

WALMEX DAY 2022 – CENTRAL AMERICA

Mexico City, March 15, 2022

(FREE TRANSLATION, NOT TO THE LETTER)



FLAVIO COTINI

Thank you Gui, and good morning, I am Flavio Cotini, CEO of Walmart Central America.

Today, I will talk about our operations in Central America.

First, I would like to talk about the results our strategy implementation delivered in 2021.

Second, I will share with you some of the initiatives that enabled those results.

And third, I will highlight the key areas of focus for our strategy moving forward.



Our strategy is resonating with our customers, its implementation in 2021 resulted in revenue growth of +8% and built great momentum in market share.



The topline growth was backed by the implementation of key initiatives in our Discount & Bodega formats that are strengthening our Value Proposition:

- We improved our **Perishables competitiveness** to drive price perception
- We introduced additional **Private Brands and Opening Price Point items** to offer products with the best quality at the best price, since these products are very relevant to our Discount & Bodega customers
- We **optimized our assortment** with a greater focus on the price sensitive customers
- And we **improved communication** to reinforce the Customer's Value Proposition

All these allowed us to grow ahead of the market measured by Nielsen which proves our strategy is delivering results.

Aligned to our strategy, we increased the proximity to our customers especially in Discount and Bodega



9 New stores

2 Conversions from Supermarkets to Discount & Bodega

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Additionally, we increased proximity to our customers by opening 9 new stores, from which 8 were Discount and Bodega formats, and by converting 2 Supermarkets into Discount and Bodega stores.

Improved customer and associate's experience while increasing productivity

Self-scan / Self-checkout
+100 stores (32% of stores)

Implemented 14 new apps to help our store associates




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We enabled 100 additional stores with **self-scan** and **self-checkout** to improve customer experience, reduce friction and enhance productivity. Now we have 32% of our stores with self-scan and self-checkout.

We also launched 14 new Apps to digitalize and simplify processes, making our associates' life easier.

We improved productivity through simplification



Workforce management

Inventory management

Logistics automation

UPLH +4.2% vs 2020

DOH -1.2 days vs 2020

CPH +14.8% vs 2020

↓

Expense leverage vs 2020

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Productivity and simplification are key to Central America's strategy.

In 2021 we focused on processes that improved workforce management, inventory management and logistics process automation:

- Efficiencies in **Workforce Management** were mostly due to Front End automation through the implementation of self-scan and self-checkout, manpower planning based on sales forecast and cashiers' scheduling.
- Efficiencies in **Inventory Management** were due to a better forecast process, and improved inventory management. This was enabled by innovation in collaborative technology with vendors.
- Efficiencies in logistics were due to **enhanced processes and systems** in both distribution centers and agribusiness facilities, as an example the implementation of Global Logistics System (GLS), made the receiving, picking and dispatching processes more agile.

We improved our operational key metrics even in an environment with disruptions in global supply chains.

All the improvements allowed us to leverage expenses vs 2020.



We also built momentum in our omni and ecosystem offerings:

eCommerce, which we launched during the pandemic, represents now 1.8% of Supermarket and Supercenter's revenues.

Remittances grew double-digits and it's a great focus for our strategy.

Money Center's transactions also grew 180% in Costa Rica, and we have the opportunity to further expand our ecosystem.



We are driving the **regenerative agenda** based on our four pillars: Opportunity, Community, Sustainability and Ethics & Integrity.

In the **Opportunity** pillar:

We continue to drive diversity in our workforce. Our female associates now represent 45% of our total workforce, +180 bps vs LY. We also hired more associates with disabilities that now represent 4% of the total.

We also invested to provide training to more than 40 entrepreneur women in alliance with the Una Mano para Crecer program in Guatemala, generating an increase on their company's sales up to 24%.

In the **Community** pillar:

We donated food, water and supplies equivalent to USD\$11M to the Central American Food Bank, we also used our stores as vaccination centers for the communities where we operate.

In the **Sustainability** pillar:

We eliminated single-use plastic bags in 100% of our stores, launched solar powered projects in 19 stores and distribution centers, added electric vehicles to our fleet and implemented charging stations. With all these initiatives we are reducing our carbon footprint.

Due to our efforts in the **Integrity & Ethics** pillar, we received recognitions from publications such as El Economista - America 2021: 4th place in the ranking, and Summa Magazine as one of the companies with best customer service.



Our strategy is moving forward and will continue to be based on the same pillars.

We will continue to put our customers at the center by reinforcing even further our Customer Value Proposition supported by our Every Day Low Costs mindset. Our strategy:

- **Doubling Down in Discount and Bodega** by reinforcing even further our value proposition, by putting our customers at the center, we will be able to earn their trust, preference and loyalty, which will translate into accelerated growth.

- **Simplifying our business** to generate new efficiencies that we will reinvest to accelerate growth.

We will also evaluate strategic alternatives for Honduras, El Salvador and Nicaragua, as we announced at the beginning of the year.

Main takeaways

We will continue to be a source of growth and profitability for Walmex

We will continue to create value to all our stakeholders through the implementation of our strategy



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Finally, I would like to close with the following messages:

- We will continue to be a source of growth and profitability for Walmex.
- We will continue to create value to all our stakeholders through the implementation of our strategy

Thank you!