

**Internal Memo**

DATE July 25, 2025  
TO Chief Relationship Officer (CRO)  
FROM Amelia, Investor Relations Associate  
SUBJECT Disclosure Strategy for Price Gouging Claims

The recent events and claims about price gouging and being morally bankrupt have ignited public debate about our pricing practices and threatens our brand reputation and customer trust. However, our key findings from our financial ratios compared with Coles refute these claims. We should proactively disclose these findings to our customers and investors for transparency and commitment to affordability.

The accounting analysis of Woolworths in comparison with Coles (FY19-FY23) data reveals no evidence of price gouging. Our Gross Profit Margin (GPM) dipped to 27% in 2023 from 30% in 2022 while Coles GPM remains consistent at 26%. Moreover, our Net Profit Margin has significantly declined from 13.06% in 2022 to 2.53% in 2023, which is almost the same as Coles (2.71% in 2023).

We also looked at the Revenue and Costs. The YoY revenue growth for us in 2023 was 5.36%, like Coles' 5.78%. However, Our Cost of Sales rose to 10.07% in 2023, which outpaced our revenue growth rate. From an operational standpoint, inventory turnover remained stable for us as well as Coles. Thus, given the economic situation and the accounting analysis, we can conclude that the higher profits were from increased sales volume, but not from inflated pricing or margin expansion.

Since our financial data validates our integrity, we should issue a public statement immediately because silence would fuel distrust and may invite regulatory escalation. We should also hold investor and stakeholder briefings detailing financial ratio analysis.

I recommend approving the attached press release so we can turn criticism into trust.

Sincerely,

Amelia – Investors Relation Associate

**PRESS RELEASE****Woolworths Group Addresses Pricing Concerns Amid Cost-of-Living Pressures**

Woolworths Group today responded to recent claims about supermarket pricing, providing clarity on its FY23 financial results amid growing cost of living challenges in Australia.

Our recent profit growth stems from increased customer demand, not price hikes. As Australians face inflation pressures, more households are choosing supermarkets over restaurants and specialty stores. This shift drove:

- 5.66% revenue growth in Woolworths Food.
- Cost of Sales rose to 10.07% in 2023, which outpaced our revenue growth rate i.e. Higher transaction volumes (not higher margins)

Despite rising input costs (energy, transport, supplier expenses), we absorbed pressures to keep prices stable:

- Gross profit margin fell to 27% (FY23) from 30% (FY22).
- Net Profit Margin has significantly declined from 13.06% (FY22) to 2.53% (FY23).



Cole's similar flat Net Profit Margins confirms industry-wide trends. From an operational standpoint, inventory turnover remained stable for us as well as Coles. Thus, given the economic situation and the accounting analysis, we can conclude that the higher profits were from increased sales volume, but not from inflated pricing or margin expansion.

Founded in 1924, Woolworths is the biggest supermarket chain in Australia with over 995 stores [as of June 2023].

**Media Contact:**

Amelia, Investor Relations