Walmart México y Centroamérica

Webcast Results for the First Quarter 2022

Mexico City, April 26, 2022

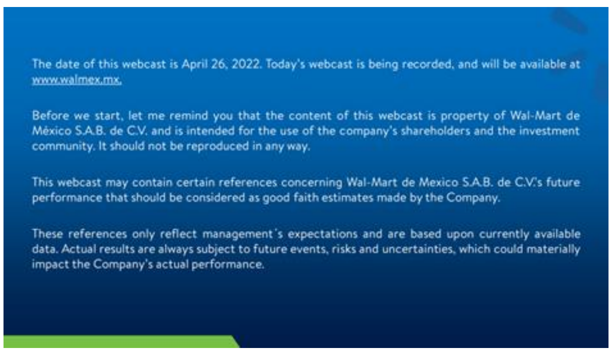
(FREE TRANSLATION, NOT TO THE LETTER)

PILAR DE LA GARZA:

Good afternoon, this is Pilar de la Garza, head of Investor Relations for Walmex.

Thank you for joining us today to review the results for the first quarter 2022.

Today with me is Guilherme Loureiro, President and Chief Executive Officer of Walmart de México y Centroamérica and Paulo Garcia, Chief Financial Officer.



The date of this webcast is April 26, 2022. Today's webcast is being recorded and will be available at www.walmex.mx.

Before we start, let me remind you that the content of this webcast is property of Wal-Mart de México S.A.B. de C.V. and is intended for the use of the company's shareholders and the investment community. It should not be reproduced in any way.

This webcast may contain certain references concerning Wal-Mart de Mexico S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references only reflect management's expectations and are based upon currently available data. Actual results are always subject to future events, risks, and uncertainties, which could materially impact the Company's actual performance.

Now, it is my pleasure to turn the call over to our CEO, Gui Loureiro.

GUILHERME LOUREIRO:

Good afternoon and thank you for joining us today to review our results for the first quarter 2022.

We are encouraged by the progress we've made across the business on the implementation of our long-term strategy.

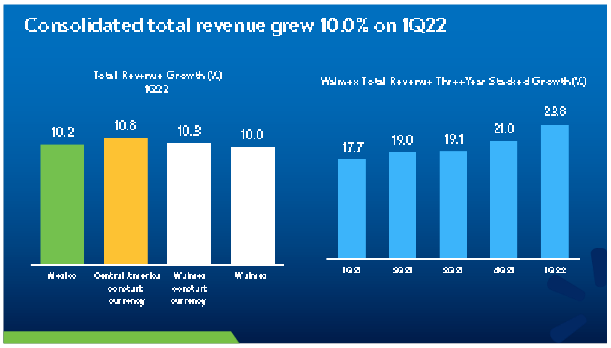
Customer experience scores continue to improve as we help families save time and money by lowering prices amid the high inflation environment we are experiencing, and as we deliver a seamless and enjoyable omnichannel shopping experience.

We are serving customers regardless of how they want to shop. Sometimes at our stores and sometimes through our eCommerce platforms. We keep innovating and executing to get better at both.

We are focused on three strategic priorities: to win in discount, to lead in omnichannel and to become the ecosystem of choice; and throughout the quarter we made progress on these three fronts.

I'll start by covering sales performance and then Paulo will cover the financial highlights of the quarter.

Please keep in mind that, when I talk about Central America, I am referring to figures in a constant currency basis.



During the quarter, we delivered double-digit total revenue growth.

Consolidated revenue grew 10.0%: 10.2% in Mexico and 10.8% in Central America.

Our long-term strategy is a growth one. Revenue growth has accelerated sequentially quarter after quarter in the last 4 quarters.

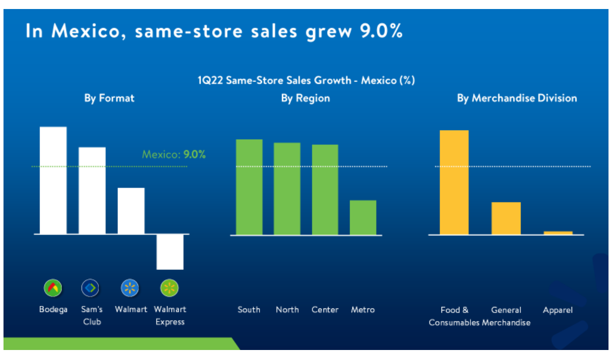
On 1Q22, we reached a 23.8% three-year stacked consolidated revenues growth, demonstrating the consistency of our results.

Now, let's look at sales performance in Mexico.

Bodega is our main vehicle to serve the most price sensitive customers and to win in discount.

Throughout the quarter, we worked on simplifying the execution and communication of our merchandising guidelines. Additionally, we continued to provide great value for customers through lower prices and by reinforcing our private brand offerings, which experienced a sales penetration increase of 60 bps vs. first quarter last year.

Seasonal events, such as Valentine's Day and Super Bowl, were well received by our customers and we drove double-digit sales growth. It is amazing to see Bodega's reach during these type of events. As an example, on the Super Bowl weekend we sold 4 million beers and almost 700 thousand snacks.



Sam's Club delivered the second highest comp growth among our formats. We're driving strong volumes by focusing on great, high-quality items at disruptive prices, including Member's Mark, which experienced a sales penetration increase of 230 bps vs. 1Q21.

We are offering Plus members an even more convenient omnichannel shopping experience since we started offering free delivery on orders $1,499 pesos and up. Members are really appreciating the value we are offering through the membership. During the quarter, Plus members represented almost 40% of membership sign-ups and renewals. This is very good for Sam's, given that Plus members' ticket is 2x higher than advantage members' ticket and their shopping frequency is 1.4x higher.

Walmart Supercenter also delivered strong growth. During March, we launched a new program called Omnichannel Merchants to support our on-demand operation. They are approaching customers at stores to convince them to try our service and invite them to join Walmart Pass.

The omnichannel NPS of the format increased by almost 900 bps vs. 1Q21. We are serving customers how, when and where they want to be served, and they are appreciating our efforts.

We are making progress with Walmart Express. So far, we have converted 86 stores, and in the coming months we will convert the remaining 13 Superama stores. We see that stores that were converted into Walmart Express during the first half of last year are showing a positive trend, and even surpassing the level of sales they had before the conversion, which is encouraging.

We finalized a catalogue reengineering analysis and adjusted our offering, so customers can find the merchandise they are looking for, at great prices. Top categories that went through the reengineering are growing over 1,300 bps more when compared to their growth rate before the process.

One of the features customers appreciate most about the new format, is the seamless and fast shopping experience. Pickup share of total online orders increased by 850 bps vs. last year, and over 35% of store transactions are going through the self-checkout stations.

In terms of regions, the South and North regions posted the highest same-store sales growth, while the Metro area delivered lower, yet solid growth.

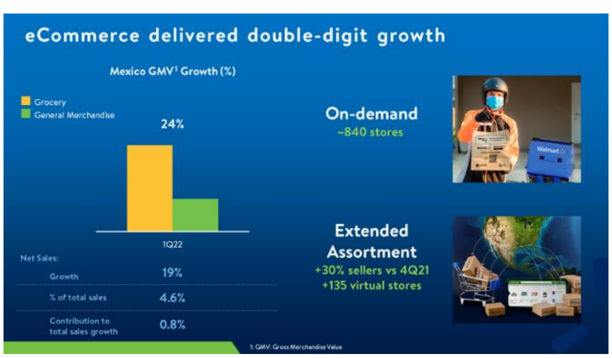
In terms of merchandise divisions…our core division, Food and Consumables, delivered double-digit growth.

During March, we launched an initiative called “Los básicos de tu canasta” to continue to support our most price sensitive customers by providing access to quality items at exceptional prices, amid the high inflation period we are going through. We are offering a basket of more than 50 food and personal care products, leveraging opening price points and private brands, with disruptive prices.

General Merchandise performance was driven by growth in categories such as Home and Small Appliances, while performance in Electronics was softer, impacted mainly by TVs and computers. We are seeing a lower demand given last year and in 2020, computer demand was unusually high due to remote school and work, and we are also experiencing delays and inventory shortages due to global supply chain disruptions. We are working to improve our customers' shopping experience and to deliver what they ask for.

Apparel sales were impacted by the Easter week flip, primarily on our self-service formats. At Sam’s Club, where we focus on basic apparel, all subdivisions: men, women and kids apparel, delivered solid growth.

A customer centric mindset is a key enabler of our strategy. We implemented a new tool for offline surveys in over 1,200 stores to gather more customer feedback and have an even more accurate NPS measurement. This new tool will help us to serve our customers the way they want to be served.



Another one of our strategic priorities is to lead in omnichannel.

During the quarter, we continued to make progress with on-demand and to accelerate extended assortment.

Regarding on-demand… We expanded capacity by enabling the service in 70 more Bodegas, and we started offering the on-demand service for the first time in Mi Bodega. We are getting to know our Mi Bodega omnichannel customers better and fine-tuning the operating model to serve them the way they want to be served.

We also worked on improving the shopping experience. We increased staffing at stores, we reinforced the customer journey by focusing on Perishables and we made several updates to our digital platforms to ensure a better inventory management and thus improved availability.

We are now offering on-demand at almost 300 Bodegas. We are providing a low-cost omnichannel solution for our customers and they are appreciating it. During the quarter, Despensa a tu Casa grew almost 300% vs. last year.

By combining operating and digital enhancements, omnichannel NPS in Bodega increased 760 bps vs 1Q21.

We started leveraging the 250 Walmart Supercenter and Walmart Express stores enabled with the crowdsourcing model to offer a fast, 60-minute delivery. With this service, we are helping our customers to save money and time, which is very well appreciated, especially in busy urban areas.

We continue to make progress with Walmart Pass. During the quarter, Walmart Pass member's orders accounted for 30% of Walmart and Walmart Express on-demand sales and members purchasing frequency almost doubled vs. non-members.

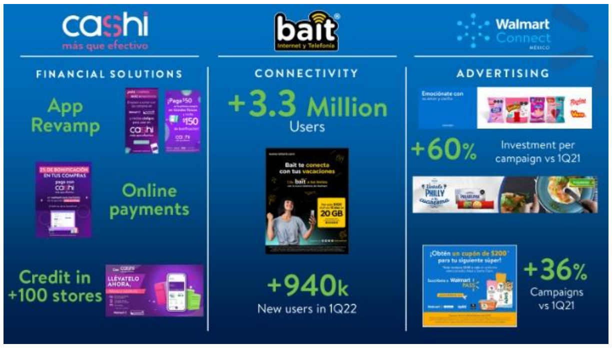
During 1Q22, on-demand's NPS increased +980 bps vs 1Q21, driven by record on time, in full and perfect order levels. Among the actions that helped us achieve these results were a customer journey analysis, work on capabilities to improve planning and staffing, and new productivity initiatives for pickers.

We are also moving fast on extended assortment. We continue to add more items and new categories to our offering to reach more customers. The number of sellers on our marketplace increased by almost 30% vs. 4Q21 and we added new virtual stores, such as Samsung, Baby Creysi, Black & Decker and Super Gamer. Currently, we have more than 135 virtual stores of brands our customers look for and love.

Technology is a key enabler for extended assortment operations. During the quarter, we automated and standardized the marketplace's payment processes, which is allowing us to have higher accuracy and efficiency. Additionally, we released a new classification model that will simplify product search and improve user experience. Initial results are encouraging: conversion increased around 8% since the implementation.

All in, our eCommerce business continues to experience strong growth. For the first quarter 2022, eCommerce net sales grew 19% and GMV 24%. On a two-year stack basis, GMV growth for the 1Q was 216%.

eCommerce represented 4.6% of Mexico's sales and contributed 0.8% to total sales growth.



Another one of our strategic priorities, is to become the ecosystem of choice. Our strong core business is the base for omnichannel and omnichannel is the base of our ecosystem.

I'll start with our progress on Cashi, our digital wallet.

We continue to add features to deliver even more value through the product.

We revamped the app to offer a fresher look and a better user experience.

We enabled Cashi as an online payment method in our eCommerce websites, so customers that don't have a credit or debit card can use the digital wallet to make their online purchases. This new feature will help us to accelerate omnichannel sales even more.

We also made progress with the online credit marketplace we are building through Cashi. We are offering credit, through a third party, now in more than 100 stores. Customers are really appreciating this new service. Scoring is made in 5 minutes and in less than 15 minutes, funds are disbursed via Cashi so customers can purchase items they need and want, with a simple and low-cost credit product. This will help support future growth in General Merchandise.

Now, let’s talk about Bait, our MVNO.

I am encouraged by the speed in which Bait is growing. Besides leveraging our more than 2,700 stores and the 5 million customers that shop with us every day, we are also acquiring Bait users through other channels, such as subway stations or specialized electronics and mobile phone stores.

During the quarter, over 940 thousand users joined Bait, which represent a 40% growth when compared to 4Q21.

3.3 million users are enjoying a mobile phone service that is 3 times cheaper than what competitors offer. Additionally, customers are getting free megabytes every time they shop at our stores. A good example of how the new verticals we are creating solve customer pain-points and reinforce our core business.

We are also making great progress with Walmart Connect, our advertising business. We are helping advertisers connect meaningfully with customers, by leveraging data, which allowed us to increase the number of campaigns by 36% during the quarter.

We are delivering good results for our clients and they are trusting us with higher investments. We saw an increase on the average investment per campaign of almost 60%.

Now let’s look at our sales performance versus the market. After 8 years growing faster than the self-service and clubs market measured by ANTAD, in 1Q22 they grew faster than us. Of course, we are not satisfied, and we are further enhancing our commercial offering to recover our growth leadership.

Higher inflation impacts our customers, especially the most price sensitive ones, so we are now working very closely with our suppliers to continue reinforcing our price position. There are several actions we are taking to keep our low-price value proposition such as “Los básicos de tu canasta” initiative, which resulted in a 160 bps increase in our price gap during the quarter versus 1Q21.

Our goal is to reduce the impact inflation has on our customers’ budgets. This may affect growth versus the market in the very short term, but overtime, it will strengthen the trust customers have for us which will translate into better results for the company. We are already seeing this effect in Bodega and Sam’s Club, and we expect the same to happen in Walmart and Walmart Express.

Now, let’s talk about Central America.

Same-store sales growth was broad-based across all countries. El Salvador delivered the highest growth, followed by Nicaragua and Honduras. Costa Rica and Guatemala also posted solid growth.

We continue with the implementation of our “biformato” strategy, which aims to further reinforce our Bodega and Discount formats. We are focusing on basic items, on aggressive opening price points, and on increasing our price gap vs. competitors. Private brands play a key role on our catalogue, as they allow us to offer great quality for our customers, at the lowest prices, while creating loyalty. During the quarter, private brand sales grew two times faster than the rest of the business and sales penetration increased by 140 bps.

Global headwinds, such as inflation and supply chain disruptions, are no exceptions for the region, presenting risks on availability, and on our customers’ purchasing power. We have been able to manage through it by improving our price gap and guaranteeing proper in stock at our stores, so customers can find what they need and enjoy their shopping experience.

Let’s move to new store growth.

During the quarter, we opened 11 new stores. 9 in Mexico and 2 in Central America.

New stores contribution to consolidated total sales growth was 1.2% during the quarter.

During the last 12 months, we’ve opened 118 new stores and added almost 120,000 sqm to our sales floor, which implies a ~2% growth on our installed capacity. We continue to see plenty of opportunity to take our low-price value proposition to more families in Mexico and Central America, and help them live better.

Our strategy translates into shared value creation for all stakeholders, and we are on our path to become a regenerative company. I would like to share with you the main highlights in this aspect.

For the fifth consecutive year, we are part of the Bloomberg Gender Equality Index 2022. Currently, 53% of our associates are women.

Thanks to our commitment to the economic, environmental, and social development of the country, we ranked #1 in the self-service and department stores sector in Merco’s “Responsabilidad ESG” ranking.

We were also considered the best retailer and the best omnichannel retailer in Mexico by America Retail’s “Retail Hall Fame Mexico 2021”.

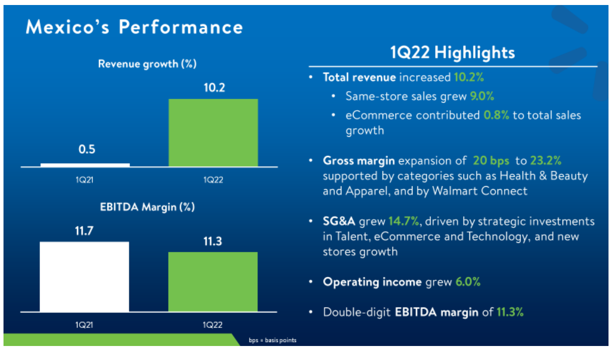
In closing, I’d like to thank our associates for their great efforts and contribution. They are managing the short-term through these still challenging times, while building for the long-term. We are transforming our business to serve customers how they want to be served and positioning our company to continue to win in the future.

Now, I’ll turn it over to Paulo who will cover the financial result of the quarter.

Thank you.

PAULO GARCIA:

Thanks, Gui and good afternoon, everyone. Thank you for joining us today to review our results for the first quarter 2022.



Let's look at Mexico's results first.

As we heard from Gui, total revenue grew double-digits, driven by a 9.0% same-store sales growth. eCommerce contributed 0.8% to total growth.

Gross margin expanded by 20 bps whilst increasing our price gap by 160 bps. Price investments were offset by margin-driving categories such as Health & Beauty and Apparel, and by Walmart Connect.

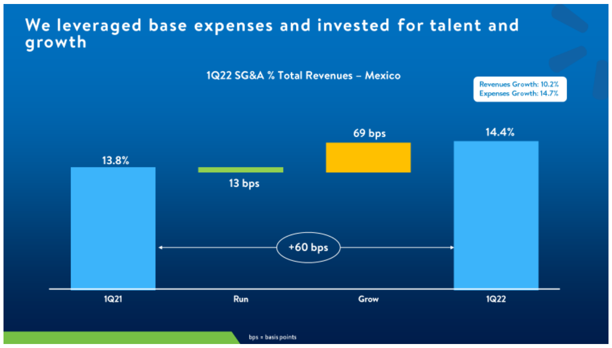
SG&A grew 14.7%, driven by investments in strategic areas of our business such as Talent, eCommerce and Technology. We will review the SG&A breakdown in just a moment.

Considering these results, operating income grew 6.0% and EBITDA margin contracted by 40 bps to 11.3% yet maintaining best-in class levels.

In Mexico, revenues grew 10.2% and EBITDA margin was 11.3%

Mexico 1Q results

	1Q22		1Q21		Var.
($MXN Millions)	$	%	$	%	%
Total revenues	155,387	100.0	141,032	100.0	10.2
Gross margin	35,991	23.2	32,398	23.0	11.1
General expenses	22,408	14.4	19,533	13.8	14.7
Earnings before other income, net	13,583	8.7	12,865	9.1	5.6
Other income, net	174	0.1	116	0.1	49.2
Operating income	13,757	8.9	12,981	9.2	6.0
EBITDA	17,523	11.3	16,468	11.7	6.4



Let's look at the SG&A breakdown…

Our strategy is a growth strategy, and we are going through an investment phase to further accelerate growth.

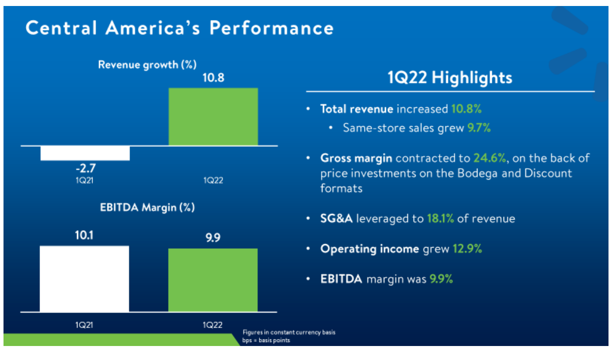
By managing expenses with discipline, improving our units per labor hour indicator and fostering an Every Day Low Costs mindset, we were able to leverage base operating expenses by 13 bps. In parallel, we invested behind strategic priorities and enablers such as Talent, eCommerce and Technology.

During the quarter, the main area of investment was Talent. We want Walmart to continue to be that place where our associates can be themselves, where they can learn, grow, and have fun. To achieve this, we will continue to implement the Associate's Value Proposition, which among other elements, considers investing in salaries.

We are making relevant investments to offer competitive compensation plans for our associates. This has translated into higher engagement and a 30-percentage points reduction in turnover rates from 2019 to date. On the last twelve months, we've adjusted salary bands for almost half of our field associates, and we had a carryover effect from the investments we made last year on critical positions nationwide, in border state stores, in tourist areas and in key cities.

We are moving from a brick-and-mortar business to an omni-driven ecosystem, and the P&L of our business is evolving. Each one of the new businesses we are creating has a different P&L, and each one of them is at a different stage of maturity.

We will be disciplined through this transition in order to maintain our best-in-class returns.



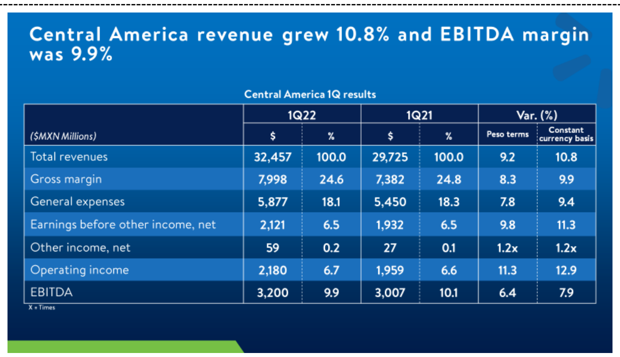
Now let's review Central America's results… Please consider that, when I talk about Central America, I'll refer to figures on a constant currency basis.

Total revenues increased 10.8%, driven by a 9.7% same-store sales growth. It is encouraging to see all countries delivering positive sales growth again.

The Bodega and Discount formats are growing strong and continue to be an area of focus for us. We are making adjustments to the commercial offering and investing to widen our price gap, which led to a 20 bps gross profit contraction.

We are also focused on simplifying our business and driving productivity. As a result, expenses grew 9.4%, below total revenue growth, leading to 20 bps expense leverage. We are focusing on cost efficiency in areas such as energy and water consumption, on digitalization, by introducing new tools and redesigning reports, on merchandise flow, with focus on backrooms, and on labor productivity, by simplifying processes and training and by improving our staffing forecasts.

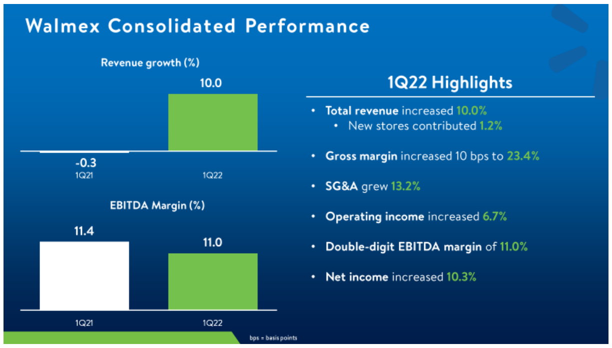
With the above-mentioned results, operating income grew 12.9% and EBITDA margin was 9.9%.



Central America 1Q results

($MXN Millions)	1Q22 $	1Q22 %	1Q21 $	1Q21 %	Var. (%) Peso terms	Var. (%) Constant currency basis
Total revenues	32,457	100.0	29,725	100.0	9.2	10.8
Gross margin	7,998	24.6	7,382	24.8	8.3	9.9
General expenses	5,877	18.1	5,450	18.3	7.8	9.4
Earnings before other income, net	2,121	6.5	1,932	6.5	9.8	11.3
Other income, net	59	0.2	27	0.1	1.2x	1.2x
Operating income	2,180	6.7	1,959	6.6	11.3	12.9
EBITDA	3,200	9.9	3,007	10.1	6.4	7.9

X = Times

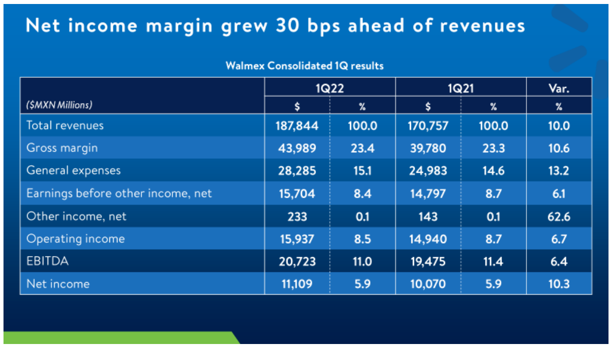


All in, consolidated revenue increased 10.0%. New stores contributed 1.2% to total growth.

Gross profit margin expanded by 10 bps to 23.4% and SG&A grew 13.2%.

Operating income grew at healthy 6.7% and EBITDA margin stood at 11.0%.

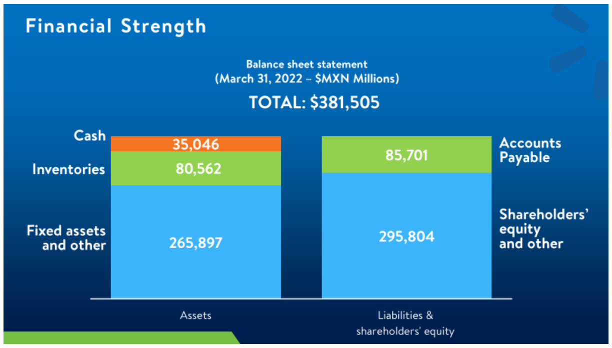
Consolidated net income grew 10.3%, 30 bps ahead of total revenues growth.



Net income margin grew 30 bps ahead of revenues

Walmex Consolidated 1Q results

($MXN Millions)	1Q22		1Q21		Var.
	$	%	$	%	%
Total revenues	187,844	100.0	170,757	100.0	10.0
Gross margin	43,989	23.4	39,780	23.3	10.6
General expenses	28,285	15.1	24,983	14.6	13.2
Earnings before other income, net	15,704	8.4	14,797	8.7	6.1
Other income, net	233	0.1	143	0.1	62.6
Operating income	15,937	8.5	14,940	8.7	6.7
EBITDA	20,723	11.0	19,475	11.4	6.4
Net income	11,109	5.9	10,070	5.9	10.3

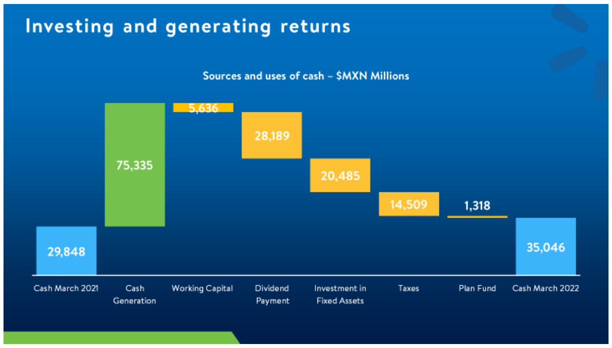


Now, moving to the balance sheet…

Cash position increased 17.4%, reaching $35.0 billion pesos.

Inventories grew 20.3% driven by the Easter week flip and given that we decided to have a larger assortment for spring vacations as this year the pandemic restrictions were lower.

Additionally, certain categories like Staples, Sports, TVs, Audio and Video normalized their inventory levels which were particularly low in 2021 due to the pandemic.



In the last twelve months we were able to generate $75.3 B pesos in cash and our working capital required $5.6 B pesos due to the increase in inventories I just mentioned.

This allowed us to return $28.2 B pesos in dividends and invest $20.5 B pesos in high return projects aligned with our growth strategy.

We paid $14.5 B pesos in taxes and ended the quarter with a cash position of $35.0 B pesos, which represents a 17.4% increase vs. 2021.

In closing, I'd like to emphasize the key messages of the quarter:

1. We delivered solid results, with doble-digit growth in both regions and healthy operating income growth of 6.7%.
2. We are making progress on the implementation of our long-term strategy: we are accelerating Bodega's growth to win in discount, GMV is growing strong to lead in omnichannel and we are moving fast with the construction of our verticals to become the ecosystem of choice.
3. We will continue to invest behind growth, quickly recovering our growth gap vs. the market whilst managing expenses with discipline and driving productivity.

Thanks again for your interest in our company. As always, we will make ourselves available to answer the questions you may have.