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Presentation

Operator

Good afternoon, everyone, and welcome to PriceSmart, Inc.'s earnings release conference call for the fourth quarter of fiscal year 2026, which ended on August 31, 2026. After remarks from our company's representatives, David Price, Chief Executive Officer; and Gualberto Hernandez, Chief Financial Officer, you will be given an opportunity to ask questions as time permits.

As a reminder, this conference call is limited to 1 hour and is being recorded today, Tuesday, October 27, 2026. A digital replay will be available following the conclusion of today's conference call through November 3, 2026, by dialing toll-free 1 (833) 309-1852 for domestic callers or 1 (929) 828-5978 for international callers and by entering the replay access code 419902549.

For opening remarks, I would like to turn the call over to PriceSmart's Chief Financial Officer, Gualberto Hernandez. Please proceed, sir.

Gualberto Hernandez
Executive VP & CFO

Thank you, operator, and welcome to PriceSmart, Inc.'s earnings call for the fourth quarter of fiscal year 2026, which ended on August 31, 2026. We will be discussing the information that we provided in our earnings press release and our 10-K, which were both released yesterday afternoon, October 26, 2026. Also in these remarks, we refer to non-GAAP financial measures. You can find a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP measures in our earnings press release and our 10-K. These documents are available on our Investor Relations website at investors.pricesmart.com, where you can also sign up for e-mail alerts.

As a reminder, all statements made on this conference call other than statements of historical fact are forward-looking statements concerning the company's anticipated plans, revenues, and related matters. Forward-looking statements include, but are not limited to, statements containing the words expect, believe, plan, will, may, should, estimate, and similar other expressions. All forward-looking statements are based on current expectations and assumptions as of today, October 27, 2026. These statements are subject to risks and uncertainties that could cause actual results to differ materially, including the risks detailed in the company's report on Form 10-K filed yesterday and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These risks may be updated from time to time. The company undertakes no obligation to update forward-looking statements made during this call.

Now I will turn the call over to David Price, PriceSmart's Chief Executive Officer.

David N. Price
CEO & Director

Thank you, Gualberto, and good morning, everyone. Thank you for joining us today. I want to begin where I always do with a big thank you to every one of our employees across our 14 countries, including our new team in Chile. This was a demanding year. Our teams worked through currency swings, economic and trade uncertainty, and natural disasters while also rolling out new systems and processes inside the company. To our teams, your passion for serving our Members is what made this year's results happen, and I'm deeply grateful.

Before getting into the numbers, I want to take a moment to acknowledge the recent earthquakes that affected our communities in Colombia and Panama. Our thoughts are with everyone impacted. In Colombia, a magnitude 7.4 earthquake struck on August 10, hitting Cali and Pereira hardest. We lost only a minimal number of operating hours and all of our clubs are open today. Our teams moved quickly to restore inventory, so our clubs could keep serving members and neighbors when they needed us most, and we temporarily opened our clubs in Pereira and Cali to non-members, so more families could access essential goods.

With the PriceSmart Foundation and Price Philanthropies Foundation, we have collected more than 75 tons of essential products for distribution. In Panama, where a 7.7 magnitude earthquake struck on October 9, our clubs came through without major impact. We launched Juntos por Panama, so Members could donate in club, and we provided critical supplies to the government's humanitarian hub. We will continue supporting recovery in both countries. I'm grateful to our employees in both countries who showed up for each other and their communities with care and resilience.

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Panama is where this company's story began. This month marks 30 years since we opened our first club in Panama City. Today, we serve almost 2.2-million-Member accounts through 59 clubs with more than 13,000 employees. Thank you to our Members, our partners, and our team for three decades of trust.

Now to the numbers. Our business achieved another strong quarter and fiscal year. In the fourth quarter, net merchandise sales reached almost $1.5 billion, with total revenue exceeding $1.5 billion. Net merchandise sales increased by 13.8% or 7.8% in constant currency. Comparable net merchandize sales in U.S. dollars increased by 12.2% and comparable net merchandize sales in constant currency increased by 6.2%. Three of our recent club openings, Quetzaltenango, La Romana, and Ciudad Quesada are not yet included in our comparable sales numbers.

For the fiscal year ended August 31, 2026, total net merchandise sales reached almost $5.8 billion and total revenues were almost $5.9 billion. Net merchandise sales increased by 11.7% or 8.4% in constant currency, and comparable net merchandize sales increased by 9.6% or 6.4% in constant currency for the 12-month and 52-week periods, respectively. During the fourth quarter, our average sales ticket grew by 7.5% and transactions grew by 5.9% compared with the fourth quarter of the prior fiscal year. For the full fiscal year, our average ticket grew by 4.2% and transactions grew 7.2% compared with the prior full year. Also, for the full fiscal year, the average price per item increased 5%, while average items per basket decreased 0.7% compared with the prior year. Overall, Members came more often and they spent more when they did.

Every one of our regions contributed to the growth we saw in the fiscal year. First, in Central America, where we had 32 clubs at quarter end, net merchandise sales for the fourth quarter increased 9.5%, or 5.9% in constant currency, with an 8% increase in comparable net merchandize sales, or 4.4% in constant currency. Our Central America segment contributed approximately 480 basis points of positive impact to the growth in total consolidated comparable net merchandise sales for the quarter.

Second, in the Caribbean, where we had 15 clubs at quarter end, net merchandise sales for the fourth quarter increased 9.9% or 8.4% in constant currency, and comparable net merchandise sales increased 6.7%, or 5.3% in constant currency. Our Caribbean region contributed approximately 180 basis points of positive impact to the growth in total consolidated comparable net merchandise sales for the quarter.

Last, in Colombia, where we had 10 clubs open at the end of our fourth quarter, net merchandise sales for the fourth quarter increased 43.2%, or 15.9% in constant currency and comparable net merchandise sales increased 44.2% or 16.3% in constant currency. Colombia contributed approximately 560 basis points of positive impact to the growth in total consolidated comparable net merchandise sales for the quarter. Colombia's growth was again meaningfully influenced by the appreciation of the Colombian peso relative to the same period last year.

Next, merchandising. Comparing our fourth quarter sales to the same period in the prior year, our foods category grew approximately 13.9%. Part of that growth comes from remodels of the fresh area in our clubs, which has given more selling space to those items. Fresh food is an important driver of visits to our clubs and dedicating more space to those items is paying off. Our non-foods category increased approximately 13.8% with casual apparel posting the highest growth within non-foods. Our World Cup celebration was another great example with TV sales up 25%.

Moving to other categories. Our food service and bakery category increased approximately 13.5%. Our health services, including optical, audiology, and pharmacy increased approximately 9.6%. One change to note, at the end of the fourth quarter, we decided to discontinue audiology services in our clubs and repurpose that space to selling merchandise. This lets us focus our health offering on optical and pharmacy where members visit more often.

Turning to our Member’s Selection private label brand. This remains a powerful differentiator for PriceSmart. Private label penetration on a comparable basis, excluding a reclassification of the produce category, increased 20 basis points year-over-year. Using our updated methodology, penetration of private label was 26.9% of total merchandise sales.

Member selection remains an important focus for us. In the fourth quarter, we added several new private label items. One to highlight is our member selection freeze-dried flavored coffee in Colombia, which exceeded our expectations from the day it launched. Members choose it because it delivers quality and value that they can count on. We see this brand as a long-term competitive advantage, and we will continue to invest in expanding and improving the assortment in the years ahead.

Now membership. We serve almost 2.2-million-Member accounts, up 8.7% year-over-year with over 4 million cardholders across our markets. Our trailing 12-month renewal rate was 90.4% for fiscal year 2026, up from 88.8% a year ago. That tells us Members see the value we deliver and are choosing to renew year after year. Platinum is our premium tier designed for our most engaged Members. It costs more than our diamond tier and in return, members get exclusive benefits and enhanced rewards.

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Platinum grew from 17.9% of our membership base at the end of fiscal 2025 to 23.4% at the end of fiscal 2026, a 550 basis point shift in 1 year. This was driven by our teams running targeted campaigns and delivering a membership experience that earns the upgrade. Fiscal year 2026 membership income reached $100.8 million, up 17.8%, driven primarily by higher Platinum penetration. As a percentage of revenue, membership income was 1.7% in fiscal 2026, up from 1.6% in fiscal 2025.

Now let me turn to the growth initiatives shaping our next chapter, starting with our club network. In August, we opened our 10th warehouse club in Costa Rica in Ciudad Quesada, about 47 miles northwest of the nearest club in San Jose. The club sits on a 6-acre site with a sales floor of roughly 42,000 square feet. We built it with sustainability in mind, including LED lighting, a CO2-based cooling system and its own wastewater treatment plant. It's still early, but we're encouraged by the initial reception from members in the area.

In the first quarter of fiscal year 2027 we opened our third warehouse club in Jamaica, located in Montego Bay, approximately 100 miles west from the nearest club in the capital of Kingston. The club sits on a 5-acre site and has a sales floor of roughly 42,000 square feet. We designed and built it with similar sustainable standards as the Costa Rica club. Looking further ahead, we have 4 other warehouse clubs currently in our pipeline. Our fourth location in Jamaica, on South Camp Road in Kingston, anticipated to open in December 2026. Our 8th club in Guatemala in Villa Nueva anticipated to open in late winter of 2027. Our 11th club in Costa Rica in Santo Tomas de Santo Domingo, Heredia, anticipated to open in spring of 2027. And our first club in Chile located within the Mallplaza Los Dominicos Shopping Center in Santiago's Comuna Las Condes anticipated to open in spring of 2027. Once these 4 new clubs are open, we will operate 63 warehouse clubs in total.

Chile represents a meaningful milestone for this company and a market we believe has significant long-term potential. We have entered into executory agreements with 2 additional potential sites beyond our first club, have hired a country general manager, and a local buying team, established our central office and are working to open a third-party operated distribution center in fiscal year 2027 to support our operations there. We look forward to sharing more specific milestones as they develop.

In addition to new club openings, we believe increasing club size and expanding parking at high-volume locations are effective ways to drive sales, improve efficiency and enhance the member experience. In line with this strategy, we have nearly completed the parking lot expansion in Via Brasil, Panama. Later in the fiscal year, we will begin the remodel of our Barbados Club, a parking lot expansion of our Aranda Club in Guatemala, and both a parking lot expansion and warehouse remodel of our Fraijanes Club in Guatemala.

In fiscal 2026, we opened new distribution centers in Trinidad and Colombia. We also completed our third-party run distribution centers in China during the second quarter, which consolidate merchandize sourced there, improving our net landed cost. Looking into fiscal 2027, we plan to open 3 more distribution centers: In Jamaica, in the Dominican Republic, and in Chile, where it will be third-party operated. We are also completing the relocation of our cold regional distribution center, which began last fiscal year from a leased facility just down the road into our existing Miami Dry facility, consolidating 2 sites into 1.

Next, let me walk through the technology work that continues to shape how we operate and serve our members. In our digital channel, sales reached $387.4 million in fiscal year 2026, up 26.3% year-over-year and represented 6.7% of total net merchandise sales. Orders placed directly through our website or app grew 9.2% and average transaction value increased 15.5% compared to last fiscal year. As of August 31, 2026, approximately 76.6% of our members have created an online profile and 27.1% of our membership base has made a purchase on pricesmart.com or our app.

Turning to RELEX, our forecasting and replenishment system. Our international buying team is fully onboarded, setting up our local vendors in each country and some of the merchandize management pieces is taking longer than we expected. That means we will not finish by the second quarter of fiscal 2027 as previously communicated, but we are continuing to work towards completing implementation as soon as practicable. We still expect RELEX to help us keep products in stock and reduce spoilage, and we want to get it right. We believe this upgraded technology will enhance employee productivity, improve inventory management, reduce spoilage, and increase in-stock availability over the long run. And we remain committed to getting this implementation right.

On the human capital side, I'm pleased to report that the first phase of our Workday implementation was completed in the first quarter of fiscal year 2027 and is live for PriceSmart employees. This technology upgrade is enhancing the employee experience with modern, user-friendly tools while improving processes and efficiencies, strengthening compliance and providing scalable integrated data to support future growth across our over 13,000 employees in 14 markets, including Chile.

We continue to make good progress on our membership omnichannel transformation, which we call MOT. We are building MOT to bring member identity, transaction history, and interaction data together in one place, so we have a single view of each member across

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our clubs and digital channels. That should improve data quality, reduce friction for members, and make our teams more efficient. It will also help us understand member preferences and trends so we can serve them better.

Finally, turning to our point-of-sale transformation. ELERA is now running in all of our English-speaking Caribbean clubs, in Guatemala, and, as of the end of September, in Costa Rica, our second Spanish-speaking country in Central America. We are completing the Dominican Republic now. And once it's done, every club in the Caribbean will be on ELERA. Another first, our Montego Bay Club became the first club in the company to open with ELERA at the registers from day 1.

Early indicators show ELERA is delivering faster checkout times, improved employee productivity and expanded payment options for our members, tangible improvements to the in-club experience. We are continuing the rollout of ELERA across the remainder of our markets in Central America and Colombia. And based on the success we have seen to date, we are confident in the value ELERA will deliver as implementation continues.

Before I turn it over to Gualberto, I want to share how we're thinking about the external environment. The risks we're watching are increasingly interconnected rather than tied to a single country. The scenario we're most focused on is a combination of higher fuel, freight, and food costs. U.S. diesel prices have reached record levels. A very strong El Nino is forecasted through the winter and global ocean shipping schedules have been unreliable. Capacity at the Panama Canal also remains something we're monitoring closely. These are broad external pressures that affect our competitors as well as PriceSmart. For us, the more relevant question is how these pressures affect our specific cost structure and operating environment. If these pressures occur together, they could affect merchandize and transportation costs as well as local food prices.

With that, I'll turn it over to Gualberto to continue with the financial review.

Gualberto Hernandez
Executive VP & CFO

Thank you, David. Let me take you through the numbers. Starting with gross margin. Total gross margin for the fourth quarter of fiscal year 2026 was 15.8% of net merchandise sales, up 10 basis points from 15.7% in the fourth quarter of fiscal year 2025. In dollars, gross margin increased $30 million or approximately 14.7% versus the same quarter of the prior fiscal year. For the full fiscal year, total gross margin was 16% of net merchandise sales compared to 15.7% in fiscal year 2025. The increase was primarily driven by changes in the product mix.

Total revenue margin for the fourth quarter increased 20 basis points to 17.6% of total revenue compared to the same period last year. For the full fiscal year, total revenue margin was 17.7% of total revenue, up 30 basis points. The increase in both periods is driven by the higher gross margin.

Turning to SG&A. Total SG&A expenses increased to 13.8% of total revenues in the fourth quarter of fiscal year 2026 compared to 13.5% in the fourth quarter of fiscal year 2025, and to 13.2% for the full fiscal year 2026 compared to 12.9% for fiscal year 2025. The increase in the fourth quarter was primarily driven by higher general and administrative expenses, which rose to 3.9% of total revenue in the fourth quarter from 3.6% in the prior year period.

However, we were able to leverage warehouse club and other operational expenses slightly as a percentage of revenue, which decreased 10 basis points compared to prior year. For the full fiscal year, general and administrative expenses increased to 3.5% from 3.4% in fiscal year 2025. This reflects our ongoing investments in technology and an increase in executive compensation. In both periods, losses on disposal of assets added approximately 10 basis points to the total SG&A increase.

Operating income in the fourth quarter increased 8.1% to $57 million. However, as a percentage of total revenue, operating income was 3.8% compared to 4% in the prior year period, reflecting the higher G&A expenses. For the full fiscal year, operating income increased 12.3% to $261 million and held steady at 4.4% of revenue.

Below the operating line, in the fourth quarter, we recorded total other expense of $6.9 million compared to $6.4 million in the same period last year. The increase was primarily driven by $0.4 million of higher interest expense, net of interest income, reflecting higher average debt levels during the quarter. For the full fiscal year, total other expense was $33.3 million compared to $26 million in the prior year, primarily reflecting an increase in transaction costs associated with converting local currencies into available tradable currencies.

On taxes, our effective tax rate for the fourth quarter of fiscal 2026 was 25% versus 32% a year ago. For the full fiscal year, the effective tax rate was 26.8%, down from 28.4% in fiscal year 2025. The lower fourth quarter and fiscal year rates reflect 2 discrete items: Favorable adjustments related to tax contingencies and tax credits that directly reduced income tax expense.

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Net income for the fourth quarter of fiscal year 2026 was $37.6 million or $1.21 per diluted share compared to $31.5 million or $1.02 per diluted share in the fourth quarter of fiscal year 2025, an increase of approximately 19% in diluted earnings per share. For the full fiscal year, net income was $166.6 million or $5.40 per diluted share compared to $147.9 million or $4.82 per diluted share, a 12% increase in diluted earnings per share.

Adjusted EBITDA for the fourth quarter of fiscal year 2026 was $83.5 million compared to $75.5 million in the same period last year. For the full fiscal year, adjusted EBITDA was $360.5 million compared to $320.7 million, an increase of $39.8 million from the prior year or 12.4%.

Turning to the balance sheet and cash flow. We ended the fiscal year with cash, cash equivalents, and restricted cash totaling $264.7 million, plus approximately $111.4 million of short-term investments. Net cash provided by operating activities was $307.7 million for the fiscal year, an increase of $46.4 million versus the prior year, driven primarily by higher net income adjusted for non-cash items and the net positive change in operating assets and liabilities, partially offset by higher inventory balances. Net cash used in investing activities increased by $124.9 million, primarily due to a net increase in goods purchased less proceeds of short-term investments and an increase in property and equipment expenditures to support growth of our real estate footprint.

Net cash used in financing activities increased by $96.2 million, primarily driven by a decrease in proceeds of long-term bank borrowings net of repayments. We also paid $43 million in dividends during the year, an increase of $4.2 million over the prior year. As of August 31, 2026, we had $53.8 million of cash, cash equivalents, and short-term investments denominated in Trinidad dollars that we could not readily convert into U.S. dollars compared to $44.1 million as of May 31, 2026. We continue to explore options, but the U.S. dollar liquidity situation in Trinidad remains challenging.

Looking at the start of our fiscal 2027 first quarter, comparable net merchandize sales for the 8 weeks ended October 25, 2026, increased 11.8% or 6% in constant currency. Fiscal year 2026 was a year of solid financial execution. Our business model anchored by a loyal and growing membership base, a productive club network, and hard-working employees continue to perform and grow.

I would like to thank our members and employees for a successful quarter and fiscal year. We remain focused on deploying capital thoughtfully, managing our cost structure with discipline and delivering the consistent performance that builds long-term shareholder value. On behalf of David and the entire PriceSmart team, thank you for your continued interest and support. We look forward to updating you on our progress in the quarters ahead.
I will now turn the call over to the operator to take your questions. Operator, you may now start taking our callers' questions.

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Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Jon Braatz with Kansas City Capital.

Jonathan Paul Braatz
Kansas City Capital Associates

Could you touch on the pressures you're feeling in Colombia? The operating margins were down in the quarter again. And I know in the last quarter, you touched on the minimum wage increases and overtime and so on. And I guess the question is, what are you doing to address that? And what's the ability to return margins to sort of prior levels?

Gualberto Hernandez
Executive VP & CFO

Thank you, Jon. That's a good question. Colombia is a country we follow, of course, closely, super important for us. As you correctly point out, there is an increase in sales, very strong. That's mainly driven by the excellent work of our team in the field, but also helped, if you look at that in U.S. dollar aspect, some tailwind for us. It's important to consider that when you look at U.S. dollars for Colombia, the positive that we have in the sales, it's a challenge in the expenses, right, because every dollar -- every Colombian peso we sell is more dollars, but every Colombian peso we expense is also more dollars.

On the impact on the margin, particularly in this quarter and this year, there are some items I would like to highlight and that are impacting the numbers of operating margin. One is Chile. All the start-up costs for Chile of about $4.2 million in the year are reported within the Colombia segment, not in the Colombia financials, but the numbers that you're looking at, the Colombia segment include about $4.2 million of Chile expenses. As you correctly pointed out, we have in Colombia $0.8 million impact for the wealth tax in fiscal year '26 that we didn't have before. There's also a plastic tax that impacted our Colombia operation of about $0.5 million, $450,000, I believe.

And most importantly, following transfer pricing rules, we're allocating more expenses to Colombia in the year for about $9 million. So all this is impacting the operating margin. We are looking closely at the evolution. We believe we have a solid business and it's -- the numbers this quarter and this year are a little distorted by this FX that I have just described.

Jonathan Paul Braatz
Kansas City Capital Associates

David, since -- let's say, the second quarter of 2025, you will have opened or have opened or will open about 9 stores and maybe 2 more in Chile. And so I think the growth rate in the stores has been pretty significant over the last 2.5, 3 years. And I guess my question is, is that -- do you see that pace continuing? Or do you see it beginning to abate a little bit? And beyond the additional costs associated with Chile, the new market expansion, what kind of pressure does this store expansion have on sort of the near-term earnings?

David N. Price
CEO & Director

Thanks for the question, Jon. So as you know, we don't give guidance on store openings kind of like how we're looking at future club openings. However, I think certainly, it's our intention to keep growing the business. But I'll tell you that we have to do that in a balanced way that is where our investments meet our return standards, those that we set with the Board and those that we've set internally. So we want to set a sustainable pace, and we look at the business in the long term. And so while I can't share specific numbers with you, we're thinking very carefully to have our cadence be something that we can look at in a sustainable way over the long term. So I hope that's helpful in providing some context for you on store openings.

Now you touched on something important, which is when we have additional club openings, there are additional expenses associated with those and we put them in categorized as preopening expenses. So there is an expense pressure as we have more openings, but that's something we have to manage in terms of how we look at streamlining those openings and minimizing what there are new -- there are expenses that are incurred in those openings. But as we gain scale and continue to build our processes, looking at things like standardization, looking at things like continuing to decentralize certain processes. So I think those are costs that we can control and at least minimize.

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Gualberto Hernandez
Executive VP & CFO

If I can add on that, David, yes, of course, in the case of Chile, for instance, where we're opening in a new country, there are opening and preopening expenses. There are also -- there are start-up costs that are going to hit our P&L or hitting our P&L, as just mentioned, $4.2 million in fiscal year '26. And yes, the revenues will come later. But there is a phase during the month that is true for every club, but particularly when we open in a new country, where you see expenses hitting the P&L first than the revenue is, of course, very -- but it's something to remember.

David N. Price
CEO & Director

I think it's a good call out, Gualberto, that a new market is going to have higher preopening expenses than the existing market. I mean it sounds kind of obvious, but I think it's important to call out because there's definitely different dynamics associated with getting the business up and running in Chile.

Operator

Your next question comes from the line of Hector Maya with Scotiabank.

Héctor Manuel Maya López
Scotiabank Global Banking and Markets, Research Division

First, corporate G&A, we saw that it was up 25% year-over-year and about $7.5 million sequentially. You are attributing this to technology and executive compensation. But could you please give us a sense of how much each contributed and how much of increase you view as non-recurring? And also, the Q4 tax rate was 25%, held by contingency adjustments and credits. But could you please give us more details on that and how we should think about the effective rate for next year?

Gualberto Hernandez
Executive VP & CFO

Thank you, Hector. Those are super good question. Thank you for that. I'll start with SG&A. Yes, as you highlighted and we mentioned in our remarks, let me focus on the full year, SG&A is at 13.2%. This is definitely not where we want to be in the long term, but there are investments in technology driving that. The 2 main drivers, if you look at last year versus this year is -- so we moved from 12.9% to 13.2%, is 30 basis points, 20 basis points is coming from additional investments in technology. And 10 basis points are driven by the impact of full year compensation of our CEO versus 0 in fiscal year '25. So it's pretty much 20 basis points technology, 10 basis points executive.

Technology investments, as David mentioned in his remarks, are here and will continue. We expect that as we -- as some of these initiatives go live, we are confident, we know that will result in better performance and better opportunities to serve our members and also to be more efficient. But we still need to get there, and there are other technology initiatives that we are evaluating. It's a much needed catch-up.

I mean there are other elements. If you look at total SG&A, not only G&A, we also have one-time impacts like disposition of assets. David mentioned, we closed a audiology, that has a hit of about $1.8 million. But particularly on G&A, it's the 2 drivers that I mentioned, the technology and executive compensation.

The second question was on the effective tax rate. You're right. In Q4, we had a favorable tax rate compared to prior year. Even in the full year, we closed better than prior year. Particularly for Q4, there are 2 main drivers that are bringing about $2.5 million. One is the reversal of the U.S. tax contingency for about $1.9 million. And the other one is a long due credit from one of our countries from the Dominican Republic related to solar panels that were installed in 2023 and were finally recognized, now that's $0.6 million. So those are the 2 main drivers that helped us in terms of effective tax rate in Q4 and fiscal year '26.

It's very difficult to project what the effective tax rate should be used to model our future periods. It's a difficult environment. Taxes are always complicated and operating in, as you know, multicurrency and multi-country dimensions adds another layer of complexity. And as you know, we don't guide, so I cannot be very helpful on that. But at least you know now what are the 2 clear impacts that we had in fiscal '25.

Héctor Manuel Maya López
Scotiabank Global Banking and Markets, Research Division

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Very, very clear. The last one, if I may, on the tech road map on RELEX, what caused the RELEX delay? And what is the new completion date? And what cost and margin benefits should we expect once it's live?

David N. Price
CEO & Director

Thanks for the question, Hector. So a couple of things. Our U.S. buying, as you know, and when I spoke about international buying, I'm speaking about the teams located in the United States. And those teams are located in Miami and San Diego. And so processes for the -- this is a process question, right? So technology investments, while the -- we want to leverage machine learning and AI. At the end of the day, when companies go through process transformation and technology investments, it's really looking at processes and designing processes that are going to support the business that we're building, not necessarily a business that we've had in the past, right? What got us here won't get us there is the old adage.

And so in the U.S., those are 2 discrete teams that it was, I guess, relatively simpler to get those processes redesigned and get those teams on the system. And then when you look -- we also have buying teams that are doing forecasting and replenishment processes across 13 countries. Not every country has -- there are some countries that don't have. So it's not really quite 13, like Aruba and USVI don't have their own buyers. But many of the major countries have their own buying staff. And then we have a buying staff that's regional. So you can imagine somewhat different processes across all these teams. So to standardize those, to standardize data, I think what we realized is that this is a bit more complex than maybe we had appreciation for when we initially set out those dates.

And so I really try to go by the mantra of let's go slow to go fast because I would rather get this right and have the implementation and change management handled well than to rush it and to damage the business. And so that's what we're doing. And so we're taking kind of a close look with the right change management measures in place and some outside support to look at, hey, how do other companies that are in our sector, particularly with our business model, how do they handle forecast and replenishment and how -- what's the best thing for PriceSmart. And so we intentionally didn't provide a specific closure date, but I can tell you, we obviously don't want to delay. I mean we want to get this thing done ideally in a reasonable time frame, if it means by the end of the fiscal year or sometime in the future.

I'm reluctant to give that to you in specifics, though, because we're really taking a careful look now real time to ensure that we can complete this thing in a way that's additive to the business. And compared to, if you take Workday or even ELERA, this particular set of process is so core to what we do. So it's a real change management effort and a real learning experience for all. And so again, I'd rather go slow to go fast and make sure we get it right. Does that answer your question?

Héctor Manuel Maya López
Scotiabank Global Banking and Markets, Research Division

Got it. Yeah, perfectly.

Operator

There are no further questions at this time. I will now turn the call back to Gualberto Hernandez for closing remarks.

Gualberto Hernandez
Executive VP & CFO

Thank you, operator, and thank you, everybody, for joining the call and for the very good questions. Looking forward to our next update next quarter. Thank you very much.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.

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