

Walmart

México y Centroamérica

WALMEX DAY 2022 – FINANCIAL SOLUTIONS

Mexico City, March 15, 2022

(FREE TRANSLATION, NOT TO THE LETTER)



IGNACIO CARIDE

Thanks Beatriz and good morning, everyone.

As we just heard from Gui, for us an ecosystem is about long-lasting relationships. It is about creating connections with people.

We want to **BECOME THE ECOSYSTEM OF CHOICE**. The ecosystem that will accelerate growth.



In 2021, we shared our plans to continue to scale Cashi, to connect with other verticals of the ecosystem and to offer financial solutions to ease our customers pain points around their shopping experience.

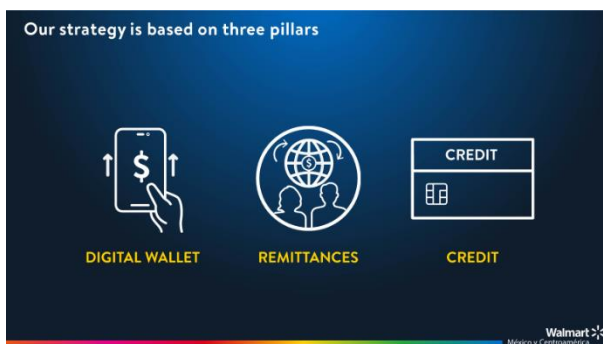
With that goal in mind, we tested and launch different features throughout the year. Our customers appreciated these features, but we know they need more.

In Mexico, only 54 million adults have access to financial products and the cost of these services represents a big portion of their spend.

We believe that beyond a digital wallet, our customers need other low-cost financial services and greater flexibility.

In addition to our digital wallet, we are focusing on accelerating our plans for other financial solutions.

Today, I will share with you our broader strategy.



Our strategy is divided in three pillars: **Digital Wallet**, **Remittances** and **Credit**.

Each one of them solves a pain point. Each one of them creates value. Each one of them helps us connect with customers in a different way.

In the future, we want to integrate these three pillars on our digital wallet.

The wallet is the pivot to offer various financial services as contactless payments, bill payments and credit and remittances.

Our first pillar is **digital wallet**.

In 2021, we shared with you our plans to continue to reinforce Cashi.

With that goal in mind, last year we launched several features that our customers want and appreciate.

Which were our main launches?

We launched **card-on file**. When visiting our stores, customers can enjoy a completely contactless experience, allowing them to pay through Cashi with their debit or credit cards, in addition to their cash balance. This new way to use Cashi already represents more than 10% of the total value of all transactions. Additionally, when users pay in store using card-on-file, they tend to have an average ticket that is +90% higher vs. those who use cash balance.

We launched new **digital payment** options for new services. Our Bill Payments network continues to grow, allowing our customers to pay more than 60 services through our app.

We launched a feature for **businesses and suppliers** to disburse funds directly to customers via Cashi. For example, if a supplier wants to run a promotional campaign or wants to offer a discount, they can do it in a direct and efficient way, and our customers will benefit from it.

We are very excited about our progress. Though on a closed loop environment, Walmart's assets such as our 2,700 stores, our brands and the 5 million customers that shop with us every day, allowed us to reach 1.7 M users.

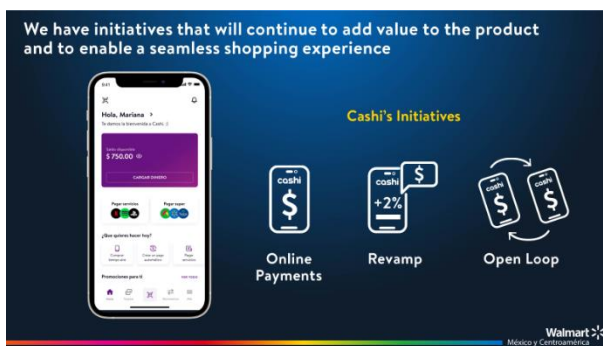
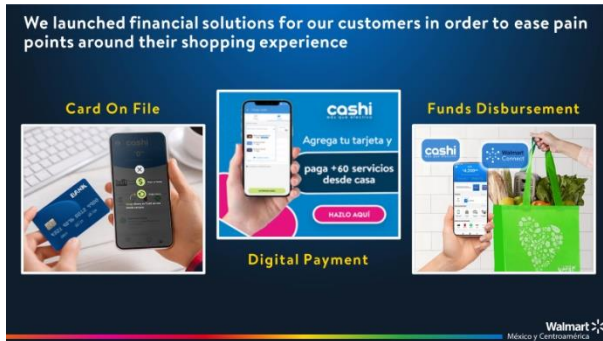
Easy and affordable payments options are one of the main pain points around the shopping experience. We will continue improving their experience and accelerate growth.

That was our progress on the wallet last year. Now let me tell you about our plans going forward. We have initiatives that will continue to add value to the product and enable a seamless shopping experience.

One of the initiatives is **online payments**. In February, we enabled Cashi as an online payment method for our extended catalog and in the coming months we will enable it for the rest of the platforms so customers can use it to shop online at our eCommerce sites.

Another one of the initiatives, is a **revamp** of the platform.

We are working on a redesign of Cashi to include new functionalities, such as the notification center, promotions and administration of "My Services". Our goal is to further improve user experience from onboarding or account creation to the recharge processes, returns and payment in our stores, ecommerce and services. This relaunch not only incorporates new functionalities for our users, but also it is the beginning of a



totally renewed product that will allow us to be a vertical for the ecosystem's creation in Walmart.

Another one of the initiatives is enabling an **open loop**. We continue with our plans to create an open loop product to enable even more value for our customers.

An open loop product will give users access to an account that will allow them, among other things, to send and receive money with lower costs vs what they currently pay, using available technology and legal innovations.

That was the digital wallet, now let's talk about our second pillar, remittances.

Remittances play a key role for price sensitive customers in Mexico, with 60% of women receiving money monthly across the country and seeking for the best option for collection and spending.

We made good progress in 2021, let me talk about some of the main achievements.

One of the achievements was **strong growth**. We were able to grow faster than the market, posting double-digits growth on value.

Another one of our achievements, was the **optimization of the payout experience**. We optimized our payout experience through our automated registration process. We enable customers to pickup their money at any of our POS at checkouts. We have expanded our paying points by 10x. As a result, we reduced transaction time by 4x.

Another one of our achievements, was **expansion**. We enabled all our Bodega Aurrera Express locations for remittances payout, expanding our Walmex locations' footprint by 47%. We became the second largest player in terms of payout points in the country.

Another one of our achievements, was **greater security** for our customers. Their money is now protected thanks to our free service insurance. Today, we have 1M customers registered and enjoying this benefit.



We believe this is just the beginning, we see a huge opportunity to continue to grow in the remittances market and to solve a very relevant pain point for our customers.

In remittances, one of the key points is origination. With its more than 4,500 stores and clubs' network in the United States, Walmart is a great source of origination.

One of the initiatives we have to accelerate growth is the **Walmart to Walmart service**.

W2W allows our customers to send money from any Walmart store in the U.S., to any of our self-service stores in Mexico.



We are starting with more than 4,500 stores in the USA enabled with W2W, and we will continue to increase the scope.

With this service, we are making it significantly cheaper for customers to send money to Mexico. We are giving them 50% off the price of similar offerings on the market and a fair exchange rate.

According to our research, customers spend around 10% of the remittances they collect for grocery shopping. By reducing the fees dramatically for them and by offering benefits in exchange rates, we will help them afford what they need, we will help them save money and live better.

The third pillar is **credit**.

Credit is a key pillar on our Financial Solutions ecosystem. Some of our customers, especially the most price-sensitive ones, depend on credit to buy general merchandise items. Typically, our customers find credit offerings that are expensive and complex. Existing credit offerings currently available for our customers are very expensive. Rates can go all the way up to more than 85%, plus down payment which could be between 10% to 15% of the credit value. Sometimes customers end up paying 2 times more for an item.

We want to provide easy, friendly, and low-cost solutions for all our customers.

In the last 2 years, we have been strengthening our offering with credit programs that respond to specific customer needs and complements our cobranded card programs:

One of the programs is **Buy Now Pay Later** in Bodega Aurrera eCommerce kiosks. Kiosks that implement this program are growing twice more than kiosks that don't have it. We are expanding our reach to 800 stores.

Another one of the programs is **credit for mobile phones purchases**, we are expanding our offering to more than 1,200 stores. This program has an approval of over 80%. In Bodega, it already represents a double-digit share in mobile phone sales. The average ticket in this program doubles when compared with stores without it.

Another one of the programs, is a **credit marketplace**. We are running a pilot to reach our underserved customers with a multi-lender offering in a digital experience and disbursing the credit through Cashi. We are improving our customer experience and accelerating our ecosystem.





We have solid plans to grow our credit programs. We are accelerating the roll out on our stores, and we are offering a full digital experience through Cashi.

We know that each vertical plays a specific role in the ecosystem, but more important, we know that by combining these verticals, we can make Walmex's ecosystem unique.

In our ecosystem, each customer will be able to receive a remittance or generate a credit at the store or at home. Each customer will be able to disburse that payment in Cashi, and each customer will be able to pay contactless at the store, at our websites or send it to a friend and family. Each customer will have a top-notch experience and each customer will save time and money.



I am very excited at the opportunity ahead of us.

By providing financial solutions for our customers, we will accelerate growth.

To finalize, I would like to highlight the main takeaways:

- We have the ambition, the drive and the resources to become a leading financial solution ecosystem.
- We have the assets and capabilities that position us for growth.
- We have built strong foundations and we are ready to grow our business around our three pillars: digital wallet, credit and remittances.

Thank you and back to Beatriz.