Every Day Low Prices (EDLP)

EDLP is the identity of our business model.

Why EDLP is Fundamental

Our ambition is clear: to run stores that help our customers in Mexico and Central America find low prices, quality and access to our product catalog. We deliver this through Every Day Low Prices (EDLP), powered by scale, disciplined execution, and technology.

EDLP simplifies the shopping experience by reducing price uncertainty and building trust. At the same time, it streamlines our operations, unlocking efficiencies we can reinvest to further strengthen our price leadership. This philosophy remains foundational to Walmart globally, as well as to Walmart de México y Centroamérica locally. It is central to our long-term value creation.

We believe that every family deserves access to quality products and services at affordable prices. EDLP is one of Walmex's three non-negotiables, alongside Availability and eCommerce acceleration. It should not be considered as a short-term or tactical initiative, but as a structural business strategy and a core pillar to deliver on our purpose to "help people save money and live better".

Customer's Trust and Leadership in Pricing

EDLP is not just about item-level pricing. It involves price stability and, more importantly, building a larger, higher-value shopping basket. When customers trust our prices, they complete more of their shopping with us.

At Walmart de México y Centroamérica, pricing leadership is part of our identity. It helps us fulfill our purpose and build trustworthy customer relationships. To serve them consistently, we must offer prices they can afford every day. This requires deepening our EDLP discipline by improving how we buy, distribute, plan, and source so that we can price more efficiently.

Our customers expect Walmart prices to be low, simple, and reliable, without requiring trade-offs or constant monitoring of promotions. Trust is built not only through price levels, but also through consistency and clarity over time. To reinforce this trust, EDLP is executed with a focus on simplicity, reducing unnecessary complexity in price architecture, communication, and in-store execution. A disciplined EDLP model ensures that customers can rely on Walmart prices every day, strengthening loyalty and visit frequency.

Pricing Strategies for Being Customers' Preferred Option

In 2025, we continued strengthening customers' perception of value in a highly price-sensitive environment. We did this through a more granular review of pricing metrics, the simplification of commercial processes, and a greater weight of base-priced items within promotional activities. These efforts led to campaigns that helped customers make informed decisions and feel confident that their budgets could go further in our stores.

Across our discount formats, hypermarkets, supermarkets, and clubs, we have maintained a unified commitment to Every Day Low Prices through format-specific campaigns. When prices are right and products are readily available on our shelves, we drive both our store and digital businesses, accelerating traffic, conversion, and basket size across channels. We seek to be our customers' preferred one-stop-shop option, where they can find everything they need at prices they can afford. Key promotional campaigns and savings programs made this possible throughout the year.

Walmart México y Centroamérica

Mexico

In Mexico, our low-price strategy continued to resonate strongly with customers across formats. This year, we renewed our commitment to price stability by signing the extension of the Anti-Inflation and Scarcity Package (PACIC), keeping the basic basket at 910 pesos. This effort, combined with disciplined store operations and strong availability, translated into improved customer satisfaction and loyalty.

Among the most representative initiatives is *Morralla*, a permanent program offering thousands of products priced between 5 and 35 pesos. This program continued to demonstrate its relevance by easing economic pressure for families and expanding access to complete baskets at affordable prices.

With Walmart Supercenter's *Los Básicos de tu Canasta*, and Sam's Club's member-value events, we consistently strengthened price perception and traffic. These commercial levers created a cohesive ecosystem where each format contributes to a shared value proposition, making low prices a universal and predictable customer expectation.

We also returned to the *Buen Fin* campaign after six years. Although the event fell short of our initial expectations, customer engagement remained strong. We recorded more than 76 million transactions across stores and clubs, over 180 million eCommerce visits, and November 17 marked the highest sales day in our history. These results offer clear lessons as we continue refining our execution and catalog for future events.

During *El Fin Irresistible*, commercial performance remained strong across formats, with Walmart Supercenter, Bodega Aurrera, and Sam's Club leading customer purchase intention throughout the event. *El Fin Irresistible* delivered operational improvements that support our continued commitment to excellence in service and execution.

In 2025, Bodega Aurrera reinforced its leadership in digital engagement and brand building. The Interactive Advertising Bureau (IAB) recognized us as Best Brand of the Year in digital channel communication. Our *Morralla* campaign earned the award for Best Digital Campaign across industries, showcasing our ability to connect with customers through innovative, value-driven messaging. We were also ranked as the third best brand in Mexico for digital brand building, positioning Bodega Aurrera among the country's top digital leaders.

Beneficios Program

New businesses enabling EDLP

Over the past several years, our commercial campaigns have played a decisive role in sustaining our market position and strengthening customer and member preferences. In 2025, campaigns remained firmly centered on the customer, promoting direct savings solutions and consistently defending our position as the leader in low prices. The Customer Office, in close collaboration with Marketing, developed campaigns aligned with each format's purpose. They used insights from our *Beneficios* program and advanced analytics tools to make sure every customer's journey was personalized, meaningful, and seamless. This unlocked a more precise engagement with segments such as the *Bodega* customer, reinforcing the message that our formats help customers save money and live better.

Central America

In response to an inflationary environment and heightened spending sensitivity, we deployed the *Aquí sí te alcanza* campaign across Central America to reinforce price perception and support families' purchasing power. Built on the insight that many consumers feel they must visit multiple stores to stretch their budgets, the campaign clearly communicates that they can complete their entire shopping trip in one place with sustained, predictable low prices, without relying on temporary promotions. Strategically, this initiative aims to reduce purchase fragmentation, increase basket size, and gain share of wallet versus short-term promotional schemes.

NPS reached historic levels, driven by improvements in cleanliness, friendliness, checkout speed, availability, and price. Most of the operations teams' efforts were focused on the first three dimensions, while maintaining competitive price gaps and processes that ensured higher availability.

Progress in direct sourcing from local producers helped reduce volatility, increase the relevance of locally produced assortments, and support regional agricultural economies while maintaining competitive prices on key items.

Year after year, the company prioritized affordability in essential categories, using a combination of stable-price baskets, fixed-price assortments, and targeted seasonal offers to protect customers' purchasing power.

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Price Perception

We have seen a clear improvement in how customers perceive our price leadership, reinforcing that our efforts to keep prices low resonated in a highly value-conscious environment. This matters because stronger price perception translates into greater trust and loyalty, higher visit frequency, and a more resilient business through cycles, supporting both near-term performance and long-term resilience.

We reinforced our promise across formats and channels, prioritizing clarity and consistency. We want customers to know they can rely on the same great price whenever and however they shop.

In *Bodega*, which was the store format that led growth throughout 2025, our value proposition stood out even more in the current economic context. Bodega Aurrera has established itself as one of Mexico's most valuable brands, with more than 2,600 stores and an omnichannel experience that breaks down economic and social barriers for millions of families.

At Sam's, our value proposition was simplified and strengthened by reducing reliance on short-term promotions and reinforcing a clear focus on EDLP.

This clarity allows members to shop with confidence, knowing they can count on having access to their favorite products throughout the year without having to wait for deals. Supported by simple financial schemes that encouraged higher ticket purchases and larger baskets, we improved affordability while maintaining price leadership. Together, this disciplined approach enhanced the member experience, drove loyalty, and reinforced Sam's ability to win at scale.

+30 basis points
increase in price perception in Mexico.

In Mexico, targeted investments in grocery, perishables, and general merchandise further strengthened relative price perception, even as we navigated cost pressures in logistics, labor, and energy. These decisions reflected our long-term view commitment of safeguarding customers' wallets.

Rollbacks

Rollback programs are becoming a strategic complement to our Every Day Low Prices (EDLP) philosophy, enabling us to provide customers with meaningful, temporary price reductions while keeping our long-term value promise intact. Rollbacks allow us to lower prices on selected high demand items for defined periods, helping stimulate traffic, encourage more frequent visits, and reinforce our leadership in affordability. We offer customers savings across categories such as groceries, electronics, apparel, and home goods, both instore and online, while maintaining these items as part of our regular assortment rather than clearance inventory. By deploying rollbacks selectively, we can also manage inventory efficiently, test price elasticities, and stay agile in a highly competitive retail environment.

A critical lever of EDLP execution is pricing discipline, with a deliberate shift toward fewer price changes and longer price durations. This approach reduces operational complexity, improves store execution, and enhances customer confidence.

In 2025, the number of price changes in stores was reduced by 15%.

BAIT
Enabling Price Investments

Bait plays a key role in reinforcing our price investment strategy. As the second largest prepaid mobile operator in Mexico, reached 26.4 million active users and an expanded top-up network of 1.5 million points, with revenues growing faster than its customer base. In 2025, the business generated 11.5 billion pesos in revenues, up 60% year-on-year. The cash generation from Bait and other new businesses strengthens our price leadership, enabling continued investment in customer value, supporting a stronger price perception, and sustaining inventory improvements. This demonstrates the growing ability of our new businesses to support profitability.

Private Brands

We expanded and refined Private Brands to deliver compelling, consistent value across essential baskets and seasonal needs. Betting on Private Brands allows us to reduce intermediaries and stabilize costs. Our portfolio covers everything from pantry staples to Fresh and Health & Wellness categories, and aims to anchor customers' trust while differentiating our assortment. This approach is fully aligned with Walmart's global playbook, where private label depth and direct sourcing reinforce the EDLP model.

Throughout the year, we strengthened the presence of Private Brands across all formats, boosting their penetration and positive perception thanks to their combination of quality, competitive pricing, and relevance to the everyday needs of families across the regions where we operate. Another priority was better understanding the similarities and differences among customer preferences in each format so we could serve our diverse customer base more effectively.

Our Private Brands portfolio was consolidated into three tiers:

- **Good:** very affordable products of acceptable quality, particularly relevant for *Bodega* formats.
- **Better:** great Value and Aurrera, combining good quality with a clear price differential versus leading brands.
- **Best:** specialized segments aimed at delivering a more comprehensive experience.

We prioritized depth over proliferation, adding new items by expanding existing lines rather than creating new brands, and focusing on categories where customers could easily find the best price-to-quality alternatives to help them save. Consolidated supply also allowed us to respond to high demand across key categories. Notable examples included wellness products, from skincare to OTC (Over-The-Counter) vitamins and supplements, extensions in frozen foods (pizzas and ice cream), cold cuts, and snacks at low prices, as well as more efficiently packaged formats such as bagged milk and smaller ham presentations.

Six

Private Brands achieved the highest Net Promoter Score (NPS) levels in the market.

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Mexico

We increased Private Brands penetration in both self-service and Sam's Club, resulting in significant savings compared to national brands without compromising quality, variety, or innovation. We broadened the portfolio in high-impact categories (shelf-stable grocery, daily-consumption products, and fresh) and accelerated in value-added segments (home, apparel, and general merchandise).

By consolidating insights across the Customer Office, which analyzes purchasing patterns and preferences, we prioritized relevance, quality, and consistency over SKU growth. This approach was reinforced through optimized shelf space allocation, competitive price gaps versus hard discounters, and a more reliable sourcing model supported by long-term supplier agreements.

Penetration gains were particularly strong in Sam's Club and Bodega Aurrera Express, where members and customers continued to recognize the strength of our exclusive Private Brands offerings.

In Mexico, penetration increased 70 bps, driven by targeted launches in strategic categories such as paper goods, water, and snacks. These initiatives improved price positioning, strengthened perceived quality, and addressed key market white spaces.

17.2%
penetration of Private Brands in Mexico.

Central America

Private Brands gained relevance as an attractive savings alternative, supported by stronger in-store visibility, more frequent inclusion in commercial events, and innovation tailored to local preferences. Together, these developments contributed to better price perception and a more affordable basket for customers. Overall, Private Brands penetration expanded 70 basis points year-over-year.

A key driver was the continued expansion of Suli, our opening price-point brand, which connected effectively with consumers facing tighter household budgets during 2025. Despite market pressures, Suli continued to grow consistently and was recognized across the region for offering low prices with superior perceived quality.

Furthermore, more than 90 innovations were launched, laying the foundation for future growth beyond the flagship brand.

Innovation remained a priority across the region. Six of the ten highest-rated private-label products in the region are part of our Private Brands portfolio.

19.5%
penetration of Private Brands in Central America.

EDLC

Delivering Every Day Low Prices is only sustainable if it is supported by Every Day Low Costs across the business. We are transforming our cost structure through strategic productivity initiatives enabled by technology, including Electronic Shelf Labels, Smart Receiving (a re-engineered receiving process), and the automation of administrative activities such as cash management and store back-office operations.

A Virtuous Cycle

EDLP benefits both our operations and customers by reducing pricing complexity and promotional volatility, enabling steadier demand planning, fewer disruptions, and lower end-to-end costs across our supply chain and stores. This leads to precise forecasting and replenishment, better labor planning, and improved inventory management.

Maintaining SG&A growth in the high single digits in Mexico continues to fuel our ability to keep prices low despite wage inflation, energy costs, and continued investment in growth, while offsetting higher expenses in Central America through operational efficiencies. These efforts exemplify how the EDLP model positions us to Win in Discount. Having the best prices requires flawless execution that makes our promise tangible through availability, speed, and a seamless shopping experience in which we pass savings back to customers.

Operational Efficiencies

EDLP is strengthened by operational efficiencies that enable Every Day Low Costs (EDLC). Cost discipline continues to be a structural differentiator. In 2025, we simplified processes across the sales floor, supply chain, and last mile operations with a dual objective: increasing productivity and freeing up resources to continue investing in price.

Throughout the year, we accelerated global platform adoption (merchandising, pricing, inventory) and deployed data-driven tools in stores and distribution to raise availability and reduce unit costs. Examples include pricing workflow, predictive inventory models to right-size days-on-hand, and integrated traceability from store to eCommerce. These initiatives reduced manual work, errors, and waste, while strengthening our price gaps sustainably.

Technology
Enabling EDLC

Pricing tools and analytics allow us to make smarter, faster pricing decisions aligned to customer demand and competitive dynamics. The deployment of electronic shelf labels enhanced price accuracy across Walmart and Walmart Express formats, reducing execution gaps and increasing associate productivity by cutting the time invested on manual price adjustments by 40%. This improvement has also elevated our customers' perception of in-store service, as teams can now focus on delivering an exceptional shopping experience. In stores, we also scaled automation, digitalization, and self-checkout solutions, reducing processing times, improving checkout experience, and increasing the proportion of transactions served through these channels. By leveraging advanced analytics and AI-enabled tools such as Scintilla, we are delivering better results for our customers.

Execution Excellence

Execution plays a central role in delivering low prices consistently. Our Net Promoter Scores (NPS) reached historically high levels, driven by sustained improvements in cleanliness, associates' attitude, checkout speed, and product availability. Operations teams remain focused on ensuring open checkouts during peak hours, well-trained associates, and reliable in-stock levels, reinforcing the link between low prices and a seamless shopping experience. By ensuring consistent shelf availability, clear communication of value, and a simplified shopping experience, we position our stores are the most reliable destination for customers to complete a full basket at the best price.