category 1 (Purchased goods and services)	15.93
Category 2 (Capital goods)	0.13
Category 3 (Fuel- and energy-related activities)	0.01
Category 4 (Upstream transportation and distribution)	0.73
Category 5 (Waste generated in operations)	0.08
Category 6 (Business travel)	0.00
Category 7 (Employee commuting)	0.07
Category 8 (Upstream leased assets)	0.10
Category 11 (Direct use of sold products)	0.49
Category 12 (End-of-life treatment of sold products)	1.44
Category 15 (Investments) ²	0.00
Total	18.98

1. Scope 1, 2 and 3 emissions are reported during the period 1 July 2025 to 30 June 2026.
2. Financed emissions (Category 15): Coles does not undertake the asset management, commercial banking or insurance activities specified in AASB S2 paragraph B59 and is therefore not subject to the additional disclosure requirements.

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Cross-industry metrics

Disclosed below are the amount and percentage of our assets or business activities that are vulnerable to climate-related physical and transition risks.

The Group is currently unable to reliably determine the amount or percentage of sales attributable to lower-carbon products due to limitations in product and supplier specific carbon footprint data. Based on the best available information in FY26, lower-carbon products are not considered to represent a material proportion of overall retail sales. They may form a greater proportion of our overall retail sales in the long term. In FY26, the Group's overall sales revenue was \$45,580 million.

Climate-related physical risk metric

The Group engaged ClimSystems, a third-party provider specialising in climate risk assessment tools, to assess the exposure of its sites to climate hazards¹, using asset location and type data provided by the Group. ClimSystems applied hazard scoring based on climate projections derived predominantly from CSIRO and Bureau of Meteorology, consistent with CMIP6 (which underpins the IPCC's Sixth Report).

Percentage (%) and number of sites¹

Supermarkets with a high hazard exposure	5% (40)
Liquor stores with a high hazard exposure	5% (47)
Large facilities with a high hazard exposure (Distribution Centres, Customer Fulfilment Centres, Manufacturing, etc)	0% (0)

Climate-related transition risk metric

The Group has a long-term strategy to convert stores using high-GWP refrigerant gases to lower-GWP refrigerant gases. The capital expenditure plan addresses the risk posed by current legislative requirements while balancing cost, resource constraints and operational risk.

Percentage (%) and number of sites

Supermarkets with natural refrigerants ² in use	16% (141)
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Capital deployment

The separately identifiable amount of capital expenditure, financing or investment we have deployed towards CRROs is set out below.

The amounts disclosed include only expenditure that has been separately identified and reliably quantified. They exclude climate-related expenditure embedded within broader asset renewal, maintenance, operational resilience and capital investment programs where the climate-related component cannot be separately identified or reliably quantified. Accordingly, the amounts disclosed do not represent the Group's total capital deployed in relation to climate-related risks and opportunities.

Separately identified capital expenditure, financing or investment deployed

Climate-related risks and opportunities	\$ 112m
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Internal carbon price

Capital commitments for decarbonisation initiatives are assessed through the Group's established capital expenditure approval processes, including review by the Capital Allocation Committee and, where required, the Board. Climate-related considerations are incorporated into investment assessments where relevant, including the application of an internal carbon price in selected areas, such as, energy and refrigeration-related projects, to support evaluation of the underlying investment.

The internal carbon price applies to Scope 1 and Scope 2 emissions and excludes Scope 3 emissions.

In FY26, the following shadow carbon prices were applied within capital projects to estimate potential Scope 1 and 2 emissions costs. The pricing trajectory is applied relative to the financial year in which the investment decision is made (i.e. Year 1 corresponds to FY26, Year 2 to FY27, and so on):

Period (from investment year)	Shadow carbon price (\$/tonne)
Years 1–3 (FY26–FY28)	\$56
Years 4–7 (FY29–FY32)	\$78
Years 8–10 (FY33–FY35)	\$100
Years 11–15 (FY36–FY40)	\$140
Years >15 (FY41 onwards)	\$170

1. 'High hazard' refers to store locations assessed as having elevated exposure to flood risk, which represents the primary driver of climate-related physical costs for the Group. This reflects physical climate hazard exposure only and does not account for financial value or existing mitigations.
2. Substances occurring naturally in the environment (e.g. ammonia, carbon dioxide) and used in refrigeration, air conditioning, and heat pump systems. They are alternatives to synthetic refrigerants (e.g. chlorofluorocarbon, hydrochlorofluorocarbon) and generally have a low or zero global warming potential and ozone depletion potential.

Climate-related targets

The Group's FY26–FY30 Sustainability Strategy is focused on three strategic pillars – climate, nature and circularity. We have a suite of external targets and commitments that support the delivery of our sustainability strategy, including the climate-related targets set out in Tables 6, 7 and 8 below.

Table 6 – Deliver net zero Scope 1 and Scope 2 GHG emissions by 2050

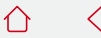
Target	Deliver net zero Scope 1 and Scope 2 GHG emissions by 2050.
Metric used	Tonnes of CO ₂ -e
Objective	The Group aims to decarbonise its operations by eliminating or materially reducing Scope 1 and 2 GHG emissions from activities under its operational control by 2050, consistent with a 1.5°C pathway aligned to the goals of the Paris Agreement. ¹
Scope and application	100% of Scope 1 and Scope 2 GHG emissions from operations over which the Group has operational control, as defined under the NGER Act and consistent with the operational control approach under the GHG Protocol. Scope 2 emissions are measured on a location basis.
Time horizon	Long-term target to be achieved by 2050. This 2050 target is supported by an interim FY30 Scope 1 and Scope 2 emissions-reduction target (≥75% reduction), which provides a defined near-term decarbonisation milestone on the pathway to net zero Scope 1 and Scope 2 GHG emissions by 2050.
Greenhouse gases	The target covers aggregate anthropogenic greenhouse gas emissions expressed as carbon dioxide equivalent (CO ₂ -e), including: - Carbon dioxide (CO₂); - Methane (CH₄); - Nitrous oxide (N₂O); - Hydrofluorocarbons (HFCs); - Perfluorocarbons (PFCs); - Sulphur hexafluoride (SF₆); and - Nitrogen trifluoride (NF₃), where relevant. These gases are reported in accordance with the NGER framework and the GHG Protocol. Nitrogen trifluoride (NF ₃) is not currently material to the Group's operations.
Baseline	The baseline year for this target is FY20. In FY20 the location-based combined Scope 1 and 2 emissions were 1,522,236 tCO ₂ -e (applicable for the Net Zero target). In FY20 the market-based combined Scope 1 and 2 emissions was 1,474,716 tCO ₂ -e (applicable for the FY30 Scope 1 and 2 target). FY20 Scope 1 and Scope 2 emissions were recalculated in FY23 to reflect the sale of the Group's fuel and convenience retailing business to Viva Energy Group Limited in May 2023 and ensure consistency of the baseline with the current organisational boundary under the operational control approach. Baseline emissions are calculated in accordance with: - The NGER framework; - The GHG Protocol Corporate Accounting and Reporting Standard (operational control approach); and - The Group's Sustainability Reporting Process Guide and Basis of Preparation. The Group applies a baseline recalculation policy consistent with the GHG Protocol, whereby the baseline may be adjusted for material structural changes, significant methodological improvements, or correction of significant errors.

1. An international treaty on climate change with an overarching goal to hold 'the increase in the global average temperature to well below 2°C above pre-industrial levels' and pursue efforts 'to limit the temperature increase to 1.5°C above pre-industrial levels'.

Metrics and targets continued

Milestones/ interim targets	- Reduce combined Scope 1 and 2 GHG emissions by more than 75% (FY20 baseline year) by the end of FY30. This is an absolute emissions reduction target and represents the primary interim milestone on the pathway to achieving net zero Scope 1 and Scope 2 GHG emissions by 2050. - Source and maintain 100% renewable electricity for the Group’s operations from FY25.¹ This milestone supports the reduction of Scope 2 emissions and underpins delivery of the FY30 emissions reduction target.
Absolute/Intensity	Absolute
Gross/net	Net GHG emissions target. The associated gross target is to reduce absolute Scope 1 and Scope 2 GHG emissions by at least 90% from the FY20 baseline by 2050. Any residual emissions remaining in 2050 may be neutralised using carbon credits.
Sectoral decarbonisation approach	The Group’s Scope 1 and Scope 2 emissions reduction targets were not derived using a sectoral decarbonisation approach. The FY30 target was developed using an absolute contraction approach and validated by the Science Based Targets initiative (SBTi). The 2050 net zero Scope 1 and Scope 2 target builds on this absolute reduction trajectory.
Carbon credits	The Group does not plan to use carbon credits to achieve its FY30 Scope 1 and Scope 2 emissions reduction target. For its 2050 net zero target, the Group plans to use carbon credits to neutralise residual Scope 1 and Scope 2 emissions remaining after delivery of the associated gross emissions reduction target. Any carbon credits used would be expected to meet recognised quality and integrity principles, with the Group intending to prioritise high-quality credits that deliver credible and durable emissions outcomes. As the Group does not plan to use carbon credits in the short term, it has therefore not yet determined the nature, quality or volume of any credits that may be used in future. Details relating to any carbon credits used will be disclosed in the period in which they are applied.
Alignment with international agreements	The Group’s Scope 1 and Scope 2 emissions reduction targets are informed by the goals of the Paris Agreement, including the objective to limit global temperature rise to well below 2°C and pursue efforts to limit warming to 1.5°C above pre-industrial levels. The FY30 interim target is aligned with a 1.5°C pathway. The 2050 net zero Scope 1 and Scope 2 target reflects the Group’s long-term decarbonisation ambition consistent with the objectives of the Paris Agreement.
Approach to setting target	In developing the Scope 1 and Scope 2 targets, the Group considered: - baseline data; - operational decarbonisation opportunities (including renewable electricity, electrification, energy efficiency and refrigerant transition); - feasibility of implementation within capital planning cycles; and - external climate science and recognised frameworks, including SBTi methodologies.
Approach to reviewing target	Progress against the FY20 baseline and interim milestones is monitored through regular emissions reporting, with quarterly updates provided to the ELT and the Board. Where relevant, the Group applies its baseline recalculation policy, consistent with the GHG Protocol, to reflect material structural changes.

1. Renewable electricity percentage includes voluntary LGCs surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles’ operational control. The JRPP is only applicable in the ACT, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated.



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Approach to monitoring progress	Progress for Scope 1 and 2 GHG emissions is measured in absolute tCO₂-e on at least an annual basis and assessed against both the FY20 baseline and prior reporting year. Emissions data is collected and consolidated in accordance with the Group’s Sustainability Reporting Process Guide and Basis of Preparation and reported to the ELT and the Board. GHG and energy metrics are subject to independent external assurance as disclosed in this Sustainability Report.
Third-party validation	The Group’s FY30 Scope 1 and Scope 2 emissions reduction target has been validated by the SBTi as aligned with a 1.5°C pathway. The 2050 net zero Scope 1 and Scope 2 target has not been separately validated by SBTi under the Net-Zero Standard.
Revisions	No revisions were made to the 2050 net zero Scope 1 and Scope 2 target during the reporting period. There were no changes to the target boundary, baseline year, or measurement methodology in the current reporting period.
Progress achieved during the year and trends	During FY26, the Group achieved an 82.6% reduction in combined Scope 1 and Scope 2 GHG market-based emissions relative to the FY20 baseline. This represents a 7.3% decrease compared with FY25 emissions. During FY26, the Group also achieved a 16.9% reduction in combined Scope 1 and Scope 2 location-based GHG emissions relative to the FY20 baseline. This represents a 4.1% decrease compared with FY25 emissions. These reductions were influenced by: - continued sourcing of 100% renewable electricity for our operations; - reductions in refrigerant emissions; and - energy efficiency initiatives implemented during the year. Since FY20, the Group has delivered a sustained reduction in absolute Scope 1 and Scope 2 emissions, reflecting the implementation of its operational decarbonisation initiatives. Performance against the FY30 interim target (≥75% reduction from the FY20 baseline) indicates that the Group is ahead of the FY30 interim target and on track towards 2050. Annual emissions performance relative to the FY20 baseline is presented in this Sustainability Report through graphical and tabular disclosure.

Table 7 – Deliver 30.3% reduction in Scope 3 Forest, Land and Agriculture sector emissions by the end of FY30 (FY24 baseline year)

Target	Deliver 30.3% reduction in Scope 3 Forest, Land and Agriculture (FLAG) sector emissions by the end of FY30 (FY24 baseline year).
Metric used	Tonnes CO ₂ -e
Objective	The Group seeks to contribute to the goals of the Paris Agreement by setting targets to reduce our GHG Scope 3 emissions.
Scope and application	FLAG sector emissions relate to Category 1 Purchased goods, sold through the Group’s supermarkets and export functions of the business.
Time horizon	By end of FY30.

Metrics and targets continued

Greenhouse gases	Aggregate anthropogenic greenhouse gas emissions and removals associated with FLAG activities, including carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide (N ₂ O), expressed in carbon dioxide equivalent and measured in accordance with AASB S2, using the applicable GHG Protocol guidance.
Baseline	FY24 FLAG emissions were 9.89 Mt CO ₂ -e. The target boundary comprises 6.63 Mt CO ₂ -e, representing 67% of FY24 FLAG emissions.
Milestones/ interim targets	N/A
Absolute/ Intensity	Absolute
Gross/net	Gross
Sectoral decarbonisation approach	The Group's FLAG target was derived using the SBTi FLAG sector pathway.
Carbon credits	N/A
Alignment with international agreements	The Group's FLAG target is informed by the goals of the Paris Agreement, including the objective to limit global temperature rise to well below 2°C and pursue efforts to limit warming to 1.5°C above pre-industrial levels. The target was developed using the SBTi FLAG guidance and target-setting criteria, which translates climate science into sector-specific decarbonisation pathways for relevant land-related emissions and removals across the Group's value chain. The target has been validated by SBTi as consistent with its applicable FLAG criteria.
Approach to setting target	In FY25, the Group established a target to reduce FLAG sector emissions in our supply chain (Category 1 – purchased goods) by 30.3% by end of FY30, relative to an FY24 base year. The target boundary covers key FLAG emissions sources (primarily meat and dairy) in line with SBTi FLAG sector boundary requirements. The Group's FY24 Scope 3 emissions inventory was used to identify the key emissions sources to inform abatement opportunities and design a pathway to achieve the target in the following areas: supplier emissions reduction initiatives, farm efficiency and commercial strategy. This target was subsequently validated by the SBTi in FY25.
Approach to reviewing target	During FY26, the Group focused on reviewing the overall pathways for beef and dairy as the largest FLAG emissions sources. Reviews of the FLAG reduction pathways for the remaining trading areas included within the scope of the FY30 FLAG target boundary will continue during FY27.
Approach to monitoring progress	The Group tracks and reports FLAG target progress quarterly to the Executive Sustainability Committee and the Board. To date, reports have been limited due to data availability and maturity. The Group is progressing a data enhancement program to improve the resolution, coverage and frequency of Scope 3 emissions measurement and reporting from FY26. Progress against the Group's Scope 3 FLAG target is monitored annually by measuring Scope 3 FLAG emissions in tonnes of CO₂ -e and comparing performance with the prior year and baseline year. The emissions inventory used to monitor progress is prepared on a consistent basis with reference to the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) and applicable SBTi FLAG guidance (2026).
Third-party validation	The target is validated by the SBTi.

Revisions	No revisions were made to the target during the reporting period. FY24 base-year emissions are expected to be recalculated in FY27 to reflect changes in emissions measurement methodologies.
Progress achieved during the year and trends	As at the end of FY26, in-boundary FLAG emissions were 1.8% higher compared with FY25. Direct comparison of FY26 emissions with the reported FY24 base year emissions is not currently meaningful because of changes in emissions measurement methodologies. The FY24 base year emissions will therefore be recalculated in FY27 to enable progress against the target to be assessed on a consistent basis. FLAG emissions reductions are not yet evident, reflecting the early stage of development of supporting activities, the time required to implement and measure agricultural abatement, immaturity of emissions reduction technologies, demand dynamics and reliance on suppliers. While achieving the FY30 target will be challenging and complex, the Group remains committed to delivering decarbonisation activities to demonstrate progress towards the target. Further detail on our FLAG emissions is available at www.colesgroup.com.au/sustainabilitysupplement .

Table 8 – Achieve Scope 3 supplier engagement target of 80% of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based emissions reduction targets by the end of FY29

Target	Achieve Scope 3 supplier engagement target (SET) of 80% of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based emissions reduction targets by the end of FY29.
Metric used	Percentage of suppliers by spend to have science-based emissions reduction targets by the end of FY29. The Group uses the SBTi guidance on what constitutes a science-based emissions reduction target. This guidance informs the Group's Science-Based Target criteria, which includes: (a) target boundary (coverage of scopes, emission types and subsidiaries); (b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3); (c) target type (absolute, intensity, or engagement); (d) base year (≥2015); (e) target year (near-term minimum 5 years and maximum 10 years, and long-term maximum 2050); and (f) target reduction/ambition (Scope 1 and Scope 2 1.5°, Scope 3 near-term well below 2° and long-term 1.5°). Further detail is available at – suppliercentral.coles.com.au.
Objective	With more than 90% of our emissions originating from within our supply chain, meaningful engagement and collaboration with our suppliers is essential to the success of the Group's decarbonisation pathway and to reduce transition risks associated with our supply chain.
Scope and application	Suppliers by spend covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets.
Time horizon	By FY29.
Baseline	N/A
Milestones/ interim targets	N/A
Absolute/ Intensity	N/A – supplier engagement target.

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Alignment with international agreements	Informed by the Paris Agreement.
Approach to setting target	The Group originally established a SET in August 2023, which was validated by SBTi, that ‘75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27’. During SBTi’s validation of our FY30 FLAG target, the Group was required to separate FLAG sector emissions from the SET boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our target was modified from 75% to 80% and the target date extended from the end of FY27 to the end of FY29.
Approach to reviewing target	As part of our approach to supplier engagement, the Group collects qualitative data from suppliers, including (but not limited to): whether suppliers measure GHG emissions; whether they have science-based targets; intentions to set targets in the future; key barriers to target setting; and areas where the Group could provide greater support. During FY27, the Group will undertake a review of target achievement, with a key focus on whether the SET is effectively enabling our core objective: decarbonising the supply chain, with emphasis on emissions hotspots (i.e. sources of higher emissions).
Approach to monitoring progress	Progress is measured by the percentage of suppliers, calculated by spend, to have science-based emissions reduction targets. The Group has due diligence processes for assessing supplier targets that have not been validated by the SBTi. The process starts with members of the dedicated Sustainability Supplier Engagement team reviewing publicly available information about the suppliers’ targets against the Group’s Science-Based Target criteria and documenting findings in the Group’s Supplier Target Checklist. In instances where not all information is available publicly, the Group will ask the supplier to complete the Group’s Supplier Target Checklist to enable assessment of target alignment. Target details provided to the Group are assessed, to ensure alignment with key criteria. Once confirmed, the results are documented and progress calculations are updated.
Third-party validation	The target is validated by the SBTi.
Revisions	No revisions were made to the target during the reporting period.
Progress achieved during the year and trends	As at the end of FY26, approximately 46.9% of suppliers by spend have set Scope 1 and 2 science-based emissions targets, and 41.1% of suppliers set both Scope 1 and 2, and Scope 3 science-based emissions reduction targets. This represents a 4.6% and 2.7% increase respectively from the beginning of FY26. Progress during the year has been slower than anticipated, and we are currently not on track to achieve our FY29 target. While we achieved a modest net increase over the year, progress slowed as the pipeline of suppliers able to meet SBTi criteria narrowed. Some of the Group’s suppliers face challenges in setting SBTs, including in relation to limited internal capability and resources, emissions data limitations, cost pressures and uncertainty about how requirements apply to their operations.

Basis of preparation, judgements and assumptions

Measurement approach, inputs and assumptions

In preparing this Sustainability Report, the Group applied judgement in order to identify the climate-related risks and opportunities that could reasonably be expected to affect its prospects, and to determine the material information for disclosure. The most significant judgements were associated with:

- the identification of climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects;
- determining which information about the identified climate-related risks and opportunities was material and should be disclosed, considering the nature and magnitude of the potential financial effect, the applicable time horizons, quantitative financial thresholds and qualitative factors relevant to the decision of primary users;
- the selection of climate scenarios, inputs and key assumptions for scenario analysis; and
- the assessment of whether climate-related financial effects could be measured with sufficient reliability, including whether measurement uncertainty was so high that quantitative information would not provide useful information to primary users.

Where amounts could not be measured directly, the Group used reasonable and supportable information available at the reporting date, including internal data, external sources and historical experience.

Scope 1 and Scope 2 emissions are measured using relevant NGER methods and emissions factors. Scope 2 emissions are disclosed on a location-basis, with market-based Scope 2 emissions presented as supplementary information.

The Group’s main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel generators for onsite back-up. The Group reports refrigerant emissions based on the NGER method 3 emissions where data is calculated based on replenishments of refrigerant gases in the equipment onsite managed by a third-party contractor. Other emissions sources are similarly quantified based on actual consumption or the replenishment of fuel onsite. Coles applies this measurement approach because it delivers a high level of reporting accuracy while appropriately balancing the effort required to collect, manage, and maintain the underlying data.

The Group’s Scope 2 emissions are those associated with our electricity purchases and make up the bulk of our combined Scope 1 and Scope 2 emissions. The Group has adopted a dual reporting methodology to ensure our disclosures accurately represent the measures taken to achieve 100% renewable electricity. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (predominantly using the grid-average emission factor data). Under the market-based method, Coles reports emissions in accordance with our contractual arrangements with renewable electricity generators and retailers, including electricity supply agreements and LGC arrangements (see the *Contractual instruments* section on page 74).

Scope 3 emissions are the indirect GHG emissions associated with our value chain and make up more than 90% of our total GHG emissions. This encompasses relevant upstream and downstream activities. Upstream emissions arise from the goods and services we purchase, with the primary source coming from suppliers and partners within our supply chain. Downstream emissions occur from products and services we sell, including use of sold products, end-of-life treatment of sold products and investments.

The Group has considered all 15 categories of Scope 3 emissions as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). The Scope 3 emissions inventory includes those categories assessed as material.

Scope 3 emissions have been measured in accordance with the GHG Protocol Corporate Standard, as required by AASB S2, and using the Scope 3 measurement framework in AASB S2 Appendix B to select and prioritise measurement approaches, inputs and assumptions.

Category 10 (processing of sold products), Category 13 (downstream leased assets), and Category 14 (franchises) are not applicable to the Group’s Scope 3 boundary. Category 9 (downstream transport and distribution) is largely not applicable, with customer transport representing the primary potential downstream activity considered and excluded on the basis of materiality. Category 11 (indirect use of sold products) and certain elements of Category 5 (waste transport and recycling) have also been excluded where assessed as immaterial to the Group’s Scope 3 emissions inventory.

The Group prioritises the use of primary activity data from specific activities within its value chain where available. The extent of primary data used varies across Scope 3 categories. Where supplier-specific or activity-based data is not available, emissions are estimated using spend-based methodologies and industry-average emissions factors sourced from recognised databases and external sources.

The Group applies internal data quality and governance procedures over Scope 3 activity data and calculations, including completeness checks, trend analysis, peer review, and management review prior to finalisation. These procedures support the reliability of reported Scope 3 emissions but do not constitute independent verification of all underlying value chain inputs. Further information on Scope 3 measurement approaches, inputs and assumptions is provided in Table 10.

Emissions factors

The emissions factors and measurement approach used for Scope 1 and 2 emissions are set out in Table 9 on the following page.

The emissions factors and measurement approach used for each category of Scope 3 emissions are set out in Table 10 on page 72.

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Basis of preparation, judgements and assumptions

Basis of preparation, judgements and assumptions continued

Table 9 – Measurement approach, inputs and emissions factors for Scope 1 and 2 emissions reporting

Emission scope	Measurement approach, inputs, and assumptions	Emission factors	Reason for choice
Scope 1	- Scope 1 includes direct emissions from refrigerant gases, natural gas, transport fuels, and stationary fuels. Fuel emissions are calculated by multiplying the relevant quantity consumed by the applicable fuel-specific emission factor. Refrigerant emissions are calculated using refrigerant top-up quantities as a proxy for leakage, consistent with National Greenhouse and Energy Reporting (NGER) method 3. Refrigerants: actual refrigerant top-up quantities, in kilograms, are provided by refrigeration and facilities-management service providers. Where year-end actual data is unavailable, estimated consumption is based on historical consumption patterns from the most recent five years. Natural gas: consumption data is obtained primarily from utility invoices. Where year-end actual data is unavailable, Coles' energy and emissions reporting system generates an accrual using seasonally weighted current and prior-year data. Transport fuels: quantities are obtained from supplier reports, fuel-card data and fleet or site records. This category includes diesel, petrol and E10 used in vehicles under Coles' operational control. Where year-end actual data is unavailable, estimated consumption is based on historical consumption patterns from the most recent five years. Stationary fuels and others: quantities are obtained from supplier invoices, service-provider records, and site records. This category includes stationary diesel and LPG, as well as heating oil and bulk carbon dioxide. Where year-end actual data is unavailable for material fuel types, estimated consumption is based on historical consumption patterns from the most recent five years.	- Emission factors for refrigerants are sourced principally from the Australian National Greenhouse Accounts Factors: 2025, with Global Warming Potentials (GWP) values from the Fifth Assessment Report (AR5) used. The factors are applied to the relevant activity data in calculating emissions. - Emission factors for other Scope 1 sources are sourced principally from the Australian National Greenhouse Accounts Factors: 2025. Managed factors are updated in Coles' energy and emissions reporting system, while applicable custom factors are maintained by Coles and its reporting service provider. The factors are applied to the relevant activity data in calculating emissions.	- The Group has chosen this approach as it uses methodologies from the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGER Act). Activity-based information is used where reasonably available. Refrigerant top-up data provides a practical measure of gas lost from equipment, while the treatment of bulk carbon dioxide represents a conservative assumption that none of the gas remains permanently contained in the packaged product. - Coles reports refrigerant emissions from in-scope refrigeration and air-conditioning equipment, including those with charge of less than 100 kg and a global warming potential (GWP) less than 1,000. This approach has been adopted to improve the completeness and transparency of emissions reporting and extends beyond the requirements under the National Greenhouse and Energy Reporting (NGER) framework.



Emission scope	Measurement approach, inputs, and assumptions	Emission factors	Reason for choice
Scope 2 — location-based	- Location-based Scope 2 emissions are measured in accordance with the NGER framework. Electricity purchased from the grid is multiplied by the applicable state or territory grid emission factor. Electricity consumption is sourced primarily from utility invoices. Where invoice data is unavailable at the reporting cut-off, interval meter data is used where available. Otherwise, Coles' energy and emissions reporting system generates an accrual using seasonally weighted current- and prior-year data.	State- and territory-based electricity emission factors are sourced from the Australian National Greenhouse Accounts Factors: 2025. The applicable factors are configured in Coles' energy and emissions reporting system and applied to the relevant activity data.	- State and territory-based factors best represent the average emissions intensity of the electricity grid in the location where the electricity was consumed. They are published by the Australian Government, updated periodically and are consistent with the factors used for Australian regulatory reporting. - The approach used for all location-based Scope 2 emissions reporting have been chosen to align with jurisdictional requirements in accordance with the NGER framework.
Scope 2 — market-based	- Market-based Scope 2 emissions are reported in addition to location-based emissions to reflect the emissions outcomes associated with Coles' contractual renewable electricity arrangements and to measure performance against its Scope 2 emissions reduction targets. The calculation is prepared in accordance with the GHG Protocol Scope 2 Guidance and Voluntary market-based Scope 2 emissions guideline from the Clean Energy Regulator (CER). Renewable electricity is recognised through the applicable Renewable Power Percentage, the ACT Jurisdictional Renewable Power Percentage, eligible onsite solar generation, eligible solar supplied under power purchase arrangements, and Large-scale Generation Certificates (LGC) voluntarily surrendered for Coles' electricity consumption. Any remaining electricity is calculated using the applicable residual mix factor. Electricity consumption is sourced from utility invoices and interval meter data. Solar generation is sourced from Coles' energy and emissions reporting system and relevant solar-monitoring platforms. The Renewable Power Percentage is sourced from the Clean Energy Regulator.	The Jurisdictional Renewable Power Percentage and residual mix factor are sourced from the Australian National Greenhouse Accounts Factors: 2025. Voluntary renewable electricity claims are supported by records of Large-scale Generation Certificates surrendered on Coles' behalf.	- The market-based method reflects the emissions impact of Coles' contractual electricity purchasing decisions and renewable electricity arrangements. Coles' total electricity consumption is matched with eligible renewable electricity sources and surrendered certificates. Following this approach, Coles had no unmatched electricity consumption and therefore zero market-based Scope 2 emissions, subject to final year-end reconciliation. - The approach used for all market-based Scope 2 emissions reporting have been chosen to align with jurisdictional requirements and the GHG Protocol Corporate Standard to ensure emissions are measured in accordance with ASRS requirements.

Basis of preparation, judgements and assumptions continued

Table 10 – Measurement approach, emissions factors, inputs, and assumptions used for the material Scope 3 categories

Category	Measurement approach and inputs	Data quality and verification	Emission factors	Assumptions and limitations
Category 1 (Purchased goods and services)	- Primary data (product mass and volume) used to estimate emissions for priority commodities within Goods for Resale (GFR), where available - Primary data (spend) used to estimate emissions using spend-based methods for remaining GFR and Goods not for Resale (GNFR) - Primary and secondary emissions factors applied	- Emissions factors selected based on availability, geographic relevance and recency at the reporting date - Data inputs based primarily on 12-month FY26 data and some 9 month extrapolated FY26 data - Inputs subject to internal validation	- Coles study by consultants (2020 reference report) – meat - LCA databases – other key commodities - Department for Environment, Food & Rural Affairs (DEFRA) UK spend-based factors	- Limited use of supplier data when estimating emissions - Reliance on industry average emissions factors that may be several years old and cover different geographies (subject to availability) - Spend-based estimates are inherently uncertain - International factors are used where suitable Australian factors are unavailable
Category 2 (Capital goods)	- Primary data (spend) used to estimate emissions using spend-based methods - Secondary emissions factors applied	- Data inputs based on 12-month FY26 data - Inputs subject to internal validation	DEFRA UK spend-based factors	- Spend-based estimates are inherently uncertain - International factors are used where suitable Australian factors are unavailable
Category 3 (Fuel- and energy-related activities)	- Primary data (measured energy and fuel consumption) used to estimate emissions - Secondary emissions factors applied - Electricity-related emissions calculated using location and market-based methods	- Data inputs based on 11 months of actual FY26 data extrapolated to 12 months - Inputs subject to internal and external validation	National Greenhouse Accounts (NGA) Factors	Not applicable
Category 4 (Upstream transportation and distribution)	- Primary data (spend) and secondary data (average fuel prices) used to estimate transport fuel volumes used to estimate emissions for primary and secondary transport activities - Primary supplier-specific activity data used to estimate third-party logistics (3PL) provider activities - Primary data (spend) used with spend-based methods to estimate emissions where activity data was not reasonably available - Secondary emissions factors applied	- Data inputs based on 12-month FY26 data (primary and secondary transport) and 9-month extrapolated FY26 data (3PL and subsidiaries) - Inputs subject to internal validation	NGA Factors	- Some minor data gaps are noted in 3PL distribution centre emissions reporting - Assumes 3PL data provided is accurate and complete

Category	Measurement approach and inputs	Data quality and verification	Emission factors	Assumptions and limitations
Category 5 (Waste generated in operations)	- For waste generated in operations: Primary data (waste volumes by stream), used to estimate emissions - For water and wastewater used in operations: Primary data (water volumes) used to estimate water and wastewater emissions - Secondary emissions factors applied	- Data inputs based on 12-month FY26 data - Inputs subject to internal and external validation	- NGA Factors - AusLCI (v1.42)	Supermarket water use is extrapolated using average use from metered stores
Category 6 (Business travel)	- Primary data (distance and hotel nights) used to estimate emissions associated with hire-car, air and rail travel, and accommodation - Primary data (spend) used with spend-based methods for other travel categories where activity data was not reasonably available at the reporting date - Secondary emissions factors applied	- Data inputs based on 9 months of actual FY26 data extrapolated to 12 months - Inputs subject to internal validation	- Air, rail travel and accommodation – DEFRA UK Conversion Factors - Hire car – EPA Victoria and DEFRA UK spend-based factors - Ride sharing – DEFRA UK spend-based factors	Spend-based estimates are inherently uncertain
Category 7 (Employee commuting)	- Estimated emissions calculated using secondary data (ABS commuting statistics) for transport mode and commuting distance estimates, and primary workforce data (FTE) - Secondary emissions factors applied	- Data inputs based on 9-months' actual FY26 data extrapolated to 12 months - Inputs subject to internal validation	- EPA Victoria greenhouse gas inventory and management plan - DEFRA UK Conversion Factors	- Estimates for distance travelled are based on Australian Bureau of Statistics Census data, assumed to be representative of Coles' workforce - Assumes all FTE worked 225 days during FY26 - International factors are used where suitable Australian factors are unavailable
Category 8 (Upstream leased assets)	- Primary data (lessor emissions data) used where available - Estimated emissions calculated using average-emissions intensity where lessor data was not reasonably available	- Data inputs based on 9-months' actual FY26 data extrapolated to 12 months - Inputs subject to internal validation	N/A – emissions based on lessor-reported data	- Coles requested data from its major lessors, with data received from some lessors and data gaps filled based on average emissions per shopping centre by centre class/type - Assumes lessor data provided is accurate and complete - Available lessor emissions intensity is assumed to be representative of comparable leased assets

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Category	Measurement approach and inputs	Data quality and verification	Emission factors	Assumptions and limitations
Category 11 (Use of sold products)	- Primary data (product sales volumes) used with product use-phase assumptions and secondary emissions intensity data to estimate lifecycle emissions - Secondary emissions factors applied	- Data inputs based on 12-month FY26 data - Inputs subject to internal validation	- NGA Factors - Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Australian-average forecasts	- Assumptions on the use and lifecycle of products by category were used to estimate emissions - Product lifecycle emissions were estimated using an average grid emissions intensity factor based on DCCEEW's Australian-average forecasts from 2025 to 2041 (Australia's Emissions Projections)
Category 12 (End-of-life treatment of sold products)	- Secondary national waste datasets and market share assumptions used to estimate landfill emissions associated with organic waste and packaging - Secondary emissions factors applied	- Data inputs based on publicly available national waste data and market share information - Inputs subject to internal validation	- NGA Factors - AusLCI (v1.42)	High-level estimate of emissions based on national data and Coles market share, given data limitations
Category 15 (Investments)	Primary emissions data provided by joint venture used to account for Coles' proportional ownership share of Scope 1 and 2 emissions	- Data inputs based on 9-months' actual FY26 data extrapolated to 12 months - Inputs subject to internal validation	N/A – emissions reported by joint ventures	Joint venture emissions provided to Coles are accurate and complete

Contractual instruments

Our Scope 2 emissions are those associated with our electricity purchases. We draw much of our electricity from national and regional electricity grids, which means we do not always control the source of the electricity we directly consume. Instead, we enter large-scale generation certificate (LGC) arrangements that match what we consume.

An LGC is a tradeable certificate created for every megawatt hour (MWh) of eligible renewable electricity, generated by accredited large-scale renewable energy power stations, such as wind farms and solar farms, under the Renewable Energy Target. The purchase and surrender of LGCs provide Coles with verifiable evidence that the electricity claimed under the market-based method is sourced from accredited renewable electricity generators.

Purchasing LGCs demonstrates that an equivalent amount of renewable electricity has been produced to match Coles' consumption, while surrendering the certificates substantiates Coles' market-based Scope 2 emissions disclosures by ensuring no other entity can make a claim on the same unit of renewable electricity.

We have multiple LGC agreements in place, with a range of clean energy generators and retailers, to purchase electricity and LGCs as part of our strategy to reduce market-based Scope 2 emissions. Our LGC-bundled power purchase agreements and long-term LGC agreements source the certificates from wind and solar farms across Victoria, NSW, South Australia and Queensland.

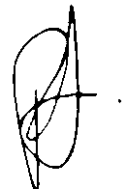
Directors' Declaration

The directors of the Company declare that, in the directors' opinion, the Company has taken reasonable steps to ensure that the substantive provisions of this Sustainability Report are in accordance with the *Corporations Act 2001* (Cth), including:

(a) disclosure of the matters included in section 296D of the *Corporations Act 2001* (Cth); and

(b) complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures.

Signed in accordance with a resolution of the directors.


Peter Allen
Chairman
25 August 2026

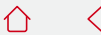

Leah Weckert
Managing Director and Chief Executive Officer
25 August 2026

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Pictured: Coles team members with one of two 0.8 MW solar systems at our Fresh MilkCo production facilities. The systems are expected to reduce annual grid electricity consumption by an average of 19.31%.

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Corporate governance overview

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

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

The role of the Board

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

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

Board composition, skills and experience

The Constitution provides that the number of directors shall be not less than three directors and not more than 10 directors. The Board is currently comprised of eight directors. The current mix of skills and experience represented on the Board is set out in the Board Skills Matrix on page 87.

Board focus areas and activities in FY26

As part of its annual program, recurring items before the Board and/or Committees include strategy, safety, operations and performance, financial management and external reporting, people and culture, risk and sustainability. Directors also receive in-depth briefings from management and subject matter experts on material issues, as well as deep dives into particular focus areas.

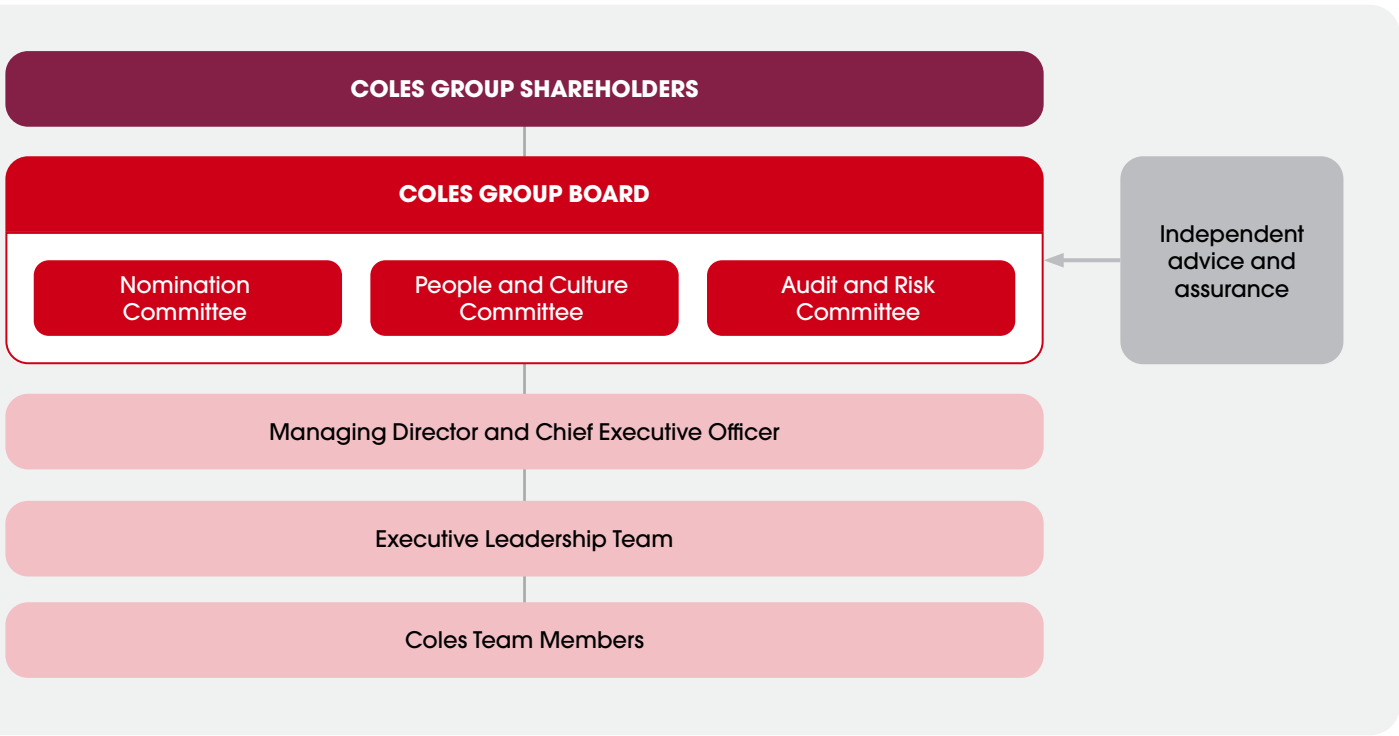
In FY26, this included presentations on the global and domestic economy and financial markets, cyber security and the cyber threat environment, and artificial intelligence.

As part of the implementation of the Australian Sustainability Reporting Standard S2 Climate-related Disclosures in FY26, the Directors received presentations in relation to the mandatory reporting requirements and climate transition, including decarbonisation and transition planning. Further information on the Board's oversight of climate and climate-related responsibilities is provided in the *Governance* section of the Sustainability Report commencing on page 58.

During the year, the Directors also participated in store, site and supplier visits.



Coles' 2026 Corporate Governance Statement contains a comprehensive overview of our corporate governance framework and is available at colesgroup.com.au/corporategovernance.



Board of Directors



Peter Allen
Chairman and Non-executive Director

BAppSc (Valuation)

Age: 65



Peter Allen has been a Non-executive Director of the Company since 1 September 2024, and Chairman since 1 May 2025.

Peter has extensive executive and board experience spanning listed property, retail-facing businesses, finance and international banking. His career includes chief executive and chief financial officer roles, leadership of large and complex organisations through structural change, and oversight of major property portfolios and investment programs. He also brings a practical perspective from his family's agricultural enterprise.

From 2014 to 2022, Peter was the inaugural Managing Director and Chief Executive Officer of Scentre Group, following the restructure of Westfield Group. During an 18-year career with Westfield Group, he held a range of senior executive positions, including Executive Director and Chief Financial Officer of Westfield Group and Chief Executive Officer of Westfield UK/Europe.

Prior to joining the Westfield Group, Peter held leadership roles with Citibank in Australia, the United Kingdom, Europe and the United States. Peter and his family also own and operate a 4,500-acre sheep and cattle enterprise in the central west of New South Wales, specialising in lamb and beef production. Peter is currently a director of Built Group Holdings Pty Ltd and the Victor Chang Cardiac Research Institute.

Peter brings seasoned executive and board experience, including leading major listed organisations through growth and transformation. His expertise in property development, acquisitions, asset management and major retail relationships supports the Board's oversight of Coles' store network and capital program. Peter's leadership of retail-facing businesses brings a strong customer perspective and insight into evolving expectations, including the role of digital capability in enhancing customer experience. His international, governance and agricultural experience further informs the Board's consideration of strategy, risk, stakeholder engagement and the broader food supply system.



Leah Weckert
Managing Director and Chief Executive Officer

BEng (Hons), BSc, MBA, GAICD

Age: 47



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

Leah has deep experience across the retail and fast-moving consumer goods sectors, developed through senior leadership roles spanning strategy, finance, operations, people and culture, merchandising and commercial management. Her career has given her an end-to-end understanding of Coles, its customers, team members, suppliers and operations, as well as experience in major corporate transactions and business transformation.

Leah joined Coles in 2011 and, prior to becoming Managing Director and Chief Executive Officer, held several senior executive roles, including Chief Executive, Commercial & Express, with responsibility for the Supermarkets and Coles Express businesses, and Chief Financial Officer. As Chief Financial Officer, she led the 2018 demerger of Coles from Wesfarmers. Leah's other roles at Coles have included Director Strategy, Director People & Culture, State General Manager Victoria Operations, and General Manager Merchandise, Strategy and Innovation.

Before joining Coles, Leah worked at McKinsey & Company, advising consumer-facing businesses across grocery, general merchandise and discount retail, aviation, retail banking and telecommunications on strategy and transformation. She also worked in Strategy and Business Development at Foster's Group. Leah is currently a director of the Consumer Goods Forum.

Leah brings deep expertise in strategy formulation and execution, strong commercial and financial acumen, extensive operational and consumer knowledge, and an enterprise-wide understanding of Coles. Her leadership experience and disciplined approach support the delivery of Coles' strategy, sustainable performance and long-term shareholder value. She is committed to building trust and enduring relationships across Coles' diverse stakeholder community – including customers, team members, suppliers, shareholders, governments and communities – and to ensuring Coles continues to make an important contribution to Australian communities.

Board of Directors continued



Jacqueline Chow
Non-executive Director
MBA, BSc (Hons), FAICD
Age: 54

B

A

N

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

Non-executive Director of Reece Limited (since October 2025), Boral Limited (March 2022 to July 2024), nib Holdings Limited (since April 2018), Charter Hall Group (since February 2021).

Jacqueline Chow has been a Non-executive Director of the Company since 19 November 2018.

Jacqueline has a global career across consumer products, food and dairy, with experience as a senior executive, adviser and non-executive director. Her background encompasses customer-led growth, commercial operations, large and complex supply networks, transformation, corporate brand and reputation, sustainability and engagement across business and government.

Jacqueline was previously a Non-executive Director of Boral Limited and, from 2016 to 2019, a Director of Fisher & Paykel Appliances. Her executive career included serving as Chief Operating Officer, Global Consumer and Food Service, at Fonterra Co-operative Group, one of the world’s largest dairy producers and exporters. Before Fonterra, she held senior management positions with Campbell Arnott’s and Kellogg Company.

Jacqueline also served as Programme Steering Group Director with New Zealand’s Ministry for Primary Industries and as Deputy Chairman of the Global Dairy Platform Inc. Jacqueline is currently a Non-executive Director of Reece Limited, nib Holdings Limited and Charter Hall Group. Jacqueline is also the Chairman of the Australia–Israel Chamber of Commerce of NSW and Queensland and a Senior Advisor in McKinsey’s Transformation practice.

Jacqueline’s extensive experience in the fast-moving consumer goods sector brings a strong customer lens and deep understanding of consumer behaviour, brands and market dynamics. Her experience in commercial operations and complex supply networks supports the Board in assessing and overseeing strategic execution, business resilience, supplier relationships, risk management and sustainability. She also brings broad governance experience across listed companies and other organisations.



Abi Cleland
Non-executive Director
MBA, BCom/BA
Age: 52

B

P

N

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

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

Abi Cleland has been a Non-executive Director of the Company since 19 November 2018.

Abi has broad executive, advisory and board experience across a diverse range of industries, including retail, technology, industrials, packaging, professional services and financial services. Her career has focused on strategy, mergers and acquisitions, commercial performance, innovation and leveraging digital opportunities.

From 2012 to 2017, Abi established and led Absolute Partners, a management and advisory business focused on building businesses by providing strategic, M&A, digital and transformation advice and management expertise.

Before that, she was Managing Director at KordaMentha’s 333 and held senior management roles at ANZ Banking Group Limited, Incitec Pivot Limited and Amcor Limited. Abi’s previous non-executive portfolio includes directorships of Sydney Airport Corporation Limited and Orora Limited.

She was also chair of Planwise AU, a Director of Swimming Australia and a member of the Lazard PE Fund advisory committee. Abi is currently a Non-executive Director of Bendigo and Adelaide Bank Limited, Computershare Limited and Queensland Airports Limited.

Abi brings a broad cross-industry perspective, astute strategic and commercial judgement, and substantial experience evaluating investments, transactions and growth options.

Her background in M&A and portfolio decision-making supports disciplined consideration of capital and strategic priorities, while her digital experience helps the Board assess technology-enabled opportunities, emerging competitors and changing customer expectations. Her varied board and executive roles also contribute valuable insight into governance, organisational performance and risk across different operating environments.



Richard Freudenstein
Non-executive Director
LLB (Hons), BEc
Age: 61

B

P

N

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

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

Richard Freudenstein has been a Non-executive Director of the Company since 19 November 2018.

Richard has extensive leadership and board experience across global media, digital platforms, technology and consumer businesses. His career includes chief executive and chief operating officer roles in large, complex and regulated organisations, together with substantial experience in commercial strategy, digital disruption, customer markets and governance.

Richard was Chief Executive Officer of Foxtel from 2011 to 2016, Chief Executive Officer of The Australian and News Digital Media at News Limited from 2006 to 2010, and Chief Operating Officer of British Sky Broadcasting plc from 2000 to 2006. His previous board positions include Ten Network Holdings Limited, Foxtel, Astro Malaysia Holdings Berhad and Appen Limited. He was also previously Deputy Chancellor of University of Sydney.

Richard is currently a Non-executive Director of REA Group Limited (where he was Chairman from 2007 to 2012) and Cochlear Limited. He is also a board member of Cricket Australia.

Richard brings a strong consumer and commercial perspective, grounded in leading businesses where technology, content, regulation and changing customer behaviour are central to success. His experience supports the Board’s consideration of digital business models, innovation and strategic execution. He also contributes informed oversight of AI governance and strategy through his technology board experience, together with a broad generalist perspective, sound judgement and significant experience operating in regulated industries and complex stakeholder environments.



Andrew Penn AO
Non-executive Director
MBA, FCCA, HFAIPM
Age: 63

B

A

N

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

Chairman of Sharon AI Holdings, Inc. (since May 2026)

Andy Penn has been a Non-executive Director of the Company since 1 December 2023.

Andy has had an extensive executive career across telecommunications, technology and financial services, including serving as both a chief executive and chief financial officer in highly regulated industries. He has led large-scale growth and transformation programs and brings deep experience in strategy, international operations, technology, cyber security, government engagement, digital and physical infrastructure and public policy.

From 2015 to 2022, Andy was Chief Executive Officer and Managing Director of Telstra. He was also previously Telstra’s Chief Financial Officer and Group Executive International. Before joining Telstra, Andy spent 23 years with AXA, including as Group Chief Executive Officer and Chief Financial Officer of AXA Asia Pacific Holdings. Andy’s current advisory and non-executive roles span technology/AI, cyber security, national intelligence, business strategy and transformation, tourism and the arts.

He is Chairman of Sharon AI, Chairman of Visit Victoria, a Senior Advisor with McKinsey & Company, and an Advisor to the Office of National Intelligence, the Australian Signals Directorate and Quintessence Labs. He is a member of the Quad Investors Network of the American Frontier Fund and the Council of Trustees of the National Gallery of Victoria.

Andy brings extensive public company leadership, board-level governance and strategic experience across telecommunications, financial services, technology and digital infrastructure. As a former CEO and CFO, he has led major organisations in different regulated industries, and has deep expertise in growth, transformation and execution at scale. His knowledge of artificial intelligence, technology, cyber security, public policy and engagement with government and regulators supports the Board’s oversight of strategic risk and organisational resilience.

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Board of Directors continued



Scott Price
Non-executive Director
BA, MBA, MA
Age: 65

B

P

N

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

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



Wendy Stops
Non-executive Director
BAppSc (Information Technology), FAICD
Age: 65

B

A

N

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

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

Scott Price has been a Non-executive Director of the Company since 1 October 2022.

Scott has extensive global leadership experience across retail, logistics and consumer goods, with senior roles in Asia, Europe and the United States. His career combines responsibility for large store-based businesses and complex international networks with experience in strategy, transformation, sourcing, technology, real estate and sustainability.

Scott has been Group Chief Executive of DFI Retail Group Holdings Limited since 1 August 2023. Prior to joining DFI Retail Group, Scott was a senior executive at UPS where he held various roles including Executive Vice-President and President of UPS International and Chief Strategy and Transformation Officer, with responsibility for strategic planning, Global Business Services and the Advanced Technology Group. From 2009 to 2015, Scott led Walmart’s Asia store business, before relocating to the United States to lead global sourcing, international technology, real estate and strategy until 2017.

Earlier in his career, Scott was President and Chief Executive Officer of DHL Asia and then DHL Europe, having commenced his career with The Coca-Cola Company in Asia. Scott is currently also a director of the Consumer Goods Forum, a member of the Advisory Board to the World Retail Congress, a member of the Board of Governors of The American Chamber of Commerce in Hong Kong and a trustee on the Board of Trustees of Carnegie Hall.

Scott brings first-hand experience as the CEO of a major retail business and a global perspective on customers, operations and competition. His understanding of how digital and omnichannel models are reshaping retail supports the Board’s consideration of customer shopping preferences, technology investment and business model resilience. He also contributes deep expertise in complex supply networks, transformation and sustainability, together with strong commercial judgement and governance experience gained across multinational organisations.

Additionally, she was previously Chair of the Melbourne Business School’s Centre for Business Analytics and a member of the Expert Advisory Committee to the Digital Technology Taskforce of the Department of Industry, Science and Resources.

Wendy is currently a Non-executive Director of the Melbourne Business School, the PwC Australia Governance Board and Hall & Wilcox, Chairman of the Advisory Board for the Melbourne Business School’s Institute of Digital Innovation and Artificial Intelligence, Chair of the Fitted for Work Future Fund and a member of the AICD’s Governance of Innovation and Technology Panel.

Wendy brings deep experience in large-scale IT transformation, leadership and risk management. Her background enables the Board to challenge and support major technology programs, assess the governance of digital innovation and AI, and consider the organisational changes needed to realise benefits and manage associated risks. Her executive and board experience also contributes valuable insight into controls, accountability, people leadership and the oversight of complex change across large organisations.

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

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

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Executive Leadership Team



Leah Weckert
Managing Director &
Chief Executive Officer



Sharbel Raymond (Charlie) Elias
Chief Financial Officer



Anna Croft
Chief Commercial &
Sustainability Officer



Matt Swindells
Chief Operations &
Supply Chain Officer



David Brewster
Chief Legal & Safety Officer



Michael Courtney
Chief Customer Experience Officer



Claire Lauber
Chief Executive, Liquor



Clive Mathieson
Group Corporate Affairs Officer



Daniella Pereira
Group Company Secretary



Deborah Yates
Chief People Officer



Pictured: Children participating in Coles Community Round activities at St George Little Athletics Centre, NSW. Coles Community Round is a celebration of the Coles Little Athletics partnership at Little Athletics centres across Australia.

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Directors’ Report

The Directors present their report on the consolidated entity consisting of Coles Group Limited (‘the Company’) and its controlled entities at the end of, or during, the financial year ended 28 June 2026 (collectively, ‘Coles’ or ‘the Group’).

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

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

Directors

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

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

The *Board of Directors* section on pages 83 to 86 sets out information about the current Directors’ qualifications, experience, special responsibilities and other directorships.

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

Former Director	Position held	Period as a Director
Terry Bowen	Independent, Non-executive Director	Appointed 1 October 2022 Retired 15 October 2025

Group Company Secretary

Daniella Pereira LLB (Hons), BA

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

Directors’ meetings

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

Director – Current ^{1,2}	Board		Audit and Risk Committee		People and Culture Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Allen	13	13	6	6	5	5	4	4
Leah Weckert	13	13						
Jacqueline Chow	13	12	6	6			4	4
Abi Cleland	13	13			5	5	4	4
Richard Freudenstein	13	13			5	5	4	4
Andrew Penn	13	12	6	6			4	4
Scott Price	13	13			5	5	4	4
Wendy Stops	13	13	6	6			4	4
Director – Former ^{1,2}								
Terry Bowen ³	4	3	2	2			1	1

1. ‘Held’ indicates the number of meetings held during the period that the Director was a member of the Board or Committee.
2. ‘Attended’ indicates the number of meetings attended during the period that the Director was a member of the Board or Committee.
3. Terry Bowen retired as a Non-executive Director of Coles Group Limited on 15 October 2025.

Directors’ shareholdings in the Company

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

Director	Number of shares held ¹
Peter Allen	20,000
Leah Weckert ²	496,129
Jacqueline Chow	17,000
Abi Cleland	19,816
Richard Freudenstein	25,000
Andrew Penn	25,000
Scott Price	21,000
Wendy Stops	35,000

1. The number of shares held refers to shares held either directly or indirectly by Directors as at 25 August 2026. Refer to the Remuneration Report tables for total shares held by Directors and their related parties directly, indirectly or beneficially as at 28 June 2026.
2. As at 25 August 2026, Leah Weckert also holds 93,331 STI Shares and 564,347 Performance Rights.

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Principal activities

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

State of affairs

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

Review and results of operations

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

Business strategies and prospects for future financial years

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

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

Events after the reporting date

On 25 August 2026, the Directors determined a final dividend of 37.0 cents per fully paid ordinary share to be paid on 22 September 2026, fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid out of profits, but not recognised as a liability at 28 June 2026, is expected to be \$497 million.

Dividends

Dividends since Coles' FY25 Annual Report:

	Cents per share	Total amount \$m	Franked percentage	Date of payment
PAID DURING THE YEAR				
2025 final dividend	32.0	429	100%	22 September 2025
2026 interim dividend	41.0	550	100%	30 March 2026
TO BE PAID AFTER END OF YEAR				
2026 final dividend	37.0	497*	100%	22 September 2026
Dealt with in the Financial Report as			Note	\$m
Dividends paid			3.3	979

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

Environmental regulations

The activities of the Group are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The Group is also subject to various state and local government food licensing requirements, and may be subject to town-planning regulations. During the financial year, there were no known material breaches of any significant environmental regulation applicable to the Group's operations.

Indemnification and insurance of officers

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

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

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

Indemnification of auditors

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

Non-audit services and auditor's independence

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

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

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

This statement has been made in accordance with advice provided by Coles' Audit and Risk Committee.

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

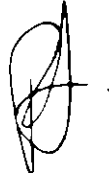
Proceedings on behalf of the Company

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

Rounding

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

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



Peter Allen
Chairman
25 August 2026



Leah Weckert
Managing Director and Chief Executive Officer
25 August 2026

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



Dear Shareholder,

On behalf of the Board, I am pleased to present the FY26 Remuneration Report for Coles Group Limited (‘the Company’) and its controlled entities (together, ‘Coles’, ‘Coles Group’ or ‘the Group’). The Remuneration Report provides information on the remuneration arrangements for our Key Management Personnel (KMP), which include the Managing Director and Chief Executive Officer (MD & CEO), Other Executive KMP and Non-executive Directors of the Company.

Performance for FY26

In FY26, Coles delivered another year of consistently strong performance with sustained sales and earnings growth together with significant improvements in customer Net Promoter Score (NPS) (+3.5p), safety (8.8% TRIFR improvement) and team member engagement (achieving our highest ever result and, remaining in the top quartile for a third year).

This performance reflects the disciplined execution of our long-term strategy including the benefits of our investments in automation and eCommerce, our focus on delivering value, quality, convenience and personalisation for customers, and making Coles a great place to work for our team members.

Group EBIT (excluding significant items) increased by 9.9% to \$2,322 million underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 12.2%. Group sales revenue increased by 2.8% with growth in Supermarkets sales revenue of 3.7%, and Liquor sales revenue declined by 3.3%.

Throughout FY26, the Executive Leadership Team successfully delivered this strategic progress and financial performance in the complex operating environment, that included continued cost-of-living challenges for customers, geopolitical tensions, global trade disruptions and increased regulatory focus.

Remuneration framework and structure for FY26

Our remuneration framework is based on four key principles:

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

Executive KMP remuneration is delivered through a simple three-element structure using both fixed and variable (at risk) remuneration.

This includes market-competitive fixed remuneration, a short-term incentive (STI) designed to drive in-year improvements across financial performance and strategic priorities with an equity based deferral, and a long-term incentive (LTI) that includes complementary measures. These measures capture distinct aspects of value generation to create lasting and sustainable shareholder value. This structure was first put into place in FY20 and has remained stable since its implementation.

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

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

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

The Board maintains absolute discretion across both the STI and LTI to ensure remuneration outcomes are appropriate in the context of Coles’ performance, our customer experience and shareholder expectations. This includes adjustments for unusual or non-recurring items that the Board considers appropriate.

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

Outcomes for FY26

The Board assessed performance against the STI balanced scorecards and LTI performance conditions, having regard to the Group’s audited FY26 financial results and other supporting information. Consistent with its established approach, the Board also considered the application of its overall discretion to ensure remuneration outcomes were appropriate in the context of Coles’ performance, customer experience and shareholder expectations. The Board has a track record of appropriately exercising its discretion in this way which in the past has included negative discretion for unusual or non-recurring items such as moderating the positive impact of COVID sales, removing the Coles Express sale and transaction impacts and adjusting for changes in the phasing of capital investments related to major projects (Automated Distributions Centres and Customer Fulfilment Centres) which positively impacted Cumulative Return on Capital (ROC) performance. In each of these cases this resulted in reduced remuneration outcomes for the Executive Leadership Team.

In determining final outcomes for FY26, the Board considered the Federal Court decisions delivered during the year in two historical matters. In September 2025, the Court delivered judgment on historical pay arrangements for award-covered salaried team members. Coles has apologised to affected team members and remains committed to completing appropriate remediation. Final orders have not been made. In a separate matter, in May 2026, the Court found that while supplier-driven price increases by Coles in 2022–23 had been commercially justifiable, certain ticketing representations at the time were misleading. Coles continues to review the judgment. Penalties and other orders remain outstanding.

After due consideration to the nature and status of each matter including the relevant risk, compliance and reputational considerations, the Board determined to use their overall discretion to reduce the calculated FY26 STI individual outcomes of the Executive Leadership Team members accountable for the relevant areas of the business to which these matters related. This reduction considers the period during which the individuals held these roles but does not relate to any specific conduct by the executives in connection with either matter. Rather, it reflects Coles’ belief that as Executive Leadership Team members, they have accountability for their business area and remuneration outcomes should reflect both negative and positive extraordinary events.

With respect to current Executive KMP, this included a 20% of STI target (\$414,000) reduction for the MD & CEO, Leah Weckert (related to both matters), and a 10% of STI target (\$82,800) reduction for the Chief Operations and Supply Chain Officer, Matthew Swindells (related to the historical pay arrangements for award-covered salaried team members).

Awards were also withheld from vesting for former Executive Leadership Team members who held accountability for the relevant areas of the business during the periods to which these matters related. The Board determined to reduce the vesting of those withheld awards including for the former Managing Director and Chief Executive Officer, Steven Cain, who was in this role across the periods related to both matters.

The total value of executive remuneration forfeited in relation to both matters was \$1,659,000 across both current and former Executive Leadership Team members.

The Board considers that these adjustments appropriately reflect the matters known at the date of this report.

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Short-term Incentive (STI)

The Board assessed the performance of the Executive KMP against their STI individual balanced scorecards and in the context of overall Group performance to determine STI payments to Executive KMP between 51.5% and 69.3% of the maximum opportunity.

For the purposes of the MD & CEO’s STI scorecard assessment, the Board determined that Group EBIT outcomes were between target and stretch and Group Sales were between threshold and target. The Accelerated by Digital and Sustainability strategic objectives were at threshold, Customer NPS and the Safety objective were at target. Section 4.4 details the FY26 payments including a summary of the Board’s approach to determining the final STI payable to Executive KMP and STI structure.

Long-term Incentive (LTI)

The FY24 LTI which covered performance between FY24 and FY26 will vest on 31 August 2026 at 72.0% of the maximum opportunity. As detailed in section 4.5, Cumulative Return on Capital (ROC) was measured at 102.7% of target, resulting in 77.1% of the Performance Rights aligned to this measure approved for vesting. Relative Total Shareholder Return (RTSR) was above threshold ranking at the 58.5th percentile of the LTI Comparator Group. As a result, 67.0% of the Performance Rights aligned to this component were approved to vest. This outcome reflects solid shareholder returns of 44.6% over the three-year performance period.

Section 4.5 outlines the Board’s approach to determining the final FY24 LTI vesting outcomes for Executive KMP, as well as further information on the LTI structure.

Looking ahead to FY27

The Board regularly reviews the executive remuneration framework to ensure it remains strongly aligned to our remuneration principles in support of the effective delivery of our strategy, including creating long-term value for our shareholders. The Board determined not to make any changes for FY27, however will continue to monitor and review the appropriateness of the executive remuneration framework beyond FY27.

This year we have also enhanced our disclosures in this report regarding realised remuneration for the MD & CEO and retrospective disclosure of ROC targets in relation to the FY24 LTI that will vest on 31 August 2026.

Conclusion

The Board considers the FY26 remuneration outcomes to be appropriate, reflecting another year of consistently strong performance with sustained sales and earnings growth, improvements in customer satisfaction, safety and team member engagement, and sustainable returns for shareholders.

On behalf of the Board, I would like to extend our sincere thanks to our more than 115,000 team members at Coles for their significant contribution to our results in FY26 and ‘helping Australians eat and live better every day’.



Richard Freudenstein
Chairman of the People and Culture Committee

The Directors of Coles Group Limited (‘the Company’) present the Remuneration Report for the Company and its controlled entities (together, ‘Coles’, ‘Coles Group’ or ‘the Group’) for the financial year ended 28 June 2026 (FY26). This Remuneration Report forms part of the Directors’ Report, and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and is audited.

This Remuneration Report covers the period from 30 June 2025 to 28 June 2026.

The Remuneration Report is divided into the following sections:

- 1. Key Management Personnel
- 2. Remuneration governance
- 3. Executive remuneration policy and structure overview
- 4. FY26 Executive KMP remuneration
- 5. FY26 Non-executive Director remuneration
- 6. Ordinary shareholdings

1. Key Management Personnel

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

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

Table 1 shows the people who were considered KMP of the Group during FY26.

Table 1: KMP
NON-EXECUTIVE DIRECTORS

Name	Position held	Term
Current		
Peter Allen	Chairman and Non-executive Director	Full Year
Jacqueline Chow	Non-executive Director	Full Year
Abi Cleland	Non-executive Director	Full Year
Richard Freudenstein	Non-executive Director	Full Year
Andrew Penn AO	Non-executive Director	Full Year
Scott Price	Non-executive Director	Full Year
Wendy Stops	Non-executive Director	Full Year
Former		
Terry Bowen	Non-executive Director	Retired 15 October 2025

EXECUTIVE KMP

Name	Position held	Term
Leah Weckert	Managing Director and Chief Executive Officer	Full Year
SR (Charlie) Elias	Chief Financial Officer	Full Year
Matthew Swindells ¹	Chief Operations and Supply Chain Officer	Full Year
Anna Croft	Chief Commercial and Sustainability Officer	Full Year

1. In addition to Matthew Swindells’ role as Chief Operations and Supply Chain Officer, he has been serving as Chief Technology Officer on an interim basis transitioning from March 2026. The Chief Technology Officer role is a non-KMP position.

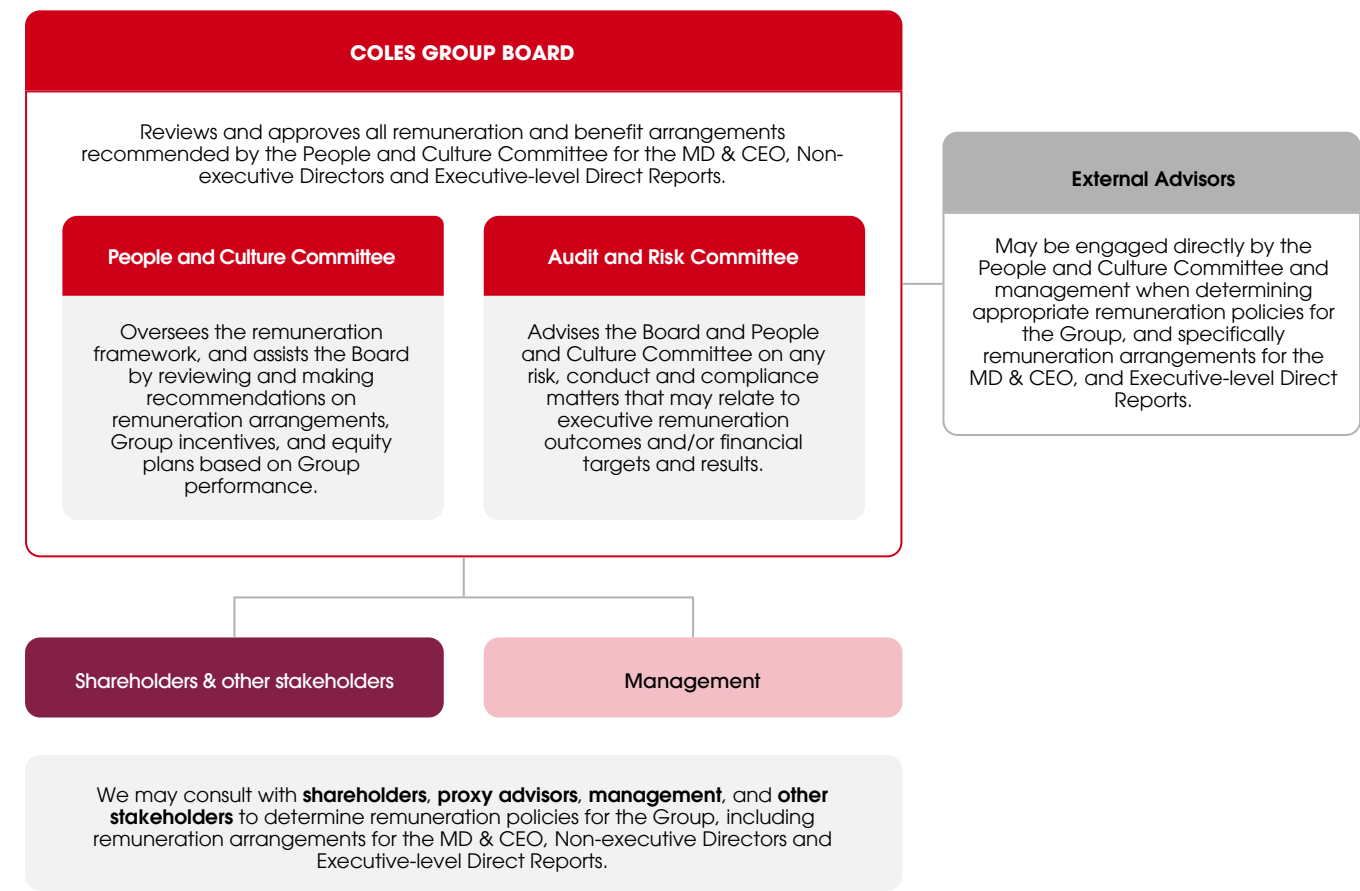
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2. Remuneration governance

2.1 Governance framework

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

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



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

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

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

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

External advisors may be engaged either directly by the People and Culture Committee or through management, to provide information on remuneration-related issues, including benchmarking information and market data. No remuneration recommendations were made by external consultants in FY26.

2.2 Corporate governance policies related to remuneration

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

2.2.1 Securities Dealing Policy

Coles has adopted a Securities Dealing Policy that applies to all Group team members including Non-executive Directors and Executive KMP, and their connected persons, as defined within the policy. This policy sets out the insider trading laws all Group team members must comply with, including specific restrictions with which KMP must comply. This includes obtaining approval prior to trading in the Company’s securities and not trading within specified periods (known as ‘Blackout Periods’), other than with approval in exceptional circumstances as detailed within the policy. The policy aims to protect the reputation of the Group and maintain confidence in trading in the Company’s securities. It prohibits specific types of transactions being made that are not in accordance

with market expectations or may otherwise give rise to reputational risk. In accordance with the policy, all directors, the MD & CEO, other senior executives reporting to the MD & CEO, and their connected persons are prohibited from hedging their exposure to Company securities.

2.2.2 Minimum Shareholding Policy

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

Non-executive Directors

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

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

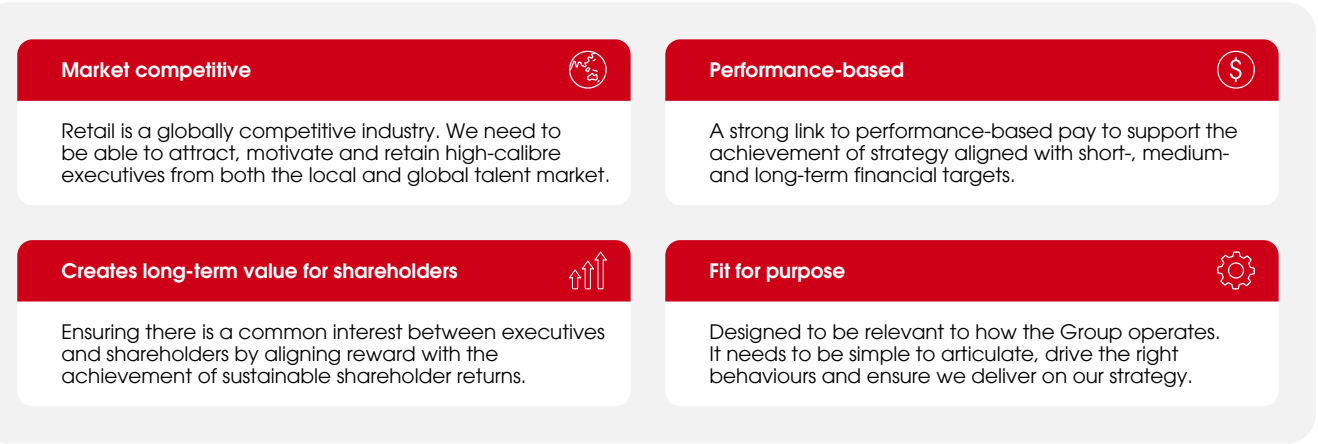
Executive KMP

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

3. Executive remuneration policy and structure overview

3.1 Executive remuneration policy for FY26

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



The People and Culture Committee determined the framework is appropriately aligned with our strategy and the interests of our shareholders. Specific performance conditions and outcomes for FY26 are included in section 4. Details of prior years’ remuneration, including performance conditions and outcomes, are set out in the Remuneration Reports of prior Annual Reports, which are available at [colesgroup.com.au](https://www.colesgroup.com.au).

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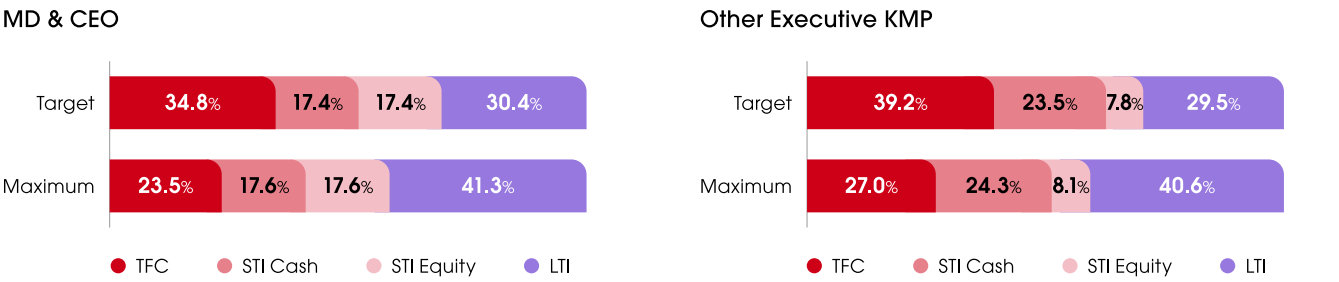
Executive KMP remuneration is delivered through a simple three-element structure using both fixed and variable (at-risk) components as outlined in the following graphic.

Purpose	Total Fixed Compensation (TFC) Allows us to attract and retain key talent through competitive and fair fixed remuneration.	Short-term Incentive (STI) Incentivises strong individual and Group performance, based on strategically aligned deliverables, through variable, at-risk payments.	Long-term Incentive (LTI) Aligns reward with creation of sustainable, long-term shareholder value.
Delivery	Cash	Cash Equity (Shares)	Equity (Performance Rights)
FY26 Structure	TFC consists of base salary and superannuation. Our target position is the 50th percentile of the ASX 10–40 Comparator Group (plus reference to local and international retailers, as required).	The STI is measured against an individual balanced scorecard consisting of: 60% Financial measures 40% Strategic and Non-financial measures. The STI scorecard includes a mixture of Group and functional strategic measures.	The LTI is measured against: 50% Relative Total Shareholder Return (RTSR) (ASX 100 Comparator Group) 50% Cumulative Return on Capital (ROC). A dividend equivalent payment is made in shares upon vesting.
MD & CEO Target and Maximum Opportunity	N/A	100% of TFC at target 150% of TFC at maximum	175% of TFC
Other Executive KMP Target and Maximum Opportunity	N/A	80% of TFC at target 120% of TFC at maximum	150% of TFC
MD & CEO Time Horizons	Performance 1 Year Salary Paid	Performance 1 Year Year 1: Cash 50% Year 3: 50% deferred into Shares held in restriction for 2 years	Performance 3 Years 175% of TFC over 3-year vesting period
Other Executive KMP Time Horizons	Performance 1 Year Salary Paid	Performance 1 Year Year 1: Cash 75% Year 2: 25% deferred into Shares held in restriction for 1 year Variable remuneration is subject to the Board's ongoing discretion based on performance results, in-year adjustments, and clawbacks.	Performance 3 Years 150% of TFC over 3-year vesting period

3.2 FY26 target and maximum remuneration mix for Executive KMP

The remuneration mix for all Executive KMP outlined in Graph 1, is heavily weighted towards variable remuneration, with 65.2% of total target remuneration for the MD & CEO linked to performance-based pay. 47.8% of the total target remuneration for the MD & CEO is delivered in equity, providing strong alignment to create shareholder value.

Graph 1: Total target and maximum remuneration mix¹



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

3.3 Executive KMP employment agreements

All Executive KMP employment terms are formalised in employment contracts that have no fixed term. Each contract includes a 12-month notice and restraints of trade period. Executive KMP can be terminated without notice if they are found to have engaged in serious or wilful misconduct, are seriously negligent in the performance of their duties, commit a serious or persistent breach of their employment contract, or commit an act, whether at work or otherwise, that would bring the Group into disrepute. The Group may also make a payment in lieu of notice.

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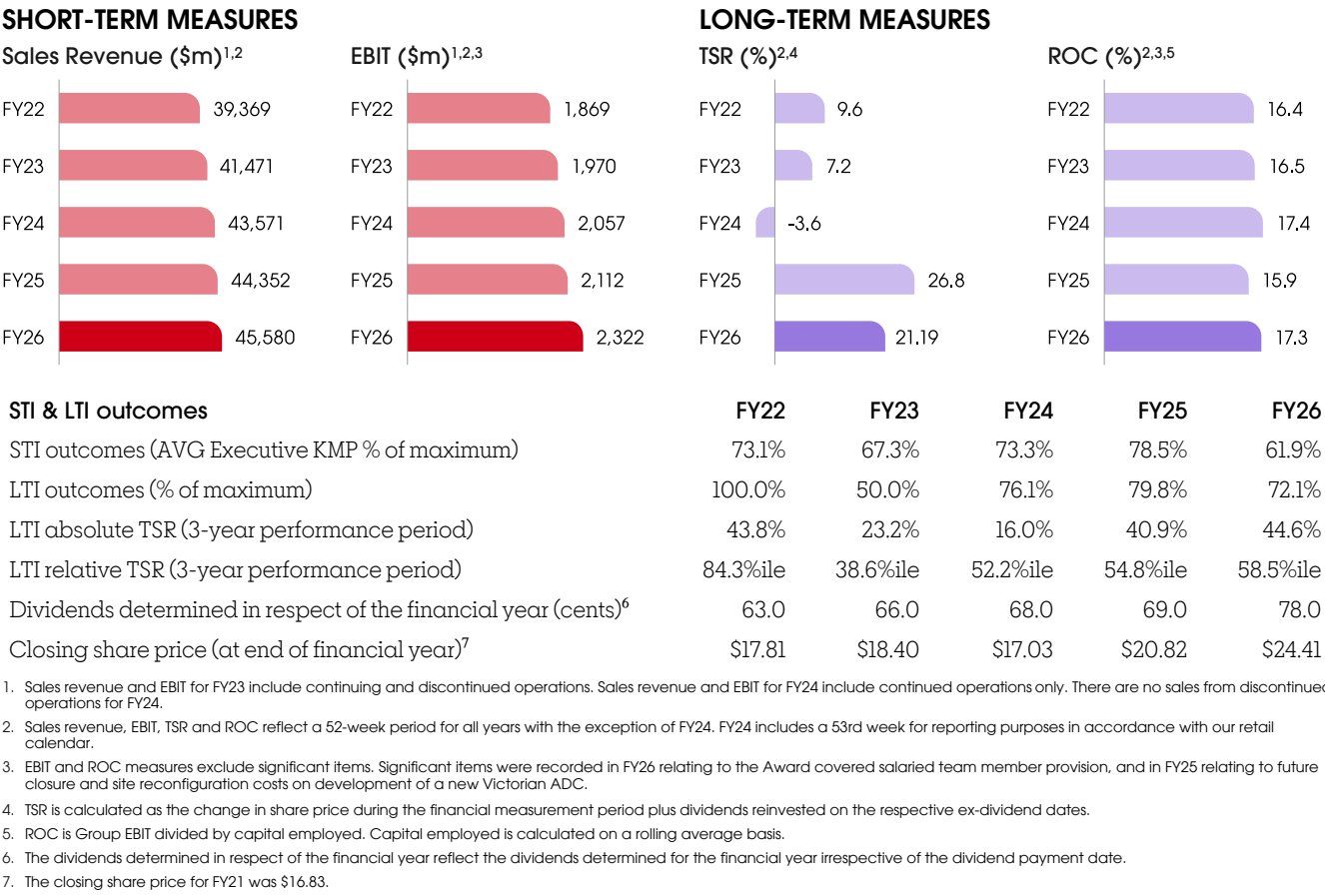
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4. FY26 Executive KMP remuneration

4.1 Group performance

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

The following graphs and table represent the relationship between remuneration of Executive KMP and the Group’s financial performance over the last five financial years (including FY26).



4.2 Board oversight of remuneration outcomes

Board discretion is a key element of the design of our remuneration programs. The Board maintains absolute discretion to ensure remuneration outcomes are appropriate in the context of Coles’ performance, our customer experience and shareholder expectations. The Board has discretion in evaluating the achievement against performance measures, including to adjust for unusual or non-recurring items that the Board considers appropriate. The steps undertaken by the Board to inform their decisions with respect to remuneration outcomes for FY26 are further outlined in sections 4.3 to 4.5.

4.3 Total Fixed Compensation (TFC)

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

The Board reviewed Executive KMP TFC and total remuneration packages against the peer group during FY26. This review was informed by a detailed benchmarking exercise conducted by Mercer. To better align TFC to the market benchmarks, the Board approved a 3.5% increase to TFC effective 1 October 2025 for all Executive KMP, with the exception of Anna Croft who received a 10.5% increase.

4.4 Short-term incentive (STI)

The table below outlines the key features of the FY26 STI plan for the Executive KMP.

Purpose	The STI rewards Executive KMP for the achievement of key Financial, Strategic and Non-financial measures relevant in the financial year to the Coles Group strategy.
Eligibility	All Executive KMP are eligible to participate.
Opportunity	The STI target opportunity for the MD & CEO is 100% of TFC. Up to 150% of TFC can be achieved for maximum performance, which is equivalent to 150% of the target STI opportunity. For the Other Executive KMP, the target opportunity is 80% of TFC. The maximum STI opportunity is capped at 120% of TFC based on maximum achievement, representing 150% of the target STI opportunity. Above target STI payments can only be achieved through outperformance on either Group EBIT or Group sales.
Delivery and timing	The STI award is delivered in two parts: a cash component, and a deferred equity component. 50% of the total STI award for the MD & CEO is deferred into equity for two years, and 25% of the total STI award for the Other Executive KMP is deferred into equity for one year. The remainder of the STI award for all Executive KMP will be paid in cash in September 2026. The number of STI Shares that will be granted and subject to deferral was calculated by using the 10-day Volume Weighted Average Price (VWAP) up to and including the final day in the Performance Period (i.e. 28 June 2026). The deferred equity component of the STI award will be allocated following the 2026 Annual General Meeting (AGM), where shareholder approval will be sought for the grant to the Managing Director and CEO. STI Shares are unable to be traded during the restricted period, being one year for the Other Executive KMP and two years for the MD & CEO. Once the restricted period ends, the Executive KMP may trade these shares subject to Coles’ Securities Dealing Policy.
Performance Period	30 June 2025 to 28 June 2026.
Performance conditions	The individual balanced scorecard for each of the Executive KMP is weighted 60% (at target) for Financial performance measures and weighted 40% (at target) for Strategic and Non-financial measures. All measures chosen for FY26 align with the Coles Group strategy and the commitments made to shareholders. With respect to Financial measures, Group EBIT focuses on delivering strong earnings through the business cycle and ensuring strong returns for shareholders. By also including a Group sales measure, it ensures a strong focus on our capability to deliver sustainable returns for shareholders in the long term. The Strategic and Non-financial measures for the Managing Director and CEO reflect the Group’s highest in-year priorities across Customer, People and Safety, Sustainability and our Accelerated by Digital strategic pillar. These measures support business and financial performance over time by strengthening customer loyalty and advocacy, improving safety and reducing associated costs and risk, supporting a more resilient and efficient business, and driving digital and revenue growth. For each Executive KMP, measures are tailored to reflect their direct accountabilities.
Setting performance conditions and targets	When setting performance measures and targets for the STI, the Board considers: • appropriate measures and targets aligned to our strategy, risk framework and commitments to shareholders; • targets that represent strong earnings through the business cycle that are also sustainable for shareholders; • macro-economic conditions and forecast market growth, as well as our competitive environment and consumer and retail trends; • striking the right balance between achievability and an appropriate level of stretch. The Board procures a range of external benchmarks to inform target setting, including information from the Australian Bureau of Statistics, economists, investment banks, international consulting firms, academics, and equity market research analysts.
Performance assessment	Performance against the individual balanced scorecard measures were assessed by the Board based on the Group’s annual audited financial statements and other data provided to the Board. The Board determined this method is the most appropriate way to assess the true performance of the Group and the Executive KMP’s contribution for FY26 to determine remuneration outcomes.
Quality and Behaviour overlay	The assessment also includes a ‘Quality and Behaviour’ overlay that considers: • how the Executive KMP achieved performance aligned to Coles’ values and their contribution to driving an appropriate company culture • risk, compliance, safety, sustainability and reputational considerations • the quality of earnings delivered in the year and impact on future earnings.

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Leaver provisions	In the event of resignation or dismissal for cause or significant underperformance prior to payment of the STI, an Executive KMP will not be eligible for any STI award, unless the Board determines otherwise. During the restricted period, if an Executive KMP leaves the organisation in the event of resignation or dismissal for cause or significant underperformance, all STI Shares will be forfeited unless the Board determines otherwise. In any other circumstances (including by reason of redundancy, permanent disability, death or ill health), the STI Shares will continue on foot until the relevant vesting date, unless the Board determines otherwise.
Board discretion	The Board retains discretion to suspend or terminate the program at any time and amend all or any elements of the program up until the date of payment. The Board considers the formulaic outcomes of the STI in the context of the Group's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate, the Board may use discretion to adjust the formulaic outcomes.

Details of the performance measures for the MD & CEO's calculated balanced scorecard for FY26 are set out in Table 3.

Table 3: FY26 Performance measures for the MD & CEO							
Measures	Target weighting	Maximum weighting	Threshold	Target	Stretch	Outcome	Actual STI outcome
Financial							
Group EBIT ¹	40%	75%	\$2,236m\$2,305m\$2,375m			\$2,322m Between Target and Stretch	48.6 %
Group sales ²	20%	35%	\$44,208m\$45,110m\$46,012m			\$45,019m Between Threshold and Target	18.7 %
Strategic							
Accelerated by Digital	10%	10%	Achievement of revenue growth in the Coles 360 offer and evolving the digital customer value proposition			Threshold Achieved	5.0 %
Sustainability	10%	10%	Progress against Group Strategy commitments including customer perception			Threshold Achieved	5.0 %
Safety Index - with TRIFR gateway	10%	10%	Safety Index Target MetSafety Index Target Exceeded			Index 11.3% above target TRIFR gateway met Target Achieved	10.0 %
Customer NPS Stores	10%	10%	Maintain2.4 point improvement			3.5 point improvement	10.0 %
						Target Achieved	
Overall	100%	150%					97.3 %

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

4.4 SHORT-TERM INCENTIVE (STI) CONTINUED

Group EBIT: Group EBIT excluding significant items increased by 9.9% to \$2,322 million underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 12.2%.

Group Sales: Group sales revenue increased by 2.8% with growth in Supermarkets sales revenue of 3.7%, whilst Liquor sales revenue declined by 3.3%. Performance was underpinned by key trading events throughout the year and continuity campaigns, including our European Glassware and KitchenAid cookware campaigns, and 'Shop. Scan. Win!', that continue to resonate with customers.

Accelerated by Digital: Coles 360 retail media income grew by 10% driven by investments in new ad-serving and first party audience capabilities, focused on enabling self-service and optimised advertising across web, app and in-store channels to deliver a more connected omnichannel experience.

Sustainability: We continued to deliver against our sustainability strategy during FY26. Key achievements included releasing the Group's first Climate Transition Plan, maintaining 100% renewable electricity sourcing for our operations, and progressing towards our FY30 packaging targets. Customer perception of the Group's sustainability practices remained broadly stable, with the proportion of customers who strongly agreed that 'Coles follows environmentally sustainable practices' increasing by 1 percentage point compared with FY25. Progress towards the Group's Scope 3 supplier engagement target was slower than anticipated. The proportion of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) with Scope 1 and 2 science-based targets increased from 42.3% to 46.9%. Progress towards our no-deforestation ambition for in-scope Coles Own Brand primary deforestation-linked commodities varied by commodity. We achieved our ambition for soy, palm oil, and timber, paper and pulp, however, we did not achieve it for beef and cocoa products.

Safety Index: The Group Safety Index was 11.3% ahead of target. The index outcomes for hazard observations, mental health outcomes, safety training and serious incidents remained positive. Group TRIFR for FY26 improved by 8.8% on the final FY25 TRIFR, with strong improvements in safety performance across our workforce.

Customer NPS: Customer satisfaction metrics also recorded a significant uplift, reflecting stronger in-store execution, a simpler omnichannel experience and increased Flybuys engagement. This resulted in a 3.5 point improvement for Store NPS, achieving above target performance.

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

For FY26, achievement against the Financial and Non-financial measures for Other Executive KMP ranged from not achieved to fully achieved. The outcomes are set out in Table 4 in section 4.4.1.

4.4.1 FY26 STI award

The Board assessed performance against the calculated balanced scorecards of the MD & CEO, and the Other Executive KMP, to determine any STI award payable. The Board also considered the appropriate application of the 'Quality and Behaviour' overlay and their overall discretion to determine the final Executive KMP STI outcomes for FY26 as detailed in Table 4.

In determining final outcomes for FY26, the Board considered the Federal Court decisions delivered during the year in two historical matters which included the judgment on historical pay arrangements for award-covered salaried team members and the judgment on ticketing representations across 2022-23.

After due consideration to the nature and status of each matter including the relevant risk, compliance and reputational considerations, the Board determined to use their overall discretion to reduce the calculated FY26 STI individual outcomes of the Executive Leadership Team members accountable for the relevant areas of the business to which these matters related. This reduction considers the period during which the individuals held these roles but does not relate to any specific conduct by the executives in connection with either matter.

With respect to current Executive KMP, this included a 20% of STI target (\$414,000) reduction for the MD & CEO, Leah Weckert (related to both matters), and a 10% of STI target (\$82,800) reduction for the Chief Operations and Supply Chain Officer, Matthew Swindells (related to the historical pay arrangements for award-covered salaried team members).

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Table 4: FY26 Executive KMP STI outcomes

Name	STI opportunity¹		STI awarded			STI forfeited⁴	
	Target	Maximum	\$	% of TFC	Cash²	Equity³	(%)
Leah Weckert	2,070,000	3,105,000	1,600,110	77.3%	800,055	800,055	48.5%
SR (Charlie) Elias	915,200	1,372,800	950,664	83.1%	712,998	237,666	30.8%
Matthew Swindells	828,000	1,242,000	714,150	69.0%	535,613	178,537	42.5%
Anna Croft	840,000	1,260,000	871,500	83.0%	653,625	217,875	30.8%

1. The STI opportunity for Leah Weckert was 100% of target and 150% of maximum, and for Other Executive KMP it was 80% of target and 120% of maximum. The minimum STI opportunity was nil.
2. The FY26 cash component of the STI will be paid on or about 15 September 2026.
3. The FY26 equity component of the STI will be granted in STI Shares following the 2026 AGM, using a 10-day VWAP for the period up to and including 28 June 2026 of \$23.65. Shareholder approval will be sought for the grant of equity to the MD & CEO at the 2026 AGM.
4. The STI forfeited is calculated as a percentage of maximum STI opportunity.

4.5 Long-term incentive (LTI)

The table below outlines the key features of the FY26 LTI plan for the Executive KMP.

Purpose	The LTI rewards Executive KMP for the achievement of long-term sustainable returns for shareholders.
Eligibility	All Executive KMP are eligible to participate.
Opportunity	The maximum LTI opportunity is 175% of TFC for the MD & CEO, and 150% of TFC for Other Executive KMP.
Delivery	The LTI is delivered in Performance Rights. Each Performance Right entitles the Executive KMP to one ordinary share in the Company on vesting. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares. Performance Rights vest subject to achievement of relevant performance conditions and were allocated at no cost to the Executive KMP, with no amount payable on vesting. The Performance Rights for Executive KMP under the FY26 LTI plan were allocated on 3 December 2025 following the 2025 AGM (at which the grant made to the MD & CEO was approved for the purposes of ASX Listing Rule 10.14), details of which are published in this FY26 Remuneration Report.
Number of Performance Rights	The number of Performance Rights allocated to the Executive KMP was determined by dividing each Executive KMP’s maximum LTI opportunity by the VWAP of Coles shares trading on the ASX over the 10 trading days up to and including 29 June 2025, rounded up to the nearest whole number.
Performance Period	30 June 2025 to 25 June 2028 (FY26–FY28).
Summary of performance conditions	Performance Rights will vest subject to the satisfaction of the following performance conditions measured over the Performance Period: 50% of Performance Rights are subject to a Cumulative Return on Capital (ROC) hurdle (ROC component) 50% of Performance Rights are subject to a relative total shareholder return (RTSR) performance hurdle. Coles’ RTSR was compared to companies in the S&P ASX 100 (LTI Comparator Group) at 29 June 2025. Cumulative ROC and RTSR are considered complementary measures, each capturing distinct aspects of value generation. From our analysis across the ASX, there is minimal correlation between ROC and TSR. This supports the use of both our measures, ensuring a balanced and robust framework for assessing long-term performance. The Board regularly seeks independent analysis to ensure our LTI program remains relevant to our continued ambition to create lasting and sustainable shareholder value.

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Summary of performance conditions (continued)

ROC COMPONENT

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

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

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

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

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

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

RTSR COMPONENT

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

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

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

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

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

RTSR performance is independently assessed over the Performance Period against the constituents of the LTI Comparator Group. ROC is calculated using Coles’ audited financial results.

These assessment methods are designed to safeguard the integrity of the performance assessment process, and ensure the accuracy of underlying information.

Following testing, the Board will determine the number of Performance Rights to vest, which is expected to occur in late August 2028. Details regarding the vesting of the Performance Rights will be included in the FY28 Remuneration Report. Any Performance Rights that do not vest will lapse. No re-testing of the performance conditions is permitted.

If the anticipated vesting date falls within a Blackout Period (as defined within the Company’s Securities Dealing Policy), vesting will be delayed until the end of that period.

Prior to vesting, Performance Rights do not entitle Executive KMP to voting rights.

Voting rights

Remuneration Report continued

Dividends	Executive KMP do not have an entitlement to dividends prior to vesting. After testing against the performance conditions, Executive KMP will receive a dividend equivalent amount related to the vested Performance Rights only. The dividend equivalent amount will be delivered in additional shares, equal in value to that of dividends that would have been paid on the vested Performance Rights had the Executive KMP been the owner of Coles shares during the period from the Performance Rights grant date to the vesting date. There is no dividend payable on any Performance Rights that do not vest. The Board retains the discretion to settle the dividend equivalent amount in cash.
Restrictions on dealing	Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights. Executive KMP will be free to deal with the shares allocated on vesting of the Performance Rights, subject to the requirements of Coles' Securities Dealing Policy.
Change of control	Under the Offer terms, the Board may determine in its absolute discretion that some or all the Executive KMP's Performance Rights will vest or cease to be subject to restrictions on a likely change of control. Where there is an actual change in control of the Company, unless the Board determines otherwise, unvested Performance Rights will vest on a pro rata basis (based on the proportion of the Performance Period that has elapsed).
Leaver provisions	In the event of resignation or dismissal for cause or significant underperformance, all unvested Performance Rights will lapse, unless the Board determines otherwise. In any other circumstances (including by reason of redundancy, permanent disability, death or ill health), a pro rata number of Performance Rights (based on the proportion of the Performance Period that has been served) will remain on foot and subject to the original terms of Offer, as though the Executive KMP had not ceased employment, unless the Board determines otherwise.
Board discretion and clawback	The Board has broad clawback powers to determine that any Performance Rights may lapse, any shares allocated on vesting are forfeited, or that the Executive KMP is required to pay as a debt the net proceeds of the sale of shares or dividends in certain circumstances. For example, circumstances include where the Executive KMP has acted fraudulently or dishonestly, has engaged in gross misconduct, brought the Group into disrepute, or breached their obligations to the Group. This protects Coles against the payment of benefits where participants have acted inappropriately. The Board also considers the formulaic outcomes of the LTI in the context of the Company's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate, the Board may use discretion to adjust the formulaic outcomes.

4.5.1 FY26 LTI outcomes

Performance Rights granted under the FY26 LTI will be tested following the end of FY28 (the end of the Performance Period). Details of the number of Performance Rights granted under the FY26 LTI are included in section 4.7. Details of equity awards granted to Executive KMP in prior years (including applicable performance conditions and vesting dates) have been disclosed in previous Remuneration Reports and a summary of Performance Rights currently on foot are detailed in Table 7.2.

4.5.2 FY24 LTI vesting outcome

On 30 November 2023, Executive KMP were granted Performance Rights relating to their FY24 LTI award with the exception of Anna Croft whose Performance Rights were allocated on 5 February 2024 following her commencement at Coles on 22 January 2024. The Performance Period for the award was 26 June 2023 to 28 June 2026.

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

- 50% of the Performance Rights were subject to the Group's Cumulative ROC performance over the Performance Period (ROC component);
- the remaining 50% of the Performance Rights were subject to a relative TSR condition, measured over the Performance Period (TSR component). The Company's TSR was compared to a LTI Comparator Group of companies, comprising the ASX 100 (LTI Comparator Group) as at 25 June 2023.

Table 5: Testing of performance hurdles

Based on testing of each performance hurdle, the following vesting will occur on 31 August 2026 in relation to the FY24 LTI award.

Measures	Weighting	Threshold 0% Vest	Target 50% Vest	Maximum 100% Vest	Result	% Outcome	% Vest
Cumulative ROC	50%	95%	100% of Target	105% of Target	102.7%	77.1%	38.5%
RTSR	50%	n/a	50th percentile	75th percentile	58.5th percentile	67.0%	33.5%
Overall outcome							72.0%

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

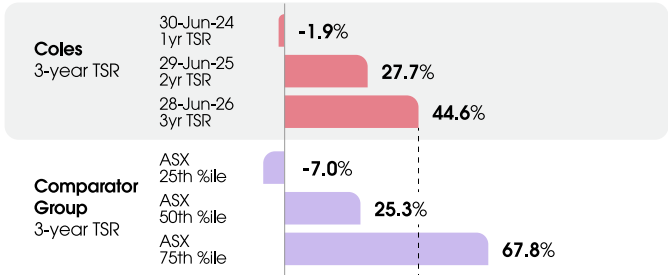
Cumulative ROC:

ROC targets are set by the Board across the three-year Performance Period reflective of the incremental capital investments required to grow long-term shareholder value. Such investments, which include new stores, Automated Distribution Centres and Customer Fulfilment Centres, will not always generate benefits within the same three-year period given the time required for implementation and ramp up. Consequently, ROC targets do not always follow a linear progression. ROC for the purposes of the FY24 LTI performance reflects Group EBIT excluding significant items and impacts from tobacco regulation divided by capital employed on a rolling 12 month basis. ROC performance was between the target and maximum set by the Board on a cumulative basis over the three-year Performance Period. This resulted in an outcome of 77.1% (38.5% out of a possible 50% of this component vesting).

ROC	FY24	FY25	FY26	Cumulative Performance Against Target
Target	16.1%	16.1%	17.4%	
Annual Performance Against Target	108.1%	99.3%	100.9%	102.7%

RTSR:

The Company performed at the 58.5th percentile against the LTI Comparator Group which resulted in an outcome of 67.0% (33.5% out of a possible 50% of this component vesting). Over the three-year Performance Period, this represented absolute TSR performance of 44.6%.



As a result of the overall vesting outcome, the following number of shares will be allocated to each of the Executive KMP on 31 August 2026. The value of the shares allocated will reflect the number of shares allocated to each of the Executive KMP multiplied by the share price at that time. The total number of shares includes both the conversion of Performance Rights to shares, and shares allocated in consideration of the dividend equivalent amount. Shares allocated in reference to the dividend equivalent amount are calculated by dividing the value by the 10-day VWAP for the period up to and including 28 June 2026.

Name	Number of shares
Leah Weckert	149,153
SR (Charlie) Elias	68,719
Matthew Swindells	63,925
Anna Croft	54,336

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4.6 Summary of remuneration received by Executive KMP

4.6.1 Statutory Executive KMP remuneration

Table 6 details the nature and amount of each element of remuneration of the Executive KMP prepared in accordance with Australian Accounting Standards. There were no transactions or loans between Executive KMP and the Company or any of its subsidiaries during FY26.

Table 6: Executive KMP remuneration

Name	Year	Base salary	Other benefits ¹	Short-term	Long-term	Post-employment	Value of share-based payments ²		Total compensation
		\$	\$	Cash	Accrued leave benefits	Super-annuation benefits	Performance Rights	Shares	\$
Leah Weckert	2026	2,022,500	1,397	800,055	5,844	30,000	2,279,251	829,078	5,968,125
	2025	1,970,068	1,048	925,000	48,047	29,932	1,750,451	691,052	5,415,598
SR (Charlie) Elias	2026	1,104,250	595	712,998	8,276	30,000	1,108,873	267,252	3,232,244
	2025	1,067,568	556	816,319	15,811	29,932	952,115	240,183	3,122,484
Matthew Swindells ³	2026	996,250	122,271	535,613	10,325	30,000	1,013,059	217,974	2,925,492
	2025	970,068	201,869	673,500	8,581	29,932	941,641	207,136	3,032,727
Anna Croft ⁴	2026	995,000	98,050	653,625	(6,795)	30,000	948,158	374,766	3,092,804
	2025	895,068	601,476	682,371	17,443	29,932	571,208	753,012	3,550,510
Total	2026	5,118,000	222,313	2,702,291	17,650	120,000	5,349,341	1,689,070	15,218,665
Total	2025	4,902,772	804,949	3,097,190	89,882	119,728	4,215,415	1,891,383	15,121,319

1. Other benefits include costs associated with employment (including any applicable fringe benefits tax).
2. The amounts represent the accounting fair value of the grants of Performance Rights and STI Shares. If the performance conditions are not met, the Executive KMP will not be entitled to the shares. Refer to sections 4.4 and 4.5 for further details for the grants, their performance conditions and Performance Periods.
3. Short-term other benefits in FY26 for Matthew Swindells include a payment of \$120,000 paid in cash as recognition of his additional responsibilities in the interim non-KMP role of Chief Technology Officer transitioning from March 2026. Short-term other benefits in FY25 include the final payment of the MTI cash award as outlined in Coles' 2024 Remuneration Report. This provided him with the opportunity to earn a cash payment of up to \$1 million depending on the achievement of performance hurdles related to the successful build and go-live for Coles' Customer Fulfilment Centres in NSW and Victoria and the successful integration of Coles' milk processing plants. Refer to the Coles 2025 Remuneration Report for further details.
4. Short-term other benefits for Anna Croft include an amount for the compensation of incentives foregone from her prior employer. This was structured to include 50% cash and 50% equity. A total of \$1 million was paid in cash to Anna Croft. This was split into two tranches. As required by the Accounting Standards, this compensation is recognised from her commencement up until the end of the 12-month clawback period on each payment. The clawback period ended in September 2025. Refer to the Coles 2025 Remuneration Report for further details.

4.6.2 MD & CEO remuneration received in FY26 (non-IFRS)

This table sets out actual remuneration realised by the MD & CEO during and in respect of FY26. This is a voluntary disclosure and is not prepared in accordance with Accounting Standards.

Table 6a: MD & CEO remuneration received

Name	Year	Base salary	Other benefits	Cash STI ¹	Super-annuation benefits	Value of deferred STI vested during the year ²	Value of LTI vested during the year ²	Total actual remuneration received during the year
		\$	\$	\$	\$	\$	\$	\$
Leah Weckert	2026	2,022,500	1,397	800,055	30,000	616,252	1,830,897	5,301,101
	2025	1,970,068	1,048	925,000	29,932	–	1,613,645	4,539,693

1. Cash STI relates to the FY26 and FY25 performance periods and is paid in September following the applicable performance period.
2. Value of STI and LTI awards vested during the period are based on the 10-day VWAP up to and including the final day in the applicable reporting period, being \$23.65 for FY26 and \$21.58 for FY25. This also includes shares allocated in consideration of the dividend equivalent amount. Leah Weckert did not have a deferred STI vest in FY25 as a result of her appointment to the CEO role on 1 May 2023.

4.7 Summary of Executive KMP shareholding and Performance Rights

Tables 7.1 and 7.2 show the movements of STI Shares and Performance Rights, held beneficially, by each Executive KMP during FY26. No other shares were acquired as remuneration during the year. STI Shares are time-based only. Details of Executive KMP holdings of ordinary shares are provided in Table 11.

Table 7.1: STI Shares

Name	Balance of shares held at 29 June 2025	Granted during the year	Movements during the financial period			Additional information
			Vested/ released during the year	Lapsed during the year	Closing balance at 28 June 2026 ¹	
Leah Weckert ³	76,521	42,864	(26,054)	–	93,331	1,851,656
SR (Charlie) Elias	13,438	12,610	(13,438)	–	12,610	281,455
Matthew Swindells	13,316	10,404	(13,316)	–	10,404	232,217
Anna Croft	58,276	10,541	(58,276)	–	10,541	235,275

1. STI Shares are time-based only. No STI Shares were held nominally by Executive KMP or their related parties as at 28 June 2026.
2. The fair value of STI Shares for Leah Weckert includes FY25 shares granted on 11 November 2025 with a fair value of \$22.30 per share, and FY24 STI Shares granted on 12 November 2024 with a fair value of \$17.75 per share. For Other Executive KMP, the fair value of STI Shares was \$22.32 per share at the grant date of 28 November 2025. The fair value of STI Shares is an estimate of the total maximum value of grants in future financial years. STI Shares are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.
3. Approval from shareholders for the issue of the 42,864 STI Shares to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2025 AGM.

Table 7.2: Performance Rights

Name	Balance of rights held at 29 June 2025	Rights allocated as remuneration	Movements during the financial period			Additional information
			Rights vested during the year	Rights forfeited/ lapsed during the year	Closing balance at 28 June 2026	
Leah Weckert ²	486,361	167,864	(71,723)	(18,155)	564,347	7,045,437
SR (Charlie) Elias ³	269,233	79,519	(66,989)	(16,956)	264,807	3,350,614
Matthew Swindells ³	250,900	71,942	(64,621)	(16,357)	241,864	3,052,881
Anna Croft ³	153,175	72,985	–	–	226,160	2,862,347

1. The fair value of Performance Rights is an estimate of the total maximum value of grants in future financial years. The Performance Rights are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.
2. The fair value of FY26 Performance Rights for Leah Weckert at the grant date of 11 November 2025 was \$12.42 for the RTSR component and \$20.11 for the ROC component. Approval from shareholders for the issue of the 167,864 Performance Rights to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2025 AGM.
3. The fair value of FY26 Performance Rights for Charlie Elias, Matthew Swindells and Anna Croft at the grant date of 28 November 2025 was \$12.55 for the RTSR component and \$20.16 for the ROC component.

Remuneration Report continued

5. FY26 Non-executive Director remuneration

5.1 Non-executive Director remuneration framework

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

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

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

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

5.2 Current Non-executive Director remuneration policy

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

The maximum aggregate fee limit is \$3.6 million. This was approved by the shareholders of the Company at the 2018 AGM, prior to listing. The Board benchmarks fees annually against the ASX 10–40 (based on market capitalisation). Having regard to the benchmarking undertaken, the Board determined not to increase the Board and Committee fees during FY26. Table 8 sets out the Board and Committee fees (inclusive of superannuation) for FY26.

Table 8: Board and Committee fees (inclusive of superannuation) for FY26

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

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



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5.3 FY26 Non-executive Director remuneration

Table 9 outlines the remuneration for the Non-executive Directors of Coles during FY26. There were no transactions or loans between Non-executive Directors and the Company, or any of its subsidiaries, during FY26.

Table 9: FY26 Non-executive Director remuneration

Name	Financial year	Base and Committee fees (excluding superannuation) \$	Other benefits ¹ \$	Superannuation benefits \$	Total compensation \$
Current					
Peter Allen ^{2, 3}	2026	665,000	297	30,000	695,297
	2025	286,274	238	2,226	288,738
Jacqueline Chow	2026	231,250	894	27,750	259,894
	2025	232,287	768	26,713	259,768
Abi Cleland	2026	231,250	188	27,750	259,188
	2025	232,287	691	26,713	259,691
Richard Freudenstein ³	2026	280,500	–	7,500	288,000
	2025	280,574	–	7,426	288,000
Andrew Penn	2026	258,000	17	30,000	288,017
	2025	258,296	27	29,704	288,027
Scott Price ⁴	2026	246,025	–	12,975	259,000
	2025	249,759	–	9,241	259,000
Wendy Stops	2026	231,250	1,806	27,750	260,806
	2025	232,287	1,128	26,713	260,128
Former					
Terry Bowen ⁵	2026	67,029	26	8,043	75,098
	2025	232,287	229	26,713	259,229
James Graham ⁶	2025	550,744	218	28,423	579,385
Total	2026	2,210,304	3,228	171,768	2,385,300
Total	2025	2,554,795	3,299	183,872	2,741,966

1. Other benefits include costs associated with directorships (including any applicable fringe benefits tax).

2. Peter Allen was appointed as a Non-executive Director on 1 September 2024 and commenced as Chairman on 1 May 2025.

3. Peter Allen and Richard Freudenstein obtained exemptions from the ATO from making superannuation contributions in FY25. Richard Freudenstein also obtained an exemption in FY26, due to superannuation obligations being met by other employers.

4. Scott Price resides in Hong Kong. The superannuation contributions in FY25 and FY26 are only applicable to the meetings he attended in Australia.

5. Terry Bowen retired as a Non-executive Director on 15 October 2025.

6. James Graham retired as Chairman and as a Non-executive Director on 30 April 2025.

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6. Ordinary shareholdings

6.1 Non-executive Director ordinary shareholdings

Table 10 shows the shareholdings and movements in shares held directly, or indirectly, by each Non-executive Director, including their related parties during FY26. No shares held by any Non-executive Directors were held nominally.

Table 10: Non-executive Director ordinary shareholdings

Name	Balance of shares held at 29 June 2025	Shares acquired	Shares disposed	Closing balance held at 28 June 2026	Minimum shareholding requirement achieved ¹
Current					
Peter Allen ²	20,000	–	–	20,000	Yes
Jacqueline Chow	17,000	–	–	17,000	Yes
Abi Cleland	19,816	–	–	19,816	Yes
Richard Freudenstein	25,000	–	–	25,000	Yes
Andrew Penn	25,000	–	–	25,000	Yes
Scott Price	21,000	–	–	21,000	Yes
Wendy Stops	35,000	–	–	35,000	Yes
Former					
Terry Bowen ³	16,545	–	–	16,545	Yes
Total	179,361	–	–	179,361	

1. All current Non-executive Directors have achieved the minimum shareholding requirement aligned to their tenure on the Board.
2. Within five years of his appointment as Chairman, Peter Allen is expected to increase his shareholding to an amount equivalent to 100% of his annual base fee at that time, as required by the Minimum Shareholding Policy.
3. The closing balance is reflective of the balance at the date Terry Bowen retired as a Non-executive Director, on 15 October 2025.

6.2 Executive KMP ordinary shareholdings

Table 11 shows the shareholdings and movements in shares held directly, or indirectly, by each KMP, including their related parties during FY26. No shares held by any Executive KMP were held nominally.

Table 11: Executive KMP ordinary shareholdings

Name	Balance of shares held at 29 June 2025	Shares acquired	Shares disposed	Closing balance at 28 June 2026	Minimum shareholding requirement achieved ¹
Leah Weckert	392,668	103,461	–	496,129	Yes
SR (Charlie) Elias	103,279	85,736	–	189,015	Yes
Matthew Swindells	213,435	83,059	(83,333)	213,161	Yes
Anna Croft	–	58,276	–	58,276	Yes
Total	709,382	330,532	(83,333)	956,581	

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

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Income Statement

For the 52 weeks ended 28 June 2026

	Notes	2026 \$m	2025 \$m
Sales revenue	1.3	45,580	44,352
Other operating revenue		142	135
Total operating revenue		45,722	44,487
Cost of sales		(33,341)	(32,649)
Gross profit		12,381	11,838
Other income		135	132
Administration expenses	1.4	(10,430)	(9,888)
Share of net profit/(loss) from equity accounted investments	5.1	1	(5)
Earnings before interest and tax (EBIT)		2,087	2,077
Financing costs	1.5	(538)	(541)
Profit before income tax		1,549	1,536
Income tax expense	1.6	(459)	(457)
Profit for the period		1,090	1,079
Profit attributable to:			
Equity holders of the parent entity		1,090	1,079
Earnings per share (EPS) attributable to equity holders of the Company:			
Basic EPS (cents)	1.2	81.5	80.8
Diluted EPS (cents)	1.2	81.2	80.5
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net movement in the fair value of cash flow hedges		(1)	9
Income tax effect	1.6	–	(3)
Other comprehensive income which may be reclassified to profit or loss in subsequent periods		(1)	6
Total comprehensive income attributable to:			
Equity holders of the parent entity		1,089	1,085

The accompanying notes form part of the consolidated financial statements.

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As at 28 June 2026

	Notes	2026 \$m	2025 \$m
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	568	705
Trade and other receivables	2.2	543	487
Inventories	2.4	2,738	2,733
Income tax receivable		–	28
Assets held for sale	5.2	21	105
Other assets	2.3	131	120
Total current assets		4,001	4,178
NON-CURRENT ASSETS			
Property, plant and equipment	2.5	6,415	5,866
Right-of-use assets	2.7	6,671	6,942
Intangible assets	2.6	2,221	2,246
Deferred tax assets	1.6	742	671
Equity accounted investments	5.1	272	240
Other assets	2.3	83	151
Total non-current assets		16,404	16,116
Total assets		20,405	20,294
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.8	4,711	4,637
Interest-bearing liabilities	3.1	300	150
Income tax payable		90	–
Provisions	2.9	1,126	894
Lease liabilities	2.7	949	928
Other		246	247
Total current liabilities		7,422	6,856
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3.1	1,500	1,834
Provisions	2.9	386	381
Lease liabilities	2.7	7,143	7,415
Other		8	2
Total non-current liabilities		9,037	9,632
Total liabilities		16,459	16,488
Net assets		3,946	3,806
EQUITY			
Contributed equity	3.2	1,740	1,704
Reserves		99	106
Retained earnings		2,107	1,996
Total equity		3,946	3,806

The accompanying notes form part of the consolidated financial statements.

Statement of Changes in Equity

For the 52 weeks ended 28 June 2026

	Share capital \$m	Shares held in trust \$m	Share- based payments reserve \$m	Cash flow hedge reserve \$m	Retained earnings \$m	Total \$m
2026						
Balance at beginning of period	1,786	(82)	90	16	1,996	3,806
Profit for the period	–	–	–	–	1,090	1,090
Other comprehensive income	–	–	–	(1)	–	(1)
Total comprehensive income for the period	–	–	–	(1)	1,090	1,089
Dividends paid	–	–	–	–	(979)	(979)
Issue of shares to satisfy the dividend reinvestment plan	41	–	–	–	–	41
Transfer of shares to employees under the employee equity incentive plan	–	30	(30)	–	–	–
Transfer of shares to employees under the employee share purchase plan	–	10	–	–	–	10
Purchase of shares to satisfy the employee equity incentive plan	–	(45)	–	–	–	(45)
Share-based payments expense	–	–	24	–	–	24
Balance at end of period	1,827	(87)	84	15	2,107	3,946
2025						
Balance at beginning of period	1,750	(78)	93	10	1,842	3,617
Profit for the period	–	–	–	–	1,079	1,079
Other comprehensive income	–	–	–	6	–	6
Total comprehensive income for the period	–	–	–	6	1,079	1,085
Dividends paid	–	–	–	–	(925)	(925)
Issue of shares to satisfy the dividend reinvestment plan	36	–	–	–	–	36
Transfer of shares to employees under the employee equity incentive plan	–	31	(30)	–	–	1
Transfer of shares to employees under the employee share purchase plan	–	7	–	–	–	7
Purchase of shares to satisfy the employee equity incentive plan	–	(40)	–	–	–	(40)
Purchase of shares to satisfy the employee share purchase plan	–	(2)	–	–	–	(2)
Share-based payments expense	–	–	27	–	–	27
Balance at end of period	1,786	(82)	90	16	1,996	3,806

The accompanying notes form part of the consolidated financial statements.



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Cash Flow Statement

For the 52 weeks ended 28 June 2026

	Notes	2026 \$m	2025 \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		47,985	46,787
Payments to suppliers and employees		(43,706)	(42,806)
Interest paid		(100)	(108)
Interest component of lease payments		(426)	(425)
Interest received		3	3
Income tax paid		(412)	(515)
Net cash flows from operating activities	2.1	3,344	2,936
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		(1,491)	(1,487)
Proceeds from sale of property, plant and equipment		163	205
Net investments in joint venture and associate	5.1	(31)	(20)
Net advances to related parties		(18)	(37)
Other loan advances		–	(25)
Payments for acquisition of businesses, net of cash acquired		(41)	–
Net cash flows used in investing activities		(1,418)	(1,364)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from borrowings		–	300
Repayment of borrowings		(150)	–
Net proceeds from revolving facilities		10	–
Payment of principal elements of lease payments		(940)	(911)
Dividends paid		(938)	(889)
Purchase of shares to satisfy the employee equity incentive and share plans		(45)	(42)
Net cash flows used in financing activities		(2,063)	(1,542)
Net (decrease)/increase in cash and cash equivalents			
Cash at the beginning of period		705	675
Cash at the end of period	2.1	568	705

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

The Financial Report of Coles Group Limited (‘the Company’) in respect of the Company and the entities it controlled at the reporting date or during the 52-week period ended 28 June 2026 (collectively, ‘Coles’ or ‘the Group’) was authorised for issue in accordance with a resolution of the Directors on 25 August 2026. The comparative period is for the 52-week period ended 29 June 2025.

Reporting entity

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

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

Basis of preparation and accounting policies

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

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

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

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

Key judgements, estimates and assumptions

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

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

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

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

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The Notes

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

Information is considered material and relevant if, for example:

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

The Notes are organised into the following sections:

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

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

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

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

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

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

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

Basis of consolidation

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

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

Foreign currency

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

Accounting policies

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

Rounding of amounts

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

1. Performance



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

1.1 Segment reporting

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

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

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

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

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1.1 Segment reporting (continued)

	Supermarkets \$m	Liquor \$m	Other \$m	Total \$m
2026				
Sales revenue	41,472	3,547	561	45,580
Cost of sales ¹	(30,094)	(2,699)	(548)	(33,341)
EBITDA	4,099	199	(78)	4,220
Depreciation and amortisation	(1,734)	(140)	(24)	(1,898)
Segment EBIT	2,365	59	(102)	2,322
Significant items				(235)
EBIT				2,087
Financing costs				(538)
Profit before income tax				1,549
Income tax expense				(459)
Profit for the period				1,090
Share of net profit of equity accounted investments included in EBIT				1
2025				
Sales revenue	39,987	3,667	698	44,352
Cost of sales ¹	(29,159)	(2,805)	(685)	(32,649)
EBITDA	3,788	246	(93)	3,941
Depreciation and amortisation	(1,680)	(133)	(16)	(1,829)
Segment EBIT	2,108	113	(109)	2,112
Significant items				(35)
EBIT				2,077
Financing costs				(541)
Profit before income tax				1,536
Income tax expense				(457)
Profit for the period				1,079
Share of net loss of equity accounted investments included in EBIT				(5)

1. Included in cost of sales is depreciation and amortisation of \$246 million (2025: \$260 million).

Significant items

Significant items are large gains, losses, income, expenditures or events that are not in the ordinary course of business or that are exceptional by nature and/or magnitude to materially affect understanding of the year’s performance. 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.

Award covered salaried team member review - employee benefits provision

On 5 September 2025, judgment was received in the Fair Work Ombudsman (FWO) proceedings and associated class action, heard in the Federal Court of Australia in June 2023. Orders are yet to be determined. As a result of the FWO’s interpretation of a number of GR1A and Fair Work Act provisions being upheld by the Federal Court, the Net profit before tax for the year includes a provision of \$235 million (recognised in Administration expenses). Refer to Note 2.9 Provisions for discussion on the Award covered salaried team member review, the potential penalties and impact of the related class action.

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 prior year includes a provision of \$35 million (recognised in Administration expenses) relating to future closure and site reconfiguration costs.

1.2 Earnings per share (EPS)

	2026	2025
EPS attributable to equity holders of the Company		
Basic EPS (cents)	81.5	80.8
Diluted EPS (cents)	81.2	80.5
Profit for the period (\$m)	1,090	1,079
Weighted average number of ordinary shares for basic EPS (shares, million)	1,338	1,336
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,342	1,340

Calculation methodology

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

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

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

1.3 Sales revenue

Sale of goods

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

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

	2026 \$m	2025 \$m
In-store sales	39,111	38,924
eCommerce sales	5,908	4,730
Other sales	561	698
Total sales revenue	45,580	44,352



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1.4 Administration expenses

	2026 \$m	2025 \$m
Employee benefits expense ¹	6,153	5,798
Occupancy and overheads	897	960
Depreciation and amortisation ²	1,652	1,569
Marketing expenses	259	244
Net impairment expense	2	4
Other store expenses	757	704
Other administration expenses	710	609
Total administration expenses	10,430	9,888

1. Included in employee benefits expenses is \$235 million (2025: nil) of remediation costs recorded as a result of the Federal Court judgment received in September 2025 in relation to the FWO proceedings.
2. Total depreciation and amortisation is \$1,898 million (2025: \$1,829 million), the remaining depreciation and amortisation is included within cost of sales.

Employee benefits expense is comprised of:

	2026 \$m	2025 \$m
Remuneration, bonuses and on-costs ¹	6,125	5,826
Superannuation expense	582	545
Share-based payments expense	24	27
Total employee benefits expense	6,731	6,398
Employee benefits expense included in:		
Cost of sales	578	600
Administration expenses	6,153	5,798

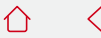
1. Included in remuneration, bonuses and on-costs, is \$235 million (2025: nil) of remediation costs recorded as a result of the Federal Court judgment received in September 2025 in relation to the FWO proceedings.

Employee benefits expense

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

Retirement benefit obligations

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



1.5 Financing costs

	2026 \$m	2025 \$m
Interest on debt and borrowings	82	88
Interest on lease liabilities	426	425
Other finance related costs	30	28
Total financing costs	538	541

Financing costs

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

1.6 Income tax

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

	2026 \$m	2025 \$m
Current income tax expense	531	416
Adjustment in respect of current income tax of previous periods	(1)	(2)
Deferred income tax relating to origination and reversal of temporary differences	(66)	45
Adjustment in respect of deferred income tax of previous periods	(5)	(2)
Income tax reported in the income statement	459	457

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

	2026 \$m	2025 \$m
Deferred tax related to items recognised in OCI during the period:		
Net profit/(loss) on revaluation of cash flow hedges	–	(3)
Deferred tax charged to OCI	–	(3)

Notes to the Consolidated Financial Statements continued

1.6 Income tax (continued)

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

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

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

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

	2026 \$m	2025 \$m
Profit before income tax	1,549	1,536
At Australia's corporate tax rate of 30% (2025: 30%)	465	461
Non-temporary differences		
Adjustments in respect of income tax of previous periods	(6)	(4)
Share of results of joint venture	–	2
Non-deductible expenses for income tax purposes	–	1
Utilisation of previously unrecognised capital losses	–	(3)
Income tax expense reported in the Income Statement¹	459	457

1. At an effective income tax rate of 29.6% (2025: 29.8%).

Tax consolidation

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

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

Global minimum tax

Coles Group Limited is subject to the Organization for Economic Cooperation and Development (OECD) Pillar Two model rules (Pillar Two rules). Pillar Two legislation received royal assent in Australia on 10 December 2024 and was effective from FY25 for the Group. The foreign jurisdictions where Coles had a presence during the period, Singapore and Hong Kong, have enacted Pillar Two legislation. Pillar Two rules impose a minimum 15% effective tax rate applicable in each jurisdiction in which the Group has a presence. The impact of the Pillar Two rules calculated by Coles is not material to the Group's income tax expense. Pursuant to the amendments to AASB 112 issued on 29 June 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 28 June 2026.

Deferred income tax balances recognised in the Balance Sheet

	Opening balance \$m	Charged to profit or loss \$m	Credited to OCI \$m	Other \$m	Closing balance \$m
2026					
Provisions	68	(2)	–	–	66
Employee benefits	242	71	–	–	313
Trade and other payables	46	(3)	–	–	43
Inventories	69	4	–	–	73
Property, plant and equipment	212	19	–	–	231
Lease Liabilities	2,503	(282)	–	207	2,428
Other individually insignificant balances	18	(1)	–	–	17
Deferred tax assets	3,158	(194)	–	207	3,171
Accelerated depreciation for tax purposes	212	34	–	–	246
Intangible assets	105	(9)	–	–	96
Right-of-use assets	2,083	(289)	–	207	2,001
Other assets	10	–	–	–	10
Cash flow hedges	7	–	–	–	7
Other individually insignificant balances	70	(1)	–	–	69
Deferred tax liabilities	2,487	(265)	–	207	2,429
Net deferred tax assets	671	71	–	–	742

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

Notes to the Consolidated Financial Statements continued

1.6 Income tax (continued)

Tax assets and liabilities

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

The Group has unrecognised deferred tax assets relating to temporary differences arising from its investments in Loyalty Pacific Pty Ltd (operator of the Flybuys loyalty program) and Queensland Venue Co. Pty Ltd (QVC), and capital losses from disposal of capital gains tax assets. Deferred tax assets have not been recognised in relation to these amounts as the Group has determined that at the reporting date, it is not probable that capital gains will be available against which the Group can utilise these benefits. The unrecognised deferred tax asset is \$151 million (2025: \$155 million).

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

The Group determined, based on its tax compliance, that it is probable that its tax treatments applied at 28 June 2026 will be accepted by the taxation authorities.

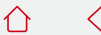
Goods and Services Tax (GST)

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

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

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

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



2. Assets and Liabilities



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

2.1 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2026 \$m	2025 \$m
Cash in transit	384	370
Cash on hand	164	165
Cash at bank and on deposit	20	170
Total cash and cash equivalents	568	705

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

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

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

	2026 \$m	2025 \$m
Profit for the period	1,090	1,079
Adjustments for:		
Depreciation and amortisation	1,898	1,829
Net impairment expense	2	4
Net loss on disposal of non-current assets	13	11
Movement in derivatives	3	(7)
Share of net (profit)/loss from equity accounted investments	(1)	5
Share-based payments expense	24	27
Other	15	–
Changes in assets and liabilities net of the effects of acquisitions and disposals of businesses:		
Increase in inventories	(5)	(30)
(Increase)/decrease in trade and other receivables	(63)	18
Decrease/(increase) in prepayments	20	(8)
Decrease in other assets	2	3
(Increase)/decrease in deferred tax assets	(71)	43
Decrease/(increase) in income tax receivable	119	(101)
Increase in trade and other payables	74	85
Increase/(decrease) in provisions	229	(13)
Decrease in other liabilities	(5)	(9)
Net cash flows from operating activities	3,344	2,936

Notes to the Consolidated Financial Statements continued

2.2 Trade and other receivables

Trade and other receivables are comprised of the following:

	2026 \$m	2025 \$m
Trade receivables	434	387
Other receivables	124	116
	558	503
Allowance for expected credit losses	(15)	(16)
Total trade and other receivables	543	487

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

Trade receivables

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

Impairment of trade receivables

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

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

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

2.3 Other assets

Other assets are comprised of the following:

	2026 \$m	2025 \$m
Prepayments	94	109
Other assets	37	11
Total other current assets	131	120
Prepayments	35	40
Other assets	48	111
Total other non-current assets	83	151
Total other assets	214	271

2.4 Inventories

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

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

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

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KEY ESTIMATE: NET REALISABLE VALUE

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

Commercial income

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

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

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

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

KEY ESTIMATE: COMMERCIAL INCOME

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

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

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

2.5 Property, plant and equipment

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

	Land \$m	Buildings \$m	Plant & equipment \$m	Leasehold improvements \$m	Total \$m
Useful life (range)	Not applicable	20 – 40 years	3 – 20 years	Term of lease	
2026					
Cost	803	360	10,605	1,544	13,312
Accumulated depreciation and impairment	(108)	(3)	(5,906)	(880)	(6,897)
Carrying amount at end of period	695	357	4,699	664	6,415
Carrying amount at beginning of period	612	115	4,543	596	5,866
Additions	126	270	773	159	1,328
Transfer to assets held for sale	(20)	–	(1)	–	(21)
Depreciation	–	(1)	(602)	(89)	(692)
Impairment reversal	3	–	3	–	6
Disposals and write-offs¹	(26)	(27)	(17)	(2)	(72)
Transfers	–	–	–	–	–
Carrying amount at end of period	695	357	4,699	664	6,415
Construction work in progress included above	–	288	699	183	1,170

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2.5 Property, plant and equipment (continued)

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

1. Net loss on disposal of property, plant and equipment during the period was \$13 million (2025: \$11 million net loss).

2.6 Intangible assets

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

Licences and software

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

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

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

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

Goodwill

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

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

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

Useful life (range)

2026

	Goodwill \$m	Software \$m	Licences \$m	Total \$m
<i>Indefinite</i>	<i>Indefinite</i>	<i>5 - 15 years</i>	<i>Indefinite</i>	
Cost	1,158	2,879	36	4,073
Accumulated amortisation and impairment	–	(1,852)	–	(1,852)
Carrying amount at end of the period	1,158	1,027	36	2,221
Carrying amount at beginning of the period	1,151	1,060	35	2,246
Additions	7	227	1	235
Disposals and write-offs	–	(1)	–	(1)
Impairment	–	(12)	–	(12)
Amortisation	–	(247)	–	(247)
Carrying amount at end of the period	1,158	1,027	36	2,221
Development work in progress included above	–	234	–	234

2025

Cost	1,151	2,669	35	3,855
Accumulated amortisation and impairment	–	(1,609)	–	(1,609)
Carrying amount at end of the period	1,151	1,060	35	2,246
Carrying amount at beginning of the period	1,151	1,018	34	2,203
Additions	–	278	–	278
Transfers	–	5	1	6
Disposals and write-offs	–	(1)	–	(1)
Impairment	–	(11)	–	(11)
Amortisation	–	(229)	–	(229)
Carrying amount at end of the period	1,151	1,060	35	2,246
Development work in progress included above	–	198	–	198

2.7 Leases

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

	2026			2025		
	Property leases \$m	Non- property leases \$m	Total \$m	Property leases \$m	Non- property leases \$m	Total \$m
At beginning of period	6,478	464	6,942	6,652	396	7,048
Additions	150	54	204	184	143	327
Other remeasurements ¹	477	3	480	479	12	491
Depreciation expense	(860)	(99)	(959)	(840)	(87)	(927)
Impairment reversal	4	–	4	3	–	3
At end of period	6,249	422	6,671	6,478	464	6,942

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

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2.7 Leases (continued)

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

	2026 \$m	2025 \$m
At beginning of period	8,343	8,417
Additions	205	336
Other remeasurements ¹	484	501
Accretion of interest	426	425
Payments	(1,366)	(1,336)
At end of period	8,092	8,343
Current	949	928
Non-current	7,143	7,415

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

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

Variable lease payments based on sales

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

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

	2026			2025		
	Fixed payments \$m	Variable payments \$m	Total \$m	Fixed payments \$m	Variable payments \$m	Total \$m
Leases with lease payments based on sales	736	34	770	775	62	837

Extension options

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

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

Of the Group’s lease portfolio, 89% of leases have extension options (2025: 91%). Of those leases, 30%¹ have an extension option included in the calculation of the lease liability at 28 June 2026 (2025: 28%).

1. 79% of these leases contain one or more future extension options not included in the lease liability (2025:75%).

The following amounts have been recognised in the Income Statements:

	2026 \$m	2025 \$m
Depreciation of right-of-use assets	959	927
Interest expense on lease liabilities	426	425
Expenses relating to short-term leases (included in administration expenses)	5	6
Variable lease payments based on sales (included in administration expenses)	34	62
Total amount recognised in the Income Statement	1,424	1,420

The Group recognised a total gain of \$8 million relating to four sale and leaseback transactions during the period (2025: \$13 million from five transactions).

Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

KEY JUDGEMENT: DETERMINING THE LEASE TERM

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

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

KEY JUDGEMENT: INCREMENTAL BORROWING RATE

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

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

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2.7 Leases (continued)

Group as lessor

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

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

	2026 \$m	2025 \$m
Within one year	8	9
Between one and five years	19	21
More than five years	15	21
Total	42	51

Rental income is accounted for on a straight-line basis over the lease term and is included in ‘Other operating revenue’ in the Income Statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease income not dependent on an index or rate is recognised as revenue in the period in which it is earned. The Group recognised income of \$10 million for the period with respect to subleasing of its right-of-use assets (2025: \$17 million).

2.8 Trade and other payables

Trade and other payables are comprised of the following:

	2026 \$m	2025 \$m
Trade payables	3,642	3,595
Other payables	1,069	1,042
Total trade and other payables	4,711	4,637

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

2.9 Provisions

	2026 \$m	2025 \$m
CURRENT		
Employee benefits	976	756
Self-insurance liabilities	126	109
Other	24	29
Total current provisions	1,126	894
NON-CURRENT		
Employee benefits	68	72
Restructuring provision	30	35
Self-insurance liabilities	288	274
Total non-current provisions	386	381
Total provisions	1,512	1,275

2.9 Provisions (continued)

Employee benefits - Award covered salaried team member review

Included in current employee benefits provisions is \$254 million (2025: \$19 million) of remediation provision recorded as a result of the Federal Court judgment received in September 2025 in relation to the FWO proceedings.

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 December 2021, the FWO filed proceedings in the Federal Court of Australia which included issues relating to the interpretation and application of various provisions of the GRIA. The FWO alleged 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. Class action proceedings, filed in the Federal Court of Australia in May 2020, in relation to payment of Coles managers employed in supermarkets was heard at the same time. Judgment was received on 5 September 2025 with orders yet to be determined. Following the determination of orders an opportunity to appeal will exist for all parties to the proceeding.

As a result of the FWO’s interpretation of a number of GRIA and Fair Work Act provisions being upheld by the Federal Court, an additional provision of \$235 million has been recognised in the current year, refer to Note 1.1 Segment reporting, bringing the total provision as at 28 June 2026 to \$254 million (29 June 2025: \$19 million).

There is a risk that the determination of orders and/or appeals may impact the Group’s current assessment of the position and require the Group to make further remediation payments.

Any potential penalties remain uncertain at the date of this report, as does the impact of the class action.

Movements in restructuring, self-insurance, and other provisions

	Restructuring \$m	Self-insurance \$m	Other \$m	Total \$m
At beginning of period	35	383	29	447
Arising during the period	–	150	3	153
Utilised	(5)	(114)	(7)	(126)
Unused amounts reversed	–	(11)	(1)	(12)
Unwind / changes in discount rate	–	6	–	6
At end of period	30	414	24	468
Current	–	126	24	150
Non-current	30	288	–	318

Provisions are:

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

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

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PROVISION

Employee benefits

Provisions for employee entitlements to annual leave, long service leave and employee incentives (where the Group does not have an unconditional right to defer payment for at least twelve months after the reporting date) are recognised within the current provision for employee benefits and represent the amount which the Group has a present obligation to pay, resulting from employees' services up to the reporting date.

All other short-term employee benefit obligations are presented as payables.

Liabilities for long service leave where the Group has an unconditional right to defer payment for at least twelve months after the reporting date are recognised within the non-current provision for employee benefits.

Self-insurance

The Group is self-insured for workers compensation and certain general liability risks. The Group seeks external actuarial advice in determining self-insurance provisions. Provisions are discounted and are based on claims reported and an estimate of claims incurred but not reported.

These estimates are reviewed bi-annually, and any reassessment of these estimates will impact self-insurance expense.

Restructuring

Restructuring provisions are recognised when restructuring has either commenced or has raised a valid expectation in those affected, and the Group has a detailed formal plan identifying:

- the business or part of the business impacted
- the location and approximate number of employees impacted
- an estimate of the associated costs
- the timeframe for restructuring activities

KEY ESTIMATES

Employee benefits provisions are based on a number of estimates including, but not limited to:

- expected future wages and salaries
- attrition (applicable to long service leave provisions only)
- discount rates
- expected salary related payments, interest and on-costs following a review of the pay arrangements for award-covered salaried team members

Self-insurance provisions are based on a number of estimates including, but not limited to:

- discount rates
- future inflation
- average claim size
- claims development
- risk margin

Restructuring provisions are based on a number of estimates including, but not limited to:

- number of employees impacted
- employee tenure and costs
- restructure timeframes
- discount rates

3. Capital



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

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

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

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

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

3.1 Interest-bearing liabilities

	2026	2025
	\$m	\$m
CURRENT		
Capital market debt	300	150
Total current interest-bearing liabilities	300	150
NON-CURRENT		
Bank debt	10	–
Capital market debt	1,490	1,834
Total non-current interest-bearing liabilities	1,500	1,834
Total interest-bearing liabilities	1,800	1,984

Capital market debt consists of:

Medium term notes	Maturity	2026	2025
		\$m	\$m
\$150m	Aug-25	–	150
\$300m	Nov-26	300	299
\$300m	Nov-29	299	299
\$300m	Aug-30	299	299
\$350m	Jul-31	349	366
\$300m	Oct-32	293	307
\$250m	Nov-33	250	264
Total capital market debt		1,790	1,984

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.

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3.2 Contributed equity and reserves

Contributed equity

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

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

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

		2026		2025
	m	\$m	m	\$m
Share Capital				
At beginning of period	1,341.3	1,786	1,339.4	1,750
Issue of shares to satisfy the dividend reinvestment plan	1.8	41	1.9	36
At end of period	1,343.1	1,827	1,341.3	1,786
	m	2026	m	2025
		\$m		\$m
Shares held in trust				
At beginning of period	(4.7)	(82)	(4.6)	(78)
Purchase of shares to satisfy the employee equity incentive plans	(2.0)	(45)	(2.2)	(40)
Transfer of shares to employees under the employee equity incentive plan	1.7	30	1.8	31
Purchase of shares to satisfy the employee share purchase plan	–	–	(0.1)	(2)
Transfer of shares to employees under the employee share purchase plan	0.5	10	0.4	7
At end of period	(4.5)	(87)	(4.7)	(82)
Total contributed equity	1,338.6	1,740	1,336.6	1,704

Cash flow hedge reserve

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

Share-based payments reserve

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

3.3 Dividends paid and proposed

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

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

	Cents per share		Total \$m	
	2026	2025	2026	2025
Fully franked dividends determined and paid during the period				
Paid final dividend	32.0	32.0	429	429
Paid interim dividend	41.0	37.0	550	496
	73.0	69.0	979	925
Fully franked dividends proposed and unrecognised at reporting date				
Final dividend proposed ¹	37.0	32.0	497	429
	37.0	32.0	497	429

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

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

Franking account

	2026	2025
	\$m	\$m
Total franking credits available for subsequent periods based on a tax rate of 30% (2025: 30%)	663	672



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4. Financial risk

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

4.1 Impairment of non-financial assets

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

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

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

KEY ESTIMATE: ASSESSMENT OF RECOVERABLE AMOUNT

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

Forecast future cash flows

Forecast future cash flows are based on the Group’s latest Board approved internal four-year forecasts and reflect management’s best estimate of income, expenses, capital expenditure and cash flows for each asset or CGU. Internal forecasts have considered the ongoing impacts of the cost of living on income and expenses. Changes in selling prices and direct costs are based on past experience and management’s expectation of future changes in the markets in which the Group operates.

Climate-related risks and opportunities were considered in assessing the recoverable amounts of the Group’s CGUs. Based on the assessment performed, management concluded that climate-related matters did not have a material impact on forecast cash flows, discount rates or other key assumptions used in determining recoverable amounts, and did not give rise to any additional impairment indicators or impairment charges. Accordingly, considering identified mitigations, climate-related matters did not have a material impact on the carrying amounts of the non-financial assets assessed at the reporting date. Management will continue to monitor and assess the potential financial effects of climate-related risks and opportunities.

When calculating the FVLCOD of an asset or CGU, future forecast cash flows also incorporate reasonably available market participant assumptions such as enhancement capital expenditure.

Discount rates

Estimated future cash flows are discounted to their present value using discount rates that reflect the Group’s weighted average cost of capital, adjusted for risks specific to the asset or CGU. The rates have been calculated in conjunction with independent valuation experts.

Expected long-term growth rates

Cash flows beyond the four-year period are extrapolated using estimated long-term growth rates. The growth rates are based on historical performance as well as expected long-term market operating conditions specific to each asset or CGU and with reference to long-term average industry growth rates. Growth rates have been calculated with the assistance of independent valuation experts.

The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes to impairment recognised in future periods.

4.1 Impairment of non-financial assets (continued)

Net (impairment)/reversal for the current and prior period is included in ‘Administration expenses’ in the Income Statement as it relates to the day-to-day management of the Group’s freehold property portfolio and other non-financial assets.

	2026			2025		
	Property	Other non-financial assets	Total	Property	Other non-financial assets	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Impairment	(12)	(12)	(24)	(20)	(11)	(31)
Reversal	15	7	22	20	7	27
Net (impairment)/reversal	3	(5)	(2)	–	(4)	(4)

Recognised impairment

An impairment loss is recognised in the Income Statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is re-tested for impairment. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill. The FVLCOD valuation methodology was applied to determine the recoverable amount of CGUs.

	2026		2025	
	Supermarkets	Liquor	Supermarkets	Liquor
Goodwill allocation (\$m)	993	165	986	165
Indefinite life intangible assets (\$m)	–	36	–	35
Post-tax discount rate (%)	7.8%	7.8%	7.5%	7.5%
Terminal growth rate (%)	2.2%	0.9%	2.1%	2.1%

Sensitivity analysis is performed to determine the point at which the recoverable amount is equal to the carrying amount for each CGU. For the Group’s CGUs, based on current economic conditions and CGU performance, it has been concluded that no reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.

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4.2 Financial risk management

The following note outlines the Group’s exposure to and management of financial risks. These arise from the Group’s requirement to access financing (bank debt, capital market debt and overdrafts), from the Group’s operational activities (cash, trade receivables and payables) and from instruments held as part of the Group’s risk management activities (derivative financial instruments).

The Group’s financial risk management is carried out by the Group Treasury function and governed by the Board-approved Treasury Policy (the Policy). The Policy strictly prohibits speculative positions to be taken.

Management of financial risks is undertaken by the Group in line with its risk management principles and includes the following key steps: risk identification, risk measurement, setting risk tolerances and hedging objectives, strategy design and strategy implementation.

The Policy requires periodic reporting of financial risks to the Board, and its application is subject to oversight from the Chief Financial Officer and the Chairman of the Audit and Risk Committee.

The Policy allows the use of various derivatives to hedge financial risks and provides guidance in relation to volume and tenor of these instruments.

In the normal course of business, the Group is exposed to various risks as set out below:

RISK	EXPOSURE	MANAGEMENT
Market risks		
Interest rate risk	The Group’s exposure to interest rate risk relates primarily to interest-bearing liabilities where interest is charged at variable rates.	The Group manages interest rate risk by having access to both fixed and variable debt facilities. In line with the Policy, this risk is further managed by hedging a portion of the interest rate debt exposures with derivative financial instruments to convert interest rate debt obligations to either fixed or floating rate obligations.
Foreign exchange risk	The Group has exposure to foreign exchange risk principally arising from purchases of inventory and capital equipment denominated in foreign currencies.	To manage foreign currency transaction risk, the Group hedges material foreign currency denominated expenditure at the time of the commitment and hedges a proportion of foreign currency denominated forecast exposures (mainly relating to the purchase of inventory) through the use of forward foreign exchange contracts and foreign currency options.
Commodity price risk	The Group is exposed to changes in commodity prices in respect to the price of electricity.	To mitigate the variability of wholesale electricity prices, the Group utilises Power Purchase Arrangements (PPAs) and electricity swaps.

Liquidity risk	The Group is exposed to liquidity and funding risk from operations and external borrowings. Liquidity risk is the risk that unforeseen events cause pressure on, or curtail, the Group’s cash flows. Funding risk is the risk that sufficient funds will not be available to meet the Group’s financial commitments in a timely manner.	Liquidity risk is measured under both normal market operating conditions and under a crisis situation which curtails cash flows for an extended period. This approach is designed to ensure that the Group’s funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The Group regularly reviews its short, medium and long-term funding requirements. The Policy requires that sufficient committed funds are available to meet medium term requirements, with flexibility and headroom in the event a strategic opportunity should arise. The Group maintains a liquidity reserve in the form of undrawn facilities of at least \$1 billion.
Credit risk	The Group is exposed to credit risk from its financing activities, including deposits with financial institutions and other financial instruments. With respect to credit risk arising from cash and cash equivalents, trade and other receivables and certain derivative instruments, the Group’s exposure arises from default of the counterparty. Credit risk for the Group also arises from various financial guarantees in which members of the Group act as guarantor.	The majority of the Group’s sales are on a cash basis, and the Group’s exposure to credit risk from customer sales is minimal. The Group’s trade and other receivables relate largely to commercial income due from suppliers and other receivables from creditworthy third parties. Counterparty limits, credit ratings and exposures are actively managed in accordance with the Policy. The Group’s exposure to bad debts is not significant, and default rates have historically been very low. The credit quality of trade and other receivables neither past due nor impaired has been assessed as high on the basis of credit ratings (where available) or historical information about counterparty default. Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party. The carrying amount of trade and other receivables and other financial assets in the Balance Sheet represents the Group’s maximum exposure to credit risk. There is also exposure to credit risk where members of the Group have entered into guarantees, however the probability of being required to make payments under these guarantees is considered remote.

Foreign exchange risk

The Group is primarily exposed to foreign exchange risk in relation to the United States dollar (USD), the Euro (EUR) and the British Pound (GBP). The Group considers its exposure to USD, EUR and GBP arising from purchases to be a long-term and ongoing exposure that is highly probable.

The table below sets out the total forward exchange contracts at the reporting date and the carrying value of the derivative asset / (liability) positions:

	Notional value		Carrying value		Weighted average hedge rate	
	2026	2025	2026	2025	2026	2025
	\$m	\$m	\$m	\$m		
Buy/sell						
USD/AUD	225	169	3	(3)	0.69	0.64
EUR/AUD	260	204	(3)	8	0.60	0.58
GBP/AUD	22	15	–	–	0.52	0.49

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4.2 Financial risk management (continued)

At the reporting date, the Group has the following exposures to USD, EUR and GBP:

	USD \$m		EUR €m		GBP £m	
	2026	2025	2026	2025	2026	2025
FINANCIAL ASSETS						
Cash and cash equivalents	7	5	–	–	–	–
Trade receivables	12	11	–	–	–	–
Forward exchange contracts	157	109	155	118	12	7
FINANCIAL LIABILITIES						
Trade and other payables	(66)	(56)	(41)	(34)	(3)	(6)
Net exposure	110	69	114	84	9	1

At the reporting date, the Group held €20 million (2025: €49 million) of foreign currency collar options with a carrying value of nil (2025: \$5 million).

Foreign exchange rate sensitivity

At the reporting date, had the Australian dollar moved against the USD, EUR and GBP (with all other variables held constant), the Group’s post-tax profit and OCI would have been affected by the change in value of its financial assets and financial liabilities.

The following sensitivities are based on the foreign exchange risk exposures in existence at the reporting date and the determination of reasonably possible movements based on management’s assessment of reasonable fluctuations:

		Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
Rate	Change	2026 \$m	2025 \$m	2026 \$m	2025 \$m
AUD/USD	+10%	–	–	(10)	(7)
	-10%	–	–	12	8
AUD/EUR	+10%	–	–	(12)	(10)
	-10%	–	–	15	12
AUD/GBP	+10%	–	–	(1)	–
	-10%	–	–	1	–

Interest rate risk

At the reporting date, the Group has the following financial assets and liabilities exposed to variable interest rate risk.

	2026		2025	
	Exposure \$m	Weighted average interest rate %	Exposure \$m	Weighted average interest rate %
FINANCIAL ASSETS				
Cash at bank and on deposit	20	1.5	170	3.7
FINANCIAL LIABILITIES				
Bank debt	(10)	(5.3)	–	–
Capital market debt	–	–	(150)	(4.7)
Interest rate swaps pay floating (notional principal amount)	(900)	(5.8)	(900)	(5.4)
Net exposure to cash flow interest rate risk	(890)		(880)	

Interest rate sensitivity

Based on the variable interest rate exposures in existence at the reporting date, a reasonably possible change of 100 basis points, with all other variables held constant, the impact would be:

	Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
IMPACT OF REASONABLY POSSIBLE MOVEMENTS				
+1.0% (100 basis points)	(6)	(6)	–	–
-1.0% (100 basis points)	6	6	–	–

Liquidity risk

The Group aims to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank debt with a variety of counterparties.

The committed facilities of the Group are set out below:

	2026 \$m	2025 \$m
FINANCING FACILITIES AVAILABLE:		
Bank overdrafts	13	13
Revolving multi-option facilities	2,915	2,915
	2,928	2,928
FINANCING FACILITIES UTILISED:		
Revolving multi-option facilities	10	–
Guarantees issued ¹	371	346
	381	346
FINANCING NOT UTILISED:		
Bank overdrafts	13	13
Revolving multi-option facilities ¹	2,534	2,569
	2,547	2,582

1. As at 28 June 2026, bank guarantees totalling \$371 million (2025: \$346 million) have been issued on behalf of the Group through the revolving multi-option facilities. While the Company has entered into these guarantees, the probability of having to make payments under these guarantees is considered remote.

The Group holds \$568 million cash and cash equivalents at the reporting date (2025: \$705 million).



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4.2 Financial risk management (continued)

Maturity analysis

The table below sets out the Group’s financial liabilities across the relevant maturity periods based on their contractual maturity date. At the reporting date, the remaining undiscounted contractual maturities of the Group’s financial liabilities and their carrying amounts are as follows:

	< 12 Months	1-2 Years	2-5 Years	> 5 Years	Total contractual cash flows	Carrying amount
	\$m	\$m	\$m	\$m	\$m	\$m
2026						
Trade and other payables (less accrued interest)	4,692	–	–	–	4,692	4,692
Bank debt (principal and interest)	1	10	–	–	11	10
Capital market debt (principal and interest)	370	67	785	974	2,196	1,809
Lease liabilities	1,346	1,305	3,493	4,203	10,347	8,092
Forward exchange contracts	6	–	–	–	6	6
Power Purchase Arrangement	3	4	–	–	7	5
Total	6,418	1,386	4,278	5,177	17,259	14,614
2025						
Trade and other payables (less accrued interest)	4,617	–	–	–	4,617	4,617
Capital market debt (principal and interest)	225	370	496	1,330	2,421	2,004
Lease liabilities	1,331	1,294	3,499	4,557	10,681	8,343
Forward exchange contracts	4	–	–	–	4	4
Power Purchase Arrangement	1	1	1	–	3	3
Total	6,178	1,665	3,996	5,887	17,726	14,971

For variable rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date. Contractual cash flows are undiscounted and as such will not necessarily agree with their carrying amounts.

Changes in liabilities arising from financing activities

	Note	At beginning of period	Cash flows	Changes in fair value	Leases recognised	Other	At end of period
		\$m	\$m	\$m	\$m	\$m	\$m
2026							
Bank debt	3.1	–	10	–	–	–	10
Capital market debt	3.1	1,984	(150)	(45)	–	1	1,790
Lease liabilities	2.7	8,343	(1,366)	–	689	426	8,092
Derivatives	4.3	7	–	(1)	–	–	6
Total liabilities from financing activities		10,334	(1,506)	(46)	689	427	9,898
2025							
Capital market debt	3.1	1,652	299	32	–	1	1,984
Lease liabilities	2.7	8,417	(1,336)	–	837	425	8,343
Derivatives	4.3	9	–	(2)	–	–	7
Total liabilities from financing activities		10,078	(1,037)	30	837	426	10,334

As at 28 June 2026, the Group has supplier finance arrangements in place with a balance of \$127 million (2025: \$137 million), which had been paid to suppliers by the finance provider. The terms and conditions of these arrangements are consistent with the original payment terms agreed with suppliers and therefore continue to be presented as trade payables in the consolidated Balance Sheet.

4.3 Financial instruments

Financial assets and liabilities measured at fair value

The following table sets out the fair value measurement hierarchy and fair value of the Group’s derivative financial instruments:

	Fair value hierarchy	Asset	2026 Liability	Asset	2025 Liability
		\$m	\$m	\$m	\$m
CASH FLOW HEDGES					
Forward exchange contracts	Level 2	6	(6)	9	(4)
Foreign currency options	Level 2	–	–	5	–
Interest rate swaps	Level 2	–	–	–	–
Electricity swaps	Level 2	–	–	–	–
Power Purchase Agreement	Level 3	26	(5)	18	(3)
FAIR VALUE HEDGES					
Interest rate swaps	Level 2	2	(6)	41	–
Total		34	(17)	73	(7)

The Group measures certain financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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4.3 Financial instruments (continued)

Derivatives

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts, foreign currency options, interest rate swap contracts, electricity swap contracts and power purchase agreements are valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot, forward rates and volatilities, yield curves of the respective currencies, interest rate curves and electricity futures. In addition, the valuation of the power purchase arrangement includes an unobservable input relating to forward electricity price assumptions.

Carrying amounts versus fair values

The carrying amount and fair value of financial assets and liabilities recognised in the financial statements are materially the same unless stated below:

	Carrying amount			Fair value
	2026	2025	2026	2025
	\$m	\$m	\$m	\$m
FINANCIAL LIABILITIES				
Capital market debt	1,790	1,984	1,748	1,922

Offsetting of financial assets and liabilities

The Group presents its financial assets and liabilities on a gross basis except where there is an enforceable legal right to offset and there is an intention to settle on a net basis.

Commercial income due from suppliers is recognised within trade receivables, except in cases where the Group has a legally enforceable right of set-off and the intention to settle on a net basis, in which case only the net amount receivable or payable is recognised.

The following table sets out the Group’s financial assets and financial liabilities which have been offset in the Balance Sheet at the reporting date:

	Gross financial assets/(liabilities)	Gross financial (liabilities)/assets set-off	Net financial assets/(liabilities) presented in the balance sheet
	\$m	\$m	\$m
2026			
Trade and other receivables	690	(147)	543
Trade and other payables	(4,858)	147	(4,711)
2025			
Trade and other receivables	635	(148)	487
Trade and other payables	(4,785)	148	(4,637)

Hedge accounting

Where the Group undertakes a hedge transaction it documents at the inception of the transaction the type of hedge, the relationship between hedging instruments and hedged items and its risk management objective and strategy for undertaking the hedge. The documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge has been, and is expected to continue to be, highly effective.

The Group uses derivative financial instruments for cash flow and fair value hedging purposes and designates them as such.

Cash flow hedge	Derivatives or other financial instruments that hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction. The Group uses cash flow hedges to mitigate the risk of variability of: - future cash flows attributable to foreign currency fluctuations over the hedging period where the Group has highly probable purchase or settlement commitments denominated in foreign currencies; - interest rate fluctuations over the hedging period where the Group has variable rate debt obligations; and - energy commodity price fluctuations over the hedging period.
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in OCI and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the Income Statement.

Fair value hedge	Derivatives or other financial instruments that hedge the exposure to changes in fair value of a recognised asset, liability or an unrecognised firm commitment. The Group uses fair value hedges to mitigate the risk of fair value fluctuations over the hedging period.
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. Fair value gains and losses are recognised in the Income Statement.

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5. Group Structure

This section provides information relating to subsidiaries and other material investments of the Group.

5.1 Equity accounted investments

Name of company	Principal activity	Place of incorporation	Type	Ownership interest	
				2026	2025
HUG (Austral) Holdings Trust ¹	Property Investment Business	Australia	Associate	40%	–
HUG (Diggers Rest) Holdings Trust ¹	Property Investment Business	Australia	Associate	40%	–
HUG (Richlands) Holdings Trust ¹	Property Investment Business	Australia	Associate	40%	–
Loyalty Pacific Pty Ltd	Operator of the Flybuys loyalty program	Australia	Joint Venture	50%	50%
Queensland Venue Co. Pty Ltd (QVC)	Operator of Spirit Hotels and Queensland retail liquor business	Australia	Associate	50%	50%

1. These property investment trusts are collectively referred to as the HUG unlisted property trusts.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An associate is an entity that is not controlled or jointly controlled by the Group, but over which the Group has significant influence.

The Group accounts for its investments in joint ventures and associates using the equity method of accounting. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group’s share of profit after tax of the joint venture or associate, which is recognised in profit or loss. The Group’s share of OCI is recognised within Other Comprehensive Income. Dividends received from a joint venture or associate reduce the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss for its investment in a joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value. Any impairment loss will be recognised within ‘share of net profit of equity accounted investments’ in the Income Statement.

KEY JUDGEMENT: CONTROL AND SIGNIFICANT INFLUENCE

The Group has a number of management agreements relating to its joint venture and associate investments which it considers when determining whether it has control, joint control or significant influence. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to appoint or remove key management and the decision-making rights and scope of powers specified in the agreements.

HUG unlisted property trusts

A reconciliation of the carrying amount of the Group’s investment in the HUG unlisted property trusts is set out below:

	2026 \$m	2025 \$m
At beginning of period	–	–
Additions	24	–
Profit for the period	–	–
At end of period	24	–

Loyalty Pacific Pty Ltd

A reconciliation of the carrying amount of the Group’s investment in Loyalty Pacific Pty Ltd is set out below:

	2026 \$m	2025 \$m
At beginning of period	39	24
Additions	7	20
Profit/(loss) for the period	1	(5)
At end of period	47	39

Queensland Venue Co. Pty Ltd

In FY19, the Company entered into an incorporated joint venture with Australian Venue Co. (AVC) for the operation of Spirit Hotels (the Hotel business) and the retail liquor stores linked to Spirit Hotels venues (collectively the ‘Retail Liquor business’). An incorporated joint venture company, QVC was established. Under the joint venture documents, the Company holds all R-shares in QVC and operates the Retail Liquor business through its wholly-owned subsidiary, Liquorland (Australia) Pty Ltd (LLA).

For accounting purposes, LLA is considered the principal in relation to retail liquor sales due to its exposure to the economic risks and benefits associated with the Retail Liquor business. Accordingly, LLA recognises revenue from retail liquor sales by QVC directly in its Income Statement. Revenue recognised by QVC relates solely to Spirit Hotels.

Furthermore, due to the application of service fees and cost recoveries between the Company and QVC, net profit relating to the Retail Liquor business as recognised by QVC is nominal.

A reconciliation of the carrying amount of the Group’s investment in QVC is set out below:

	2026 \$m	2025 \$m
At beginning of period	201	201
Additions	–	–
Profit for the period	–	–
At end of period	201	201

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5.2 Assets held for sale

At 28 June 2026, three of the Group’s properties with a total carrying value of \$21 million have been classified as held for sale (2025: five of the Group’s properties with a total carrying value of \$105 million).

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. A sale is considered highly probable when actions required to complete the sale indicate that it is unlikely significant changes to the sale will be made or that the decision to sell will be withdrawn, and where management is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

5.3 Subsidiaries

The ultimate parent of the Group is Coles Group Limited, a company incorporated in Australia. Subsidiaries are consolidated from the date of acquisition, being the date Coles Group Limited obtains control, and continue to be consolidated until the date control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Set out below are the subsidiaries of the Group held during the year. All entities were incorporated in Australia and wholly-owned unless stated otherwise.

Andearp Pty Ltd	Coles Group Property Developments Ltd *
Australian Liquor Group Ltd *	Coles Group Superannuation Fund Pty Ltd
BetaElementCo Pty Ltd	Coles Group Supply Chain Pty Ltd *
Bi-Lo Pty. Limited *	Coles Group Treasury Pty Ltd *
C360 Retail Media Pty Ltd	Coles Online Pty Ltd *
CGBV1 Pty Ltd	Coles Property Management Pty Ltd
Charlie Carter (Norwest) Pty Ltd	Coles Supermarkets Australia Pty Ltd *
Chef Fresh Pty Ltd *	Coles Supply Services Pty Ltd*
CMPQ (CML) Pty Ltd	Coles WFS Pty Ltd
CNSCE Pty Ltd	Eureka Operations Pty Ltd *
CNSCV Pty Ltd	Fresh Destination Pty Ltd ¹
Coles Ansett Travel Pty Ltd (97.5%)	GBPL Pty Ltd
Coles Captive Insurance Pte. Ltd. (incorporated in Singapore)	Grocery Holdings Pty Ltd *
Coles Environmental Services Pty Ltd	Liquorland (Australia) Pty Ltd*
Coles Export Asia Limited (incorporated in Hong Kong)	Newmart Pty Ltd
Coles Export Australia Pty Ltd*	Procurement Online Pty Ltd
Coles Financial Services Pty Ltd	Property Structures Pty Ltd
Coles Fresh Milk Co. Pty Ltd*	Retail Payment Solutions Pty Ltd
Coles FS Holding Company Pty Ltd	Retail Ready Operations Australia Pty. Ltd *
Coles Group Business Ventures Pty Ltd*	Tickoth Pty Ltd
Coles Group Deposit Services Pty Ltd	WFPL Funding Co Pty Ltd
Coles Group Finance Limited *	WFPL SPV Pty Ltd
Coles Group Properties Holdings Ltd *	

* These entities are parties to the Deed of Cross Guarantee (DOCG) and are members of the Closed Group as at 28 June 2026
¹ Incorporated on 30 July 2025.

Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (ASIC Instrument) the wholly-owned subsidiaries denoted by (*) listed above are relieved from the *Corporations Act 2001* (Cth) requirements for preparation, audit and lodgement of financial reports, and Directors’ Reports. Together with Coles Group Limited, the entities represent a ‘Closed Group’ for the purposes of the ASIC Instrument.

As a condition of the ASIC Instrument, the Company and these subsidiaries have entered into a Deed of Cross Guarantee (the Deed). The effect of the Deed is that the Company guarantees to pay any deficiency in the event of winding up any controlled entity in the Closed Group, or if they do not meet their obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities in the Closed Group have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee.

An Income Statement, retained earnings and a Balance Sheet, comprising the Company and controlled entities which are a party to the Deed at the reporting date, after eliminating all transactions between the parties to the Deed, for the period are set out below:

Income Statement and retained earnings

	Closed Group	
	2026	2025
	\$m	\$m
Sales revenue	45,529	44,315
Other operating revenue	142	135
Total operating revenue	45,671	44,450
Cost of sales	(33,295)	(32,610)
Gross profit	12,376	11,840
Other income	106	132
Administration expenses	(10,370)	(9,859)
Share of net loss from equity accounted investments	1	(5)
Earnings before interest and tax	2,113	2,108
Financing costs	(538)	(541)
Profit before income tax	1,575	1,567
Income tax expense	(467)	(465)
Profit for the period	1,108	1,102
Items that may be reclassified to profit or loss:		
Net movement in the fair value of cash flow hedges	(1)	9
Income tax effect	–	(3)
Other comprehensive income/ (loss) which may be reclassified to profit or loss in subsequent periods	(1)	6
Total comprehensive income for the period	1,107	1,108
RETAINED EARNINGS		
Retained earnings at beginning of period	2,125	1,948
Profit for the period	1,108	1,102
Dividends paid	(979)	(925)
Retained earnings at end of period	2,254	2,125

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5.3 Subsidiaries (continued)

Balance Sheet

	Closed Group	
	2026	2025
	\$m	\$m
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	451	701
Trade and other receivables	661	548
Inventories	2,737	2,730
Income tax receivable	–	28
Assets held for sale	21	105
Other assets	131	120
Total current assets	4,001	4,232
NON-CURRENT ASSETS		
Property, plant and equipment	6,413	5,864
Right-of-use assets	6,668	6,940
Intangible assets	2,221	2,241
Deferred tax assets	737	668
Investment in subsidiaries	191	190
Investment in joint venture	272	240
Other assets	83	151
Total non-current assets	16,585	16,294
Total assets	20,586	20,526
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,751	4,743
Interest-bearing liabilities	300	150
Income tax payable	90	–
Provisions	1,123	894
Lease liabilities	947	927
Other	246	247
Total current liabilities	7,457	6,961
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	1,500	1,834
Provisions	386	381
Lease liabilities	7,142	7,414
Other	8	1
Total non-current liabilities	9,036	9,630
Total liabilities	16,493	16,591
Net assets	4,093	3,935
EQUITY		
Contributed equity	1,740	1,704
Reserves	99	106
Retained earnings	2,254	2,125
Total equity	4,093	3,935

5.4 Parent entity information

Summary financial information for the Company is set out below:

	2026	2025
	\$m	\$m
Profit for the period	360	334
Dividends received	2,000	–
Profit for the period (after dividends)	2,360	334
Other comprehensive income	–	–
Total comprehensive income for the period	2,360	334
	2026	2025
	\$m	\$m
ASSETS		
Current assets	1,602	833
Non-current assets	5,091	5,069
Total assets	6,693	5,902
LIABILITIES		
Current liabilities	451	1,035
Non-current liabilities	2,194	2,235
Total liabilities	2,645	3,270
EQUITY		
Contributed equity	1,740	1,704
Reserves	99	100
Retained earnings	2,209	828
Total equity	4,048	2,632

At 28 June 2026, the Company has no guarantees in relation to the debts of its subsidiaries (2025: \$nil).

At 28 June 2026, the Company has no contingent liabilities (2025: \$nil). At 28 June 2026, the Company has bank guarantees totalling \$366 million (2025: \$341 million).

At 28 June 2026, the Company has contractual commitments for the acquisition of property, plant and equipment totalling \$352 million (2025: \$367 million).

At 28 June 2026, the Company has contractual commitments for lease agreements not yet commenced totalling \$1,313 million (2025: \$1,314 million).



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6. Unrecognised items

 This section provides information about items that are not recognised in the consolidated financial statements nor disclosed elsewhere in this report but could potentially have a significant impact on the Group’s financial performance or position in the future.

6.1 Commitments

A commitment represents a contractual obligation to make a payment in the future. The Group’s commitments relate to capital expenditure and certain operating leases not recognised. Commitments are not recognised in the Balance Sheet but are disclosed.

Capital expenditure commitments of the Group at the reporting date are set out below:

	2026 \$m	2025 \$m
Within one year	409	169
Between one and five years	261	449
More than five years	10	24
Total capital commitments for expenditure	680	642

The commitment amounts disclosed above represent the maximum amounts that the Group is obliged to pay.

At 28 June 2026, the Group also has commitments relating to lease agreements that have not yet commenced. The commitments relate to lease agreements associated with new stores, automated distribution centre and a store support centre. The future lease payments (undiscounted) for non-cancellable periods are set out below:

	2026 \$m	2025 \$m
Within one year	24	6
Between one and five years	467	342
More than five years	1,901	1,725
Total commitments for lease agreements not yet commenced (undiscounted)	2,392	2,073

6.2 Contingencies

The following matters are disclosed as contingencies and, given the status of matters, it is not possible to provide a range of possible outcomes or a reliable estimate of potential future exposures unless otherwise stated. Future developments in matters for which a contingent liability is disclosed could have a material adverse impact upon the Group’s earnings and financial position.

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 alleged that 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 was 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. The class action applicant agreed that it would not take an active role in the proceeding and will be bound by the findings in the ACCC litigation.

The matter was heard in the Federal Court in February 2026 in respect of 12 of the 245 products identified by the ACCC. Judgment in respect of those 12 sample products was received on 14 May 2026.

The Court found that all price increases resulted from supplier cost price increases and were, therefore, commercially justifiable. However, the Court found that, after a cost price increase, a minimum price establishment period of 12 weeks was required before promoting products on its Down Down program. As a result, the Court found the Down Down tickets were misleading.

The case is currently proceeding through a series of interlocutory processes prior to a hearing on the relief sought by the ACCC, which has provisionally been scheduled for December 2026.

At the current time, the application of the decision to other products beyond the 12 sample products has not been determined.

Any penalties and compensation that may be ordered will be determined following the filing of further submissions and evidence. As a result, at this time, both the quantum and timing of economic outflows is 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. Refer to Note 2.9 Provisions for discussion on the Award covered salaried team member review, the potential penalties and impact of the related class action.

KEY ESTIMATE: CONTINGENCIES

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group’s control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.

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7. Other Disclosures

 This section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group’s financial performance or position.

7.1 Related party disclosures

	2026 \$m	2025 \$m
JOINT VENTURES AND ASSOCIATES		
HUG UNLISTED PROPERTY TRUSTS		
Sale of property to the trusts	14	–
LOYALTY PACIFIC PTY LTD		
Sale of goods to members of Flybuys	346	413
Payments for loyalty program to Loyalty Pacific Pty Ltd	445	407
Service fees paid to Loyalty Pacific Pty Ltd	10	–
Amounts owing to Loyalty Pacific Pty Ltd	181	168
QUEENSLAND VENUE CO. PTY LTD		
Service fees paid to QVC	64	61
Amounts receivable from QVC	48	42

At 28 June 2026, the Group has a conditional contractual commitment to sell property to a HUG Unlisted Property Trust for net consideration of \$14 million.

Transactions with Key Management Personnel (KMP)

Compensation of KMP of the Group:	2026 \$	2025 \$
Short-term employee benefits	10,256,136	11,363,005
Post-employment benefits	291,768	303,600
Other long-term benefits	17,650	89,882
Share-based payments	7,038,411	6,106,798
Total compensation paid to key management personnel	17,603,965	17,863,285

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Group has not recognised a provision for expected credit losses relating to amounts owed by related parties (2025: \$nil).

7.2 Employee share plans

The Group operates an Equity Incentive Plan (the Plan) which provides equity instruments to employees as a component of their remuneration.

Long Term Incentive (LTI) program

Refer to the Remuneration Report for the terms and conditions of the LTI program.

The fair value of Performance Rights under each performance measure is determined at grant date by an independent valuation expert and takes into account the terms and conditions upon which they were granted. The fair value is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

For the relative total shareholder return (RTSR) measure, the fair value is recognised as an expense irrespective of whether the Performance Rights vest to the holder, and a reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period. For the return on capital (ROC) measure, the amount expensed is based on the expected number of Performance Rights vesting, with the ultimate expense reflecting the actual Performance Rights that vest.

Short Term Incentive (STI) program

For Executives, 25% of their STI is deferred into Restricted Shares (50% for the Managing Director and Chief Executive Officer) and are subject to a one-year service condition (two years for the Managing Director and Chief Executive Officer). The cost of the deferred STI is based on the market price at grant date and is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Further explanation of the deferred STI is disclosed in the Remuneration Report.

Restricted share offer

Restricted Shares are subject to a continued service condition, a three-year trading restriction period and cessation of employment provisions. During the trading restriction period, Restricted Shares are held in trust by the Trustee on behalf of the employee. The number of Restricted Shares to be granted is determined based on the currency value of the achieved Restricted Share offer divided by the volume weighted average price (VWAP) at which the Company’s shares are traded on the Australian Stock Exchange over the period outlined in the offer letter. The value of Restricted Shares granted is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Restricted Shares carry the same dividend and voting rights as other fully paid Ordinary Shares in the Company.

Performance rights (number)

Movements in Performance Rights granted under the LTI program that existed during the current or prior period are:

Grant date	Balance at 29 June 2025	Granted	Forfeited	Vested	Balance at 28 June 2026	Exercisable at 28 June 2026
2026						
Nov 2019	81,082	–	–	–	81,082	–
Nov 2022	120,204	–	–	–	120,204	–
Nov 2022	584,647	–	(118,094)	(466,553)	–	–
Nov 2023	192,520	–	–	–	192,520	–
Nov 2023	398,587	–	(3,381)	–	395,206	–
Jan 2024	70,133	–	–	–	70,133	–
Nov 2024	203,963	–	–	–	203,963	–
Nov 2024	469,668	–	(3,846)	–	465,822	–
Nov 2025	–	167,864	–	–	167,864	–
Nov 2025	–	512,910	–	–	512,910	–
	2,120,804	680,774	(125,321)	(466,553)	2,209,704	–

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7.2 Employee share plans (continued)

Grant date	Balance at 30 June 2024	Granted	Forfeited	Vested	Balance at 29 June 2025	Exercisable at 29 June 2025
2025						
Nov 2019	81,082	–	–	–	81,082	–
Nov 2021	199,016	–	(47,565)	(151,451)	–	–
Dec 2021	734,382	–	(172,958)	(561,424)	–	–
Nov 2022	120,204	–	–	–	120,204	–
Nov 2022	584,647	–	–	–	584,647	–
Nov 2023	192,520	–	–	–	192,520	–
Nov 2023	557,884	–	(159,297)	–	398,587	–
Jan 2024	70,133	–	–	–	70,133	–
Nov 2024	–	203,963	–	–	203,963	–
Nov 2024	–	690,913	(221,245)	–	469,668	–
	2,539,868	894,876	(601,065)	(712,875)	2,120,804	–

Fair value of equity instruments

The assumptions underlying the fair value measurement of the performance rights are:

Grant date	Expiry date	Share price at grant date	Expected volatility in share price ¹	Expected dividend yield	Risk free interest rate ²	Fair value per instrument
		\$	%	%	%	\$
Nov 2019	Aug 2022	16.26	25.0	3.90	0.65	12.58
Nov 2022	Aug 2025	16.48	20.0	3.92	3.35	11.00
Nov 2022	Aug 2025	17.15	20.0	3.92	3.22	11.50
Nov 2023	Aug 2026	15.45	17.5	4.25	4.28	9.60
Nov 2023	Aug 2026	15.27	17.5	4.25	4.20	9.37
Jan 2024	Aug 2026	15.58	16.5	4.16	3.73	8.85
Nov 2024	Aug 2027	17.75	15.0	4.25	4.11	12.10
Nov 2024	Aug 2027	18.40	15.0	4.25	3.97	12.62
Nov 2025	Aug 2028	22.30	15.0	3.75	3.64	16.27
Nov 2025	Aug 2028	22.32	15.0	3.75	3.81	16.36

1. Reflects the assumption that the historical volatility is indicative of future trends.
2. Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

Additional Information on Award Schemes

Details of grants made under the Plan during the period are set out in the Remuneration Report.

KEY ESTIMATE: SHARE-BASED PAYMENTS

The fair value of share-based payment transactions has been determined by an independent valuation expert. Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. Assumptions regarding the most appropriate inputs to the valuation model must be made. This includes, but is not limited to, share price volatility, discount rate and dividend yield.

In measuring the fair value of awards issued under the LTI plan subject to the RTSR vesting condition, an adjusted form of the Black-Scholes Model that includes a Monte Carlo Simulation Model has been utilised. The Monte Carlo Simulation Model has been modified to incorporate an estimate of the probability of achieving the RTSR hurdle. In measuring the fair value of awards subject to non-market based vesting conditions, the Black-Scholes Model has been utilised.

7.3 Auditor’s remuneration

	2026 \$000	2025 \$000
FEES TO ERNST & YOUNG (AUSTRALIA):		
AUDIT SERVICES:		
Audit or review of the Financial Report of the Group	3,287	3,035
Assurance related	1,209	1,046
NON-AUDIT SERVICES:		
Tax compliance services	150	185
Other compliance services	119	–
Total fees to Ernst & Young (Australia)	4,765	4,266
FEES TO OVERSEAS MEMBER FIRMS OF ERNST & YOUNG		
AUDIT SERVICES:		
Audit or review of the Financial Report of any controlled entities	43	79
Total fees to overseas member firms of Ernst & Young	43	79
Total auditor’s remuneration	4,808	4,345

The auditor of the Group is Ernst & Young (EY). Fees charged by EY for ‘Assurance related’ services are for services that are reasonably related to the performance of the audit or review of financial reports, for other assurance engagements (such as assurance over the Group’s Sustainability Supplement) and for other assurance related engagements which are appropriate for our external auditor to perform.

The total fees for non-audit services of \$269,000 represent 5.6% (2025: \$185,000 or 4.3%) of the total fees paid or payable to EY and related practices for the period.

7.4 New accounting standards and interpretations

There are amendments, interpretations and standards that apply for the first time in this period. These did not have a material impact on the consolidated financial statements of the Group.

New and revised Australian accounting standards and interpretations on issue but not yet effective

AASB 18 *Presentation and Disclosure in Financial Statements* was released in June 2024 and is effective for annual reporting periods beginning on or after 1 January 2027. AASB 18 replaces AASB 101 *Presentation of Financial Statements*. The Group is assessing the impact of the standard, which is expected to result in a change in presentation of the Income Statement and associated Notes to the Financial Statements.

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

7.5 Events after the reporting period

Other than events disclosed elsewhere in this report, the Group is not aware of any matter or circumstance that has occurred since the reporting date that has significantly affected or may significantly affect the Group’s operations, the results of those operations or the Group’s state of affairs in subsequent reporting periods.

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Coles Group Limited as at 28 June 2026

Below is a list of all subsidiaries of Coles Group Limited as at 28 June 2026 which are included in these consolidated financial statements.

Entity name	Entity type	Place incorporated	% share capital held	Tax residency	Foreign jurisdiction
Coles Group Limited ('the Company')	Body Corporate	Australia	100%	Australian	N/A
Andearp Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Australian Liquor Group Ltd	Body Corporate	Australia	100%	Australian	N/A
BetaElementCo Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bi-Lo Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
C360 Retail Media Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CGBV1 Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Charlie Carter (Norwest) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Chef Fresh Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CMPQ (CML) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCE Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Ansett Travel Pty Ltd	Body Corporate	Australia	97.5%	Australian	N/A
Coles Captive Insurance Pte. Ltd.	Body Corporate	Singapore	100%	Foreign	Singapore
Coles Environmental Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Export Asia Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Coles Export Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Financial Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Fresh Milk Co. Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles FS Holding Company Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Business Ventures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Deposit Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Finance Limited	Body Corporate	Australia	100%	Australian	N/A
Coles Group Limited Equity Trust	Trust	Australia	N/A	Australian	N/A
Coles Group Properties Holdings Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Property Developments Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Superannuation Fund Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Supply Chain Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Treasury Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Property Management Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supermarkets Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supply Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles WFS Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Eureka Operations Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Fresh Destination Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
GBPL Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Grocery Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Liquorland (Australia) Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Newmart Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Procurement Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Property Structures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Retail Payment Solutions Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Retail Ready Operations Australia Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Tickoth Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL Funding Co Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL SPV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A

Directors' Declaration

- The directors of Coles Group Limited ('the Company') declare that, in the directors' opinion:
 - the financial statements and the Notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - complying with the accounting standards and *Corporations Regulations 2001*; and
 - giving a true and fair view of the financial position and performance of the Company and consolidated entity;
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - the Consolidated Entity Disclosure Statement is true and correct as at 28 June 2026.
- A statement of compliance with the International Financial Reporting Standards is included in the Basis of Preparation and Accounting Policies in the Notes to the consolidated financial statements.
- The directors have been given the declaration required by section 295A of the *Corporations Act 2001* (Cth) from the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 28 June 2026.
- As at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 5.3 Subsidiaries to the financial statements will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 5.3 Subsidiaries.

Signed in accordance with a resolution of the directors.

Peter Allen
Chairman

25 August 2026

Leah Weckert
Managing Director and Chief Executive Officer

25 August 2026

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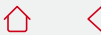
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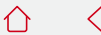


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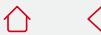


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Shareholder Information

Listing information

Coles Group Limited is listed, and our issued shares are quoted on the Australian Securities Exchange (ASX) under the code: COL.

Substantial shareholdings in Coles Group Limited as at 20 July 2026

The number of shares to which each substantial holder and the substantial holders’ associates have a relevant interest, as disclosed in substantial holding notices given to Coles, are as follows:

Holder	Number of fully paid shares
Vanguard Group	94,165,553
Blackrock Group	83,226,846
State Street Corporation	97,093,717

Twenty largest ordinary fully paid shareholders as at 20 July 2026

Coles Group Limited	Number of fully paid shares	% of issued capital
1HSBC Custody Nominees (Australia) Limited	378,724,043	28.20
2J P Morgan Nominees Australia Pty Limited	203,562,832	15.16
3Citicorp Nominees Pty Limited	168,192,752	12.52
4BNP Paribas Noms Pty Ltd	42,581,442	3.17
5BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	38,987,856	2.90
6HSBC Custody Nominees (Australia) Limited <NT-Comnwth Super Corp A/C>	9,569,481	0.71
7Australian Foundation Investment Company Limited	8,672,500	0.65
8BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	7,858,436	0.59
9Netwealth Investments Limited <Wrap Services A/C>	5,867,307	0.44
10Argo Investments Limited	4,780,027	0.36
11Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	4,186,245	0.31
12Mutual Trust Pty Ltd	3,618,824	0.27
13HSBC Custody Nominees (Australia) Limited	3,352,087	0.25
14BNP Paribas Noms (NZ) Ltd	3,121,601	0.23
15UBS Nominees Pty Ltd	2,972,710	0.22
16IOOF Investment Services Limited <IPS Superfund A/C>	2,771,776	0.21
17IOOF Investment Services Limited <IOOF IDPS A/C>	2,097,926	0.16
18Netwealth Investments Limited <Super Services A/C>	1,808,836	0.13
19HSBC Custody Nominees (Australia) Limited - A/C 2	1,666,098	0.12
20Mr Peter Alexander Brown	1,555,000	0.12

Distribution of shareholders and shareholdings as at 20 July 2026

Size of holding	Number of shareholders	Number of shares	% of issued capital
1 – 1,000	310,833	91,541,849	6.82
1,001 – 5,000	74,434	161,950,344	12.06
5,001 – 10,000	9,747	68,068,479	5.07
10,001 – 100,000	4,833	95,766,733	7.13
100,001 and over	124	925,816,056	68.93
Total	399,971	1,343,143,461	

There were 16,682 shareholders holding less than a marketable parcel (\$500).

Voting rights

Votes of shareholders are governed by the Company’s Constitution. In broad summary, but without prejudice to the provisions of these rules, the Constitution provides for votes to be cast:

- (a) on a show of hands, one vote for each shareholder; and
- (b) on a poll, one vote for each fully paid share.

Unquoted equity securities

As at 20 July 2026, 2,209,703 performance rights with 13 holders were on issue pursuant to Coles’ equity incentive plan.

On-market share acquisitions

During FY26, 2,031,612 Coles ordinary shares were purchased on market at an average price of \$22.25 per share for the purposes of various Coles employee incentive schemes.

There is no current on-market buy-back of the Company’s shares.

Corporate Governance Statement

A copy of the Corporate Governance Statement can be found on our website at colesgroup.com.au/corporategovernance.

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ADC: Automated Distribution Centre

AI: Artificial intelligence

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

Carbon credit: A tradeable unit representing one tonne of CO₂-e reduced or removed, used to compensate for residual emissions. Renewable electricity certificates, such as Large-scale Generation Certificates (LGCs), are not considered carbon credits for the purposes of AASB S2. They represent the renewable attributes of electricity generated and may be used in market-based Scope 2 emissions accounting; they do not represent a quantified tonne of emissions reduction or removal

Carbon price: An internal, hypothetical cost that a company applies to its carbon emissions during investment planning and decision-making to simulate the financial impact of future carbon regulations or market shifts

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

CFC: Customer Fulfilment Centre

CGU: Cash generating unit

Climate-related risks and opportunities (CRROs): Risks and opportunities arising from the impacts of climate change and the transition to the lower-carbon economy. Risks include physical risks (e.g. extreme weather) and transition risks (e.g. regulatory changes) while opportunities may involve resource efficiency, renewable electricity adoption, and new market offerings

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

Coles Liquor Own Brand: refers to the portfolio of product brands owned by Coles and available in Liquorland stores and/or online. It includes liquor products that are available under Coles Liquor brands and private label brands (e.g. Smithy's, Busby, Mr Finch)

Coles Own Brand: refers to the portfolio of product brands owned by Coles and available in Coles supermarkets and/or online. It includes grocery, fresh produce, meat and non-food products that are available under Coles brands (e.g. Coles Finest, Coles Nature's Kitchen, Coles Simply) and other exclusive own brands (e.g. Woofin' Good, Daley St)

Comparable sales: A like for like measure of sales which excludes sales generated by stores opened or closed in the preceding year. It also excludes sales generated by existing stores where there is a demonstrable impact from store disruption. Comparable sales include physical store sales as well as sales not attributable to a physical store, for example, sales fulfilled through our CFCs

Decarbonisation: The term used for implementing measures to mitigate operational and value chain greenhouse gas emissions. At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in emissions as compared to the current state. It does not imply the activities or pathways will result in no greenhouse gas emissions

DRP: Dividend reinvestment plan

EBIT: Earnings before interest and tax

EBITDA: Earnings before interest, tax, depreciation, and amortisation

Emissions factor: A conversion factor used to estimate emissions from an activity such as fuel combustion or electricity use

Emissions intensity: Emissions expressed relative to an activity metric (e.g. tCO₂-e per \$m sales)

EPS: Earnings per share

Exclusive brands: refers to the portfolio of product brands consisting of Exclusive to Coles in Coles supermarkets and/or online and Exclusive Liquor Brands in Liquorland stores and/or online

Exclusive Liquor Brands (ELB): refers to the portfolio of product brands exclusively available in Liquorland stores and/or online, including Coles Liquor Own Brand liquor products and brands that are owned by or licensed to suppliers and exclusive to Coles Liquor (e.g. Coal Pit, Abbey Vale)

Exclusive Proprietary Brands: refers to the portfolio of product brands owned by or licensed to suppliers and exclusively available in Coles supermarkets and/or online (e.g. La Espanola)

Exclusive to Coles: refers to the portfolio of product brands exclusively available in Coles supermarkets and/or online, and consists of Coles Own Brand and Exclusive Proprietary Brand products

Forest, Land and Agriculture (FLAG) emissions: Greenhouse gas emissions associated with agriculture and land use, including livestock methane and fertiliser related emissions

Global warming potential (GWP): A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of carbon dioxide (CO₂)

GNFR: Goods not for resale

Greenhouse gas (GHG) emissions: The aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), ozone (O₃), perfluorinated carbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF₆), categorised as Scope 1, Scope 2 and Scope 3 emissions. Nitrogen trifluoride (NF₃) GHG emissions are not currently relevant for Coles' reporting purposes because they are specific to the electronics industry

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

Group Safety Index: Coles' measurement of safety performance, which comprises key lead and lag safety indicators applicable to all business units. These include TRIFR, mental wellbeing, training and other metrics involving the proactive identification and management of safety risks

IFRS: International Financial Reporting Standards

Leverage ratio: Calculated as gross debt, less cash at bank and on deposit, add lease liabilities, divided by EBITDA (excluding significant items) for the preceding 12 month period

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

Lower-carbon product: A product with lower greenhouse gas emissions across its lifecycle than a comparable product or alternative

MAT: Moving annual total

Net zero: Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals of greenhouse gases over a specified period. Residual emissions may be neutralised through the use of carbon credits for offsetting purposes

NPAT: Net profit after tax

NPS: Net Promoter Score.

Metric used to measure customer advocacy, derived from an externally facilitated survey with a nationally representative sample

Primary Scope 3 data: Data obtained directly from specific activities within the entity's value chain and used to measure Scope 3 emissions. This may include data provided by suppliers or supplier-specific emission factors

Renewable electricity: Electricity generated from natural sources (e.g. sunlight and wind) that are replenished at a higher rate than they are consumed. Solar, wind, geothermal and hydro are common sources of renewable electricity

Resilient/resilience (in the context of climate or nature): For Coles, resilient in reference to climate or nature means that our ecosystem (our operations and our value chain) is able to withstand climate and nature-related impacts over the short, medium and long term

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

Scenario analysis: An approach for identifying and assessing hypothetical implementations (risks and impacts) of a range of plausible future climate states (scenarios)

Science-based: Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. Coles uses the SBTi guidance on what constitutes a science-based emissions reduction target as set out in both the SBTi Corporate Near-Term Criteria v 5.3.1 (April 2026) and Engaging Supply Chains on the Decarbonization Journey version 1.1 (July 2025) guidance. This guidance defines the key criteria which includes, but is not limited to: (a) target boundary (coverage of scopes, emission types and subsidiaries); (b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3); (c) target type (absolute, intensity, or engagement), (d) base year (≥2015); (e) target year (near-term maximum 10 years and long-term maximum 2050); (f) target reduction/ambition (Scope 1 and 2 1.5°, Scope 3 near-term well below 2° and long-term 1.5°)

Scope 1 emissions: Emissions released from the activities from operations owned or controlled by Coles Group. For example:

- emissions from the use of refrigerants in air conditioning units
- emissions from fuels used in transport

Scope 1 emissions are also referred to as direct emissions

Scope 2 emissions: Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by Coles Group but occur at sources owned or controlled by another company. Scope 2 emissions are also referred to as indirect emissions

Scope 3 emissions: Other indirect emissions (not included in Scope 2 emissions) that occur in Coles Group's value chain including business travel, procurement, waste and water. Scope 3 emissions may occur:

- upstream, which are related to purchased or acquired goods and services (e.g. waste disposal services)
- downstream, which are related to sold goods and services (e.g. end-of-life treatment of sold products)

Secondary Scope 3 data: Data not obtained directly from specific activities within the entity's value chain and used to estimate Scope 3 greenhouse gas emissions. This may include industry-average data, published databases, government statistics and proxy data used to approximate activity data or emission factors

Significant items: Large gains, losses, income, expenditures or events that are not in the ordinary course of business or that are exceptional by nature and/or magnitude to materially affect understanding of the year's performance. They typically arise from events that are not considered part of the core operations of the Group

Sustainability: Sustainability, also sustainable and sustainably, are used in relation to Coles' policies and governance practices concerning sustainability. These references also reflect Coles' broader objective of maintaining a long-term, resilient business that accounts for multiple factors including economic, environmental, social, and regulatory compliance. However, the use of these terms does not imply that Coles will have no negative impact on the economy, environment, or society, nor does it guarantee the achievement of specific economic, environmental, or social outcomes.

At Coles, our approach to sustainability includes, but is not limited to: (a) progressing the decarbonisation of our operations and supply chain and building climate resilience; (b) reducing unnecessary packaging and redesigning, recycling, and reusing; (c) delivering nature positive outcomes; (d) protecting and safeguarding animal welfare; (e) reducing waste from our operations and products and identifying opportunities to transition to a circular economy; (f) protecting and promoting human rights; (g) creating diverse and inclusive workplaces and shopping places; (h) fostering a safe and healthy environment for our team, customers, suppliers, contractors, visitors and supply chain partners; (i) supporting communities across Australia

Target (in the context of climate or nature): Coles uses this term to describe an intended outcome, where Coles considers that it has developed a suitably defined plan or pathway to achieve that outcome

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

Value chain (in the context of climate or nature): Coles uses this term to describe the range of interactions, resources and relationships related to Coles' business model and the external environment in which the Group operates



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Registered Office

800-838 Toorak Road
Hawthorn East
VIC 3123 Australia

Telephone

+61 3 9829 5111

Website

colesgroup.com.au

Chairman

Mr Peter Allen

Managing Director and Chief Executive Officer

Ms Leah Weckert

Chief Financial Officer

Mr Sharbel Raymond (Charlie) Elias

Non-executive Directors

Mr Peter Allen

Ms Jacqueline Chow

Ms Abi Cleland

Mr Richard Freudenstein

Mr Andrew Penn AO

Mr Scott Price

Ms Wendy Stops

Group Company Secretary

Ms Daniella Pereira

Auditor

Ernst & Young

8 Exhibition Street

Melbourne

VIC 3000 Australia

Coles Share Registry

Computershare Investor Services
Pty Limited

Yarra Falls

452 Johnston Street

Abbotsford

VIC 3067 Australia

Postal address

GPO Box 2975

Melbourne

VIC 3001 Australia

Telephone

1300 171 785 (within Australia)

+61 3 9415 4078 (outside Australia)

Online

www.investorcentre.com/contact

Website

www.computershare.com

Shareholder Calendar*

Event	Date
Record date for final dividend	4 September 2026
Final dividend payment date	22 September 2026
Coles Group Limited Annual General Meeting	6 November 2026
Half-year end	3 January 2027
Year end	27 June 2027

* Timing of events is subject to change.



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colesgroup

Coles Group Limited

ABN 11 004 089 936

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