

# Walmart

## México y Centroamérica

Webcast Results for the First Quarter 2025

Mexico City, April 29, 2025

(FREE TRANSLATION, NOT TO THE LETTER)

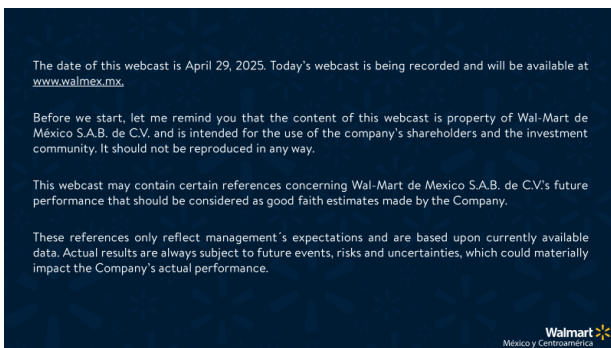


### SALVADOR VILLASEÑOR:

Good afternoon, I am Salvador Villaseñor, in charge of Investor Relations at Walmex.

Thank you for joining us to review the results for the first quarter of 2025.

Today with me is Ignacio Caride, President and Chief Executive Officer of Walmart de México y Centroamérica, Raúl Quintana our Chief Omnichannel Operating Officer and Paulo Garcia, our Chief Financial Officer.



The date of this webcast is April 29, 2025. Today's webcast is being recorded and will be available at [www.walmex.mx](\"http://www.walmex.mx\").

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Now, it is my pleasure to turn the webcast over to our CEO, Ignacio Caride.



### IGNACIO CARIDE:

Thanks, Salvador, and good afternoon, everyone. I am happy to be here with you again after our Walmex Day.

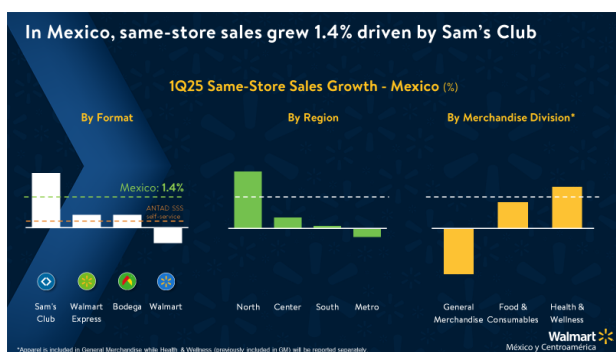
Once again let me begin by thanking our associates for the amazing job they do. Our purpose of helping people save money and live better is brought to life by their consistent strong performance on a daily basis.

As we have mentioned before, Q1 was a tough quarter due to current macro conditions and a strong comparative base with calendar effects such as the leap year and Easter shifting to Q2 in 2025, as well as the significant government stimulus deployed during first quarter of last year.

Having said this, I am happy with the progress we have made so far in the year. 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 improving our execution to get better at both.

Despite political noise and uncertainties, we are focusing on the things we can control, and we know that during these periods of macro headwinds, through our purpose, our Every Day Low Prices DNA, and our diversified portfolio, we are the best positioned to help our customers save money and live better.

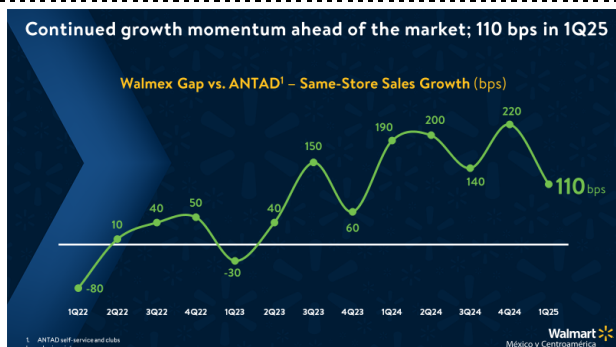
We remain optimistic that we will begin to see a gradual ramp-up in consumption for the rest of the year.



Looking at the quarter, our same store sales grew 1.4% with a 4.6% ticket growth and a -3.2% decline in transactions, however we saw sequential traffic improvement month after month.

Growth was led by Sam's Club while Walmart Supercenter, which was the only format reporting growth below ANTAD self-service and clubs same store sales, registered a negative performance mainly linked to the slowdown in General Merchandise.

Raúl will share more information about operational and commercial efforts.



Regarding our performance versus the market, we grew ahead of the self-service and clubs market measured by ANTAD by 110 bps in the quarter, outpacing ANTAD for the 8<sup>th</sup> consecutive quarter.

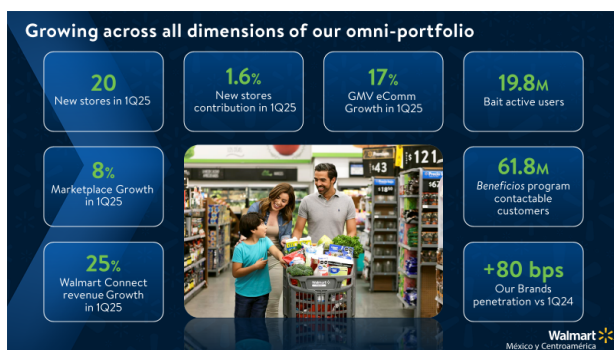
In these tough macro conditions, our value proposition is more relevant than ever for our customers. We will keep reinforcing our Every Day Low Prices DNA, strengthening our price gap while giving our customers the value they want at a price point they can afford.



During the first quarter, we opened 20 new stores, 67% more than in the same quarter last year.

Out of the 20 openings, 17 were in Mexico, 1 in Costa Rica, 1 in Guatemala, and 1 in Nicaragua which represented around 21 thousand square meters of additional sales floor and contributed 1.6% to total sales growth in the quarter, in line with the guidance provided at our Walmex Day.

We are working to gradually spread more evenly the openings throughout the year although, as you have seen from previous years, most openings will happen in the second half of the year.



Let me highlight some other important results of the business before Raul expands on them.

Improving and expanding our eCommerce capabilities will remain as a key priority for the year. During the quarter our eCommerce business grew 17% driven by a 26% growth from On Demand while our Marketplace, grew 8%, impacted by slowdown in key categories.

Our Brands remain a key focus with penetration increasing +80 bps during the quarter, with growth in both self-service and Sam's Club.

Our new businesses which enhance and complement our core continue developing.

Bait reached 19.8 million active users and generated 2.3 billion pesos in revenues during the quarter.

Regarding Cashi Banking, after the friends and family pilot test, in April we expanded its reach now including a limited number of accounts from customers.

*Walmart and Bodega Aurrera Beneficios* continue growing at a fast pace, reaching 61.8 million contactable customers, which helps us identify around 40% of transactions while improving our customer understanding.

Walmart Connect, our retail media business, grew 25% during the quarter, while Scintilla launched its Channel Performance module. Raúl will share more info on this later.

I want to reiterate how proud I am of what we are building to enhance our core with these new businesses and the high potential they hold.

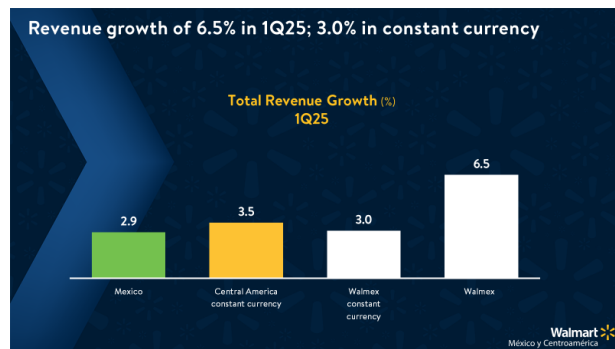


Now, moving to Central America please consider that we are referring to figures on a constant currency basis.

In Q1, our business in Central America reported a 1.9% same store sales growth versus last year, driven by volume growth. We continue reinforcing our customer value proposition through price investments and focusing on offering the best experience in our stores, again with an all-time high NPS in almost all countries.

Regarding eCommerce, we posted growth of 54%, increasing 40 bps eComm sales penetration, helped by mobile app consolidation.

Our new businesses continue to grow in the region. Walmart Connect increased revenue 69% while we also enabled remittances as a form of payment in Guatemala and El Salvador which we will continue to roll-out during Q2, improving experience for our customers.



Regarding revenue growth during the quarter, consolidated total revenue grew 6.5%, driven by a 2.9% growth in Mexico and 3.5% in Central America in constant currency.

Reported results were benefited by Mexican peso depreciation.



Before asking Raul to step in, I would like to close my remarks by reinforcing what I said at the beginning.

I am confident of what we are building for the future.

It was a tough quarter. Despite short-term macro headwinds and political noise, we remain committed with our long-term growth strategy. As you saw on our Walmex Day we are accelerating openings and investments, always with discipline, and we believe there is still a lot of value to be created for everyone involved.

We continue outpacing the market which reflects the preference of our customers and members and the value, assortment, experience and trust we are offering them.

We are aware of the challenges ahead, but we are confident that with the top-level execution of our associates we will be able to navigate through them as we have done in the past.

Personally, I am optimistic on the future of our business.

As always, I would like to thank you for your interest in our company and I hope to see you tomorrow on our live Q&A.

Now, Raúl will go through some of our operational highlights for the quarter, and then Paulo will share more details on our financial highlights.



#### RAUL QUINTANA:

Thank you, Ignacio. Hello everyone, I am very happy to be here with you again.

As usual, I will go through the operational highlights of the quarter.





First, as Ignacio mentioned, we are reinforcing our value proposition through price leadership and affordability to give our customers the **value** they want at a price point they can afford.

During the quarter, Price perception decreased 100 basis points vs previous year mainly in self-service. We will keep working on this as it remains a key lever for us.

In Bodega, we had great results with our Morralla campaign, with prices ranging from \$5 to \$35 pesos, growing double digit in Q1 offering the lowest prices that our customer can afford.

In terms of **assortment and experience**, we are constantly looking for new ways to serve our customers. An example is what we are doing in Walmart Express with the different “fairs”; In the first quarter of the year we had the “Oriental Fair” with products from Asia, and the “Cheese, Wine & Bread Fair”.

Also, in Walmart Express and in our stores from the premium cluster of Walmart Supercenter we started offering Sourdough Bread listening to what our customers want and understanding trend changes. This helped to increase bakery sales more than 900 basis points versus last year in these stores.

Regarding Sam’s Club, new members acquisition grew double-digit versus last year as a result of the value we offer our members through exclusive, innovative, and curated assortment at disruptive prices with positive results in customer satisfaction.

We continue building and strengthening our customers’ trust across all our formats, which is reflected in the 80-basis points increase in NPS versus the first quarter of 2024.

We always aim to be ahead of potential changes that may affect our operations and mitigate any potential impacts. We are anticipating and preparing for a potential change in Labor Reform. During the quarter, we conducted a test in 100 of our stores from our different formats. This will help us evaluate operational optimization, economic viability, as well as legal and social adaptation.

Increasing penetration of Our Brands remains one of our key priorities. During the first quarter of the year, penetration increased 80 basis points versus last year with Bodega Aurrerá Express and Sam’s increasing the most among formats while Fresh and Home categories posted the strongest gains versus last year. We will keep expanding into new categories such as with our new beer brand called “Cezka” which was launched this quarter.

Let's now review our eCommerce quarterly performance.

During the first quarter, eCommerce GMV grew 17%, and represented 7.4% of total GMV in Mexico, once again driven by On Demand. Among our formats, the ones with the highest eCommerce penetration are Walmart Supercenter and Walmart Express, which together reported an eCommerce GMV penetration of 11.4% during the first quarter of the year.

The On Demand business continues with strong results driven mainly by Fresh and Food & Consumables categories.

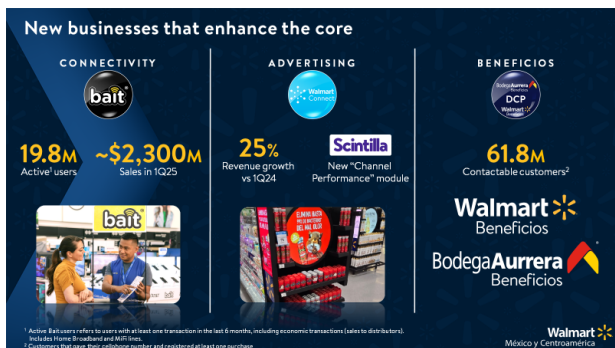
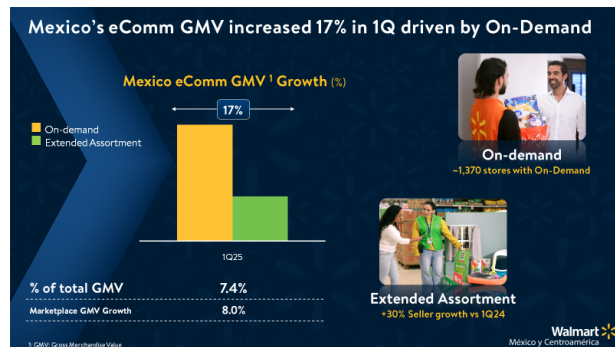
Regarding formats, Bodega Aurrera “*Despensa a tu Casa*” continues to report the highest growth.

For Extended Assortment we increased the participation of our dedicated fleet which has helped us to increase delivery KPIs such as On Time.

Marketplace had an 8% growth with Walmart Fulfillment Services and Cross border trade growing at a higher rate. We saw an industry-wide slowdown in some core categories for us, such as Videogames, TV & Video, Home Automation, among others.

We have just shared at our Walmex Day our priorities for the year in eCommerce:

- We will improve experience through implementing our **One Hallway** initiative, which we expect to be functional by the end of the year.
- We will also improve assortment by enhancing our **Marketplace**, which has been a focus during the last few years. Regarding this, during the quarter we increased by more than 30% our seller base versus last year, but we also did an important quality check of our Marketplace SKUs, removing some low-quality products and leaving the total SKU number almost flat versus last year.
- And the third priority is **Quick Commerce**, where we will be able to deliver orders in as fast as 30 minutes after they are placed, which we expect to deploy soon.



Our new businesses reinforce and enhance our core. Bait, our telecom business, reached 19.8 million active users and this quarter it reported 2.3 billion pesos in sales. As you can remember from our recent Walmex Day, this is a business that we expect will generate more than \$10 billion pesos in revenue in 2025, although its main reason to exist is to offer connectivity to our customers, bring additional digital traffic to our ecosystem while improving customer preference.

Moving to Walmart Connect, this quarter its revenues increased by 25%. We continue expanding our advertising spaces in store with more than 250 additional digital headers with computer vision

technology in Supercenters which allows us to receive information about traffic, engagement, and customer interaction with the advertisement.

Regarding Scintilla, our insights tool for suppliers, this quarter we launched a new module called “Channel Performance” which will let suppliers track performance throughout the whole supply chain since placing the order until it is available in the sales floor. Also, suppliers will have access to see inventory levels at stores in real time. What I like the most about Scintilla is that it is a win-win-win for customers, suppliers and us.

Finally, “Walmart and Bodega Aurrerá Beneficios” continues accelerating as Ignacio told you before. The program reached 61.8 million contactable customers and having around 40% penetration in total transactions. As we continue increasing the proportion of total transactions identified, we improve our customer understanding.

Now, I will hand it over to Paulo, to comment on our financial results.

Thanks again for your interest in our company. This time I won't be able to see you at our quarterly live Q&A where Ignacio, Paulo and Dolores will be answering your questions.

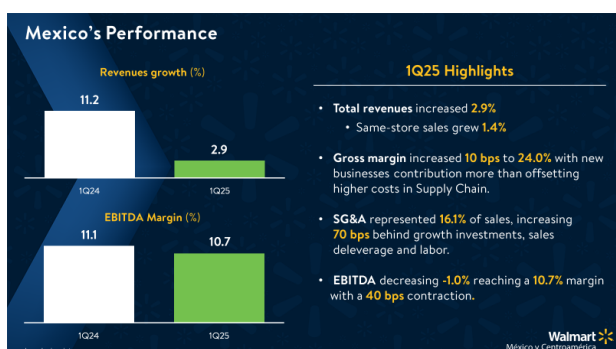


#### PAULO GARCIA:

Thanks, Raúl and good afternoon everyone.

Let me start by saying this was a tough quarter but in line with our expectations and with what we said at our last Walmex Day.

I'll start by covering Mexico's results and then move to Central America.



So, let's begin with Mexico's results.

Total revenues grew 2.9% driven by 1.4% same-store sales growth.

We had negative calendar impacts of approximately 200 bps due to the advanced payments of Government stimulus into the first quarter of 2024, Easter shift to second quarter this year and the leap year effect.

Gross margin expanded 10 bps versus last year to 24.0% while SG&A had a 70-bps expansion representing 16.1% of total sales.

I will go through the Gross Margin and SG&A breakdown in just a moment.

All this led to an Operating income margin of 8.1% while EBITDA decreased 1% versus the same quarter of last year, registering an EBITDA margin of 10.7%, which contracted 40 bps versus prior year.

In Mexico, revenues grew 2.9% and EBITDA margin was 10.7%

#### Mexico 1Q results

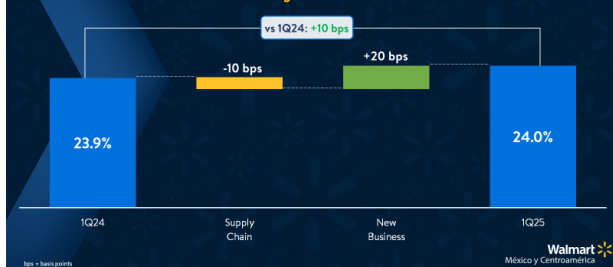
(\$MXN Millions)	1Q25		1Q24		Var.
	\$	%	\$	%	
Total revenues	195,665	100.0	190,064	100.0	2.9
Gross margin	46,968	24.0	45,353	23.9	3.6
General expenses	31,597	16.1	29,178	15.4	8.3
Earnings before other income, net	15,371	7.9	16,175	8.5	(5.0)
Other income, net	477	0.2	369	0.2	29.5
Operating income	15,848	8.1	16,544	8.7	(4.2)
EBITDA	20,852	10.7	21,061	11.1	(1.0)

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Let me now expand on Gross Margin.

Gross Margin helped by new businesses contribution offsetting higher costs in Supply Chain

#### 1Q25 Gross Profit Margin % Total Revenues - Mexico



During the quarter we had a benefit of 20 bps from the contribution of new businesses such as Walmart Connect, Bait and Financial Services which more than offset the higher costs on our supply chain that impacted our gross margin by 10 bps.

This resulted in a Gross Profit Margin of 24.0% expanding 10 bps versus last year.

As we mentioned in Q4 and during Walmex Day, we should see expansion in Gross Margin for the full year 2025 versus prior year though there may be variations between quarters depending on the opportunities we see to help our customers save money and live better.

SG&A impacted by continued investment in growth, sales leverage and labor

#### 1Q25 SG&A % Total Revenues - Mexico



Now let's review our SG&A.

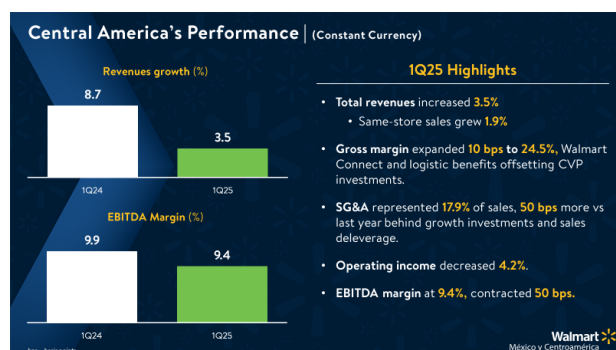
We increased 25 basis points "Run" expenses mainly behind increases in labor costs and leverage.

The main SG&A driver continued to be our growth investments such as new stores, clubs & DCs, new businesses, tech and our associate value proposition which altogether impacted expenses by 45 bps leaving SG&A at 16.1% of total revenues.

This represented an 8.3% growth aligned with the guidance given at Walmex Day of SG&A, increasing at a high single digit in 2025.

It is important to make clear that the guidance given for 2025 at our investor day regarding revenue growth, Gross Margin expansion and SG&A increases refers to our consolidated results and excluding FX effects.





Now moving to Central America's results for the quarter. Please consider that I will refer to figures on a constant currency basis.

Total revenues increased 3.5% vs last year, driven by a 1.9% same store sales growth and a 1.6% new stores' contribution.

Gross margin improved 10 bps compared to last year, at 24.5% of revenues, driven by the contribution of new businesses, partly offset by investments to reinforce our value proposition and to expand price gap.

SG&A represented 17.9% of revenues, increasing 50 bps versus last year with growth investments to accelerate eCommerce, new stores, and ecosystem development behind this increase.

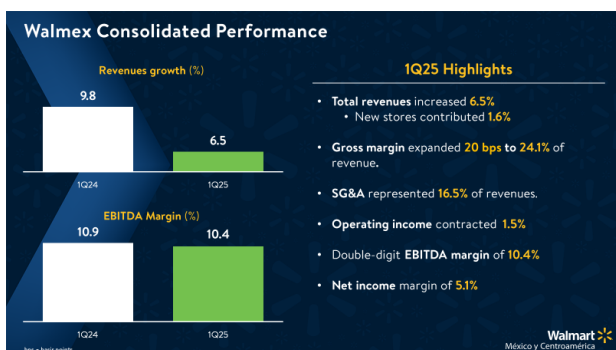
The above-mentioned resulted in operating income decreasing 4.2%, and an EBITDA margin of 9.4%.

**Central America results benefited by FX; in constant currency 3.5% revenue growth and 9.4% EBITDA margin.**

**Central America 1Q results**

(\$MXN Millions)	1Q25		1Q24		Var. (%)	
	\$	%	\$	%	Peso basis	Constant currency basis
Total revenues	45,310	100.0	36,130	100.0	25.4	3.5
Gross margin	11,107	24.5	8,816	24.4	26.0	4.0
General expenses	8,127	17.9	6,288	17.4	29.2	6.6
Earnings before other income, net	2,980	6.6	2,528	7.0	17.9	(2.4)
Other income, net	61	0.1	98	0.3	(38.5)	(49.4)
Operating income	3,041	6.7	2,626	7.3	15.8	(4.2)
EBITDA	4,239	9.4	3,561	9.9	19.0	(1.6)

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At a consolidated level, total revenue increased 6.5%, benefiting from a lower peso, with new stores contributing 1.6% to total growth. Excluding FX effects, revenue growth was 3.0%.

The consolidated negative calendar effect on revenues was about 200 bps.

Gross margin expanded 20 bps to 24.1% while SG&A expenses grew 12% to represent 16.5% of revenues.

Operating income decreased 1.5% year over year, to a 7.8% margin, while EBITDA margin contracted 50 bps to 10.4%

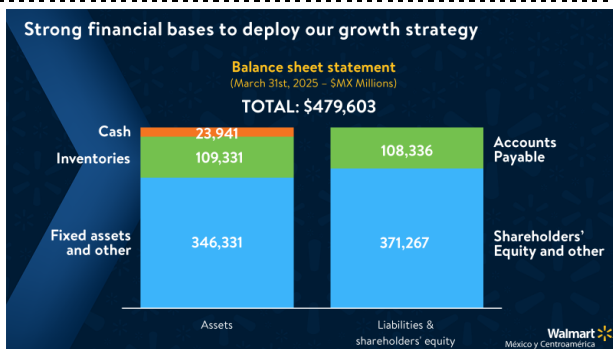
As we have mentioned before, for the following quarters we should see a ramp-up in revenues that will also help to leverage expenses and improve our bottom-line.

**Consolidated revenues grew 6.5% and EBITDA margin was 10.4%**

**Walmex Consolidated 1Q results**

(\$MXN Millions)	1Q25		1Q24		Var.
	\$	%	\$	%	%
Total revenues	240,975	100.0	226,194	100.0	6.5
Gross margin	58,075	24.1	54,169	23.9	7.2
General expenses	(39,724)	(16.5)	(35,466)	(15.7)	12.0
Earnings before other income, net	18,351	7.6	18,703	8.3	(1.9)
Other income, net	538	0.2	467	0.2	15.1
Operating income	18,889	7.8	19,170	8.5	(1.5)
EBITDA	25,091	10.4	24,622	10.9	1.9
Net income	12,317	5.1	13,183	5.8	(6.6)

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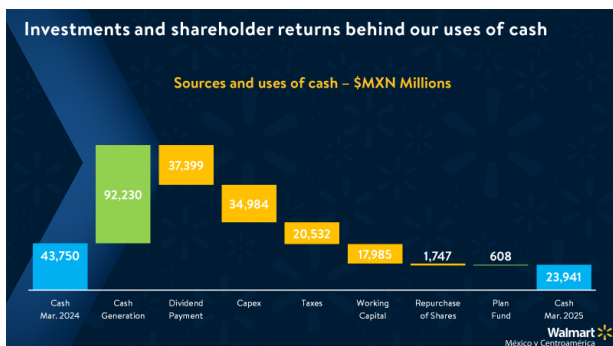


Let me now briefly speak about the balance sheet...

Cash decreased 45% vs March 2024. We will see the sources and uses of cash in the next slide.

Inventories grew 15%, above sales growth. Inventory reduction is a priority for us. We are being more diligent to ensure we have the right assortment and take faster action to prevent and liquidate obsolete and stagnant items.

And finally, accounts payable decreased -0.9%.

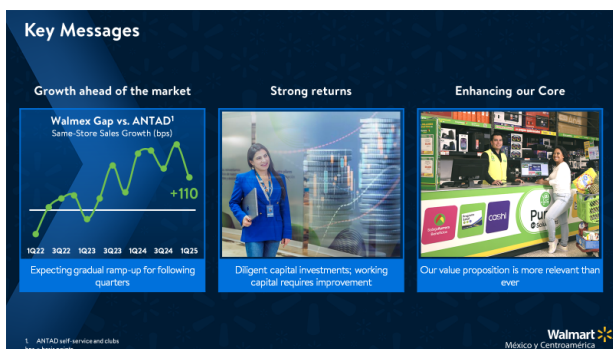


Moving to the cash flow.

In the last twelve months, we generated \$92.2 billion pesos in cash. We invested \$35 billion pesos of CAPEX in high return projects, in line with our Walmex Day 2024 guidance. We will be accelerating to reach our CAPEX target for 2025 of 41.8 billion pesos.

We returned \$37.4 billion pesos to our shareholders as dividends; Our working capital for the period required \$18 billion pesos, increasing due to inventories growth and reduction of accounts payable impacted by product mix and lower purchases; and finally, we paid \$20.5 billion pesos in taxes.

All in all, our cash position finished the quarter at \$23.9 billion pesos.



To finalize, I'd like to leave you with the three key messages of the quarter:

1. We continued growing ahead of ANTAD. We expect to begin seeing a gradual ramp-up in the following quarters and a stronger consumption environment in 2026.
2. We will continue investing to drive growth and strong capital returns (ROIC). We will focus on improving our Working Capital and remain with strict expense control.
3. Our value proposition is more relevant than ever. Our new businesses continue enhancing our core by generating new sources of revenue, additional traffic to our ecosystem, and increasing our customer understanding translating into an increased share of wallet.



As Ignacio said, it was a tough quarter with a difficult comparative base, but we expect sequential growth improvement through the year, therefore we are keeping our sales guidance of 6 to 7% growth for the year.

As always, thanks for your interest in our company. We will be happy to answer any question you may have tomorrow at 3:00 pm Mexico City time, on our quarterly live Q&A.

You can always reach our IR team if you have any question.