



THE CHALLENGE:

being close
despite the
distance

THIS YEAR SIGNIFICANTLY ACCELERATED ADOPTION OF PICKUP AND HOME DELIVERY SERVICES IN ALL OUR FORMATS. THE INVESTMENTS WE MADE IN THE PAST AND THE OPERATING MODEL WE DEVELOPED ENABLED US TO RESPOND QUICKLY AND PROVIDE ESSENTIAL SERVICES TO OUR CUSTOMERS IN THIS NEW NORMAL





INNOVATING INSIDE AND OUTSIDE THE STORE

In our history we have constantly worked to strengthen and innovate our logistics infrastructure, stores, and digital platforms, and in recent years we have transformed our way of working to become an agile organization, designing end-to-end solutions, and making decisions based on data.

Thanks to this, our customers can choose among different shopping channels and different ways to receive their products, always with the best prices

TRANSFORMING TO OFFER THE BEST EXPERIENCE

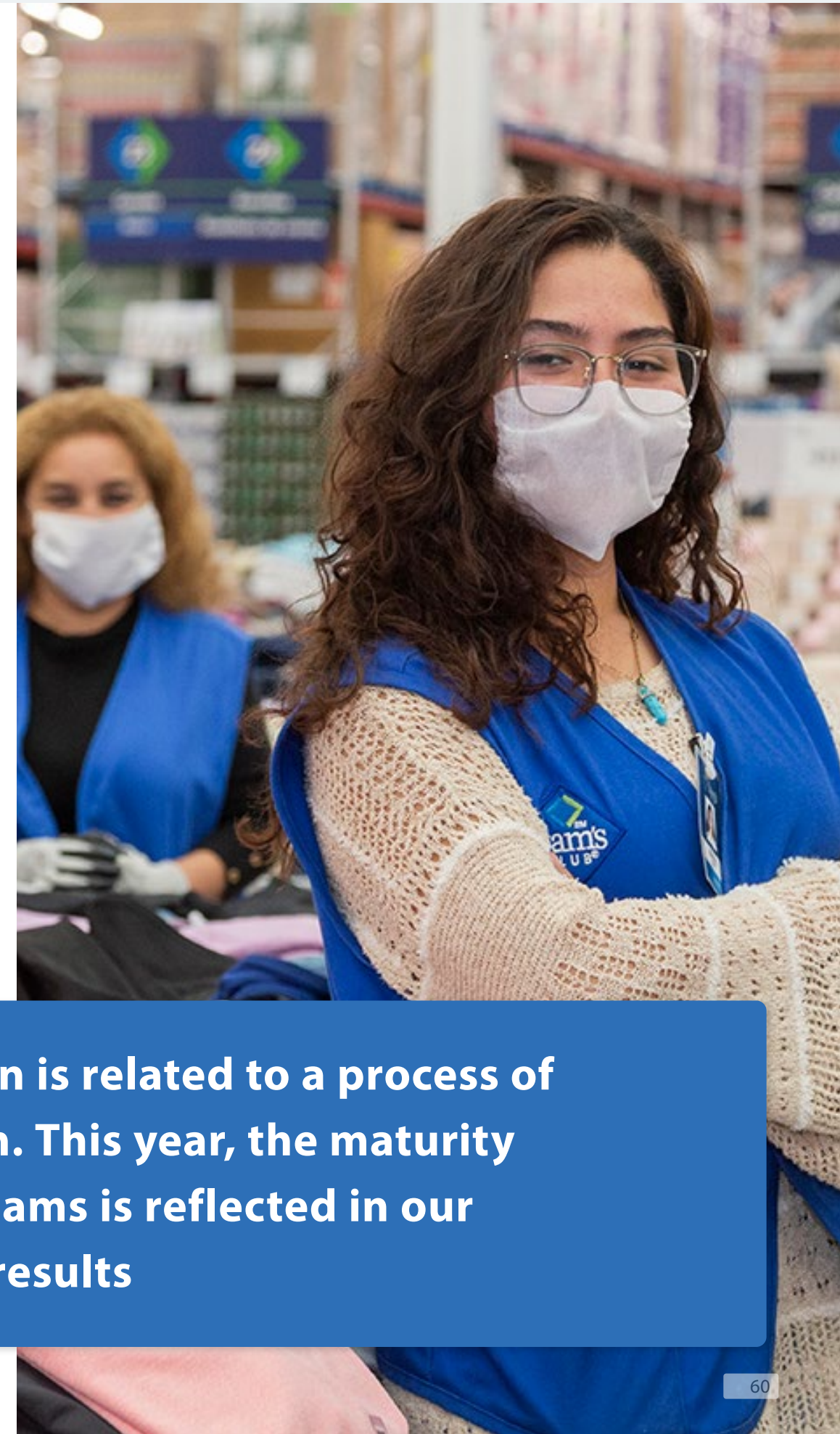
This new way of working, more than a direction, provides a vision. Today our associates have [an agile mindset that centers on four pillars](#): knowing, empowering, sharing, and recognizing. Always with the strategy as the North Star, that guides our decisions.

When we design a solution, our learning cycles are faster, allowing us to efficiently evaluate and restate solutions. This year our decisions and leadership were guided by our transformation, through the execution of several action plans to maintain a solid position in the market, preparing us to operate the business of the future.

The talent of our associates and the efficient use of technology has led us to build a solid and more efficient omnichannel business. We have leveraged the power of collective expertise and the international experience that offers us the capability of our scale.

Driven by one of our strengths, which we call “Powered by Walmart”, we have tested technologies and processes that have proven successful in other markets of our business. In this way, we have managed to reduce implementation times and the use of capital thanks to the best practices and expertise tested in other countries where Walmart operates.

Thanks to the evolution of our operation and [to the constant effort to innovate](#) in every aspect of our business, we have been able to respond successfully to the challenges caused by market disruption.



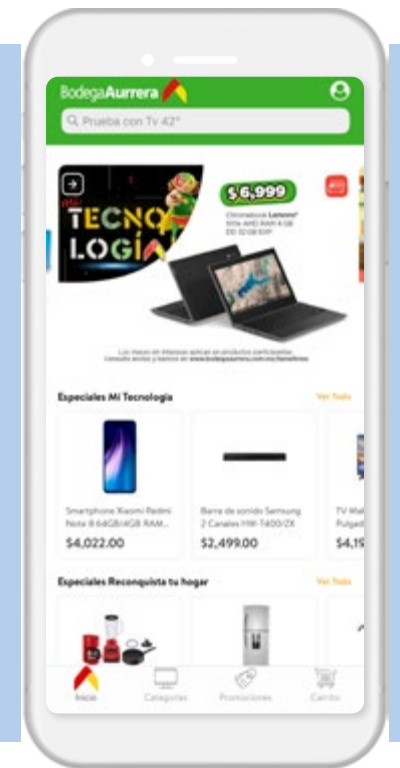
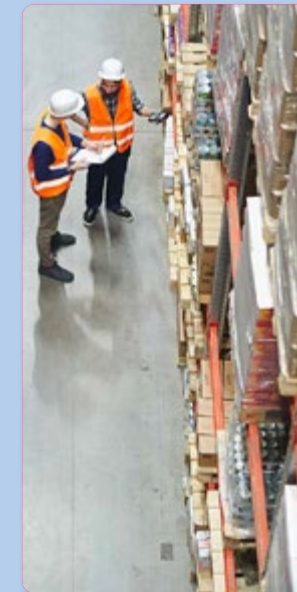
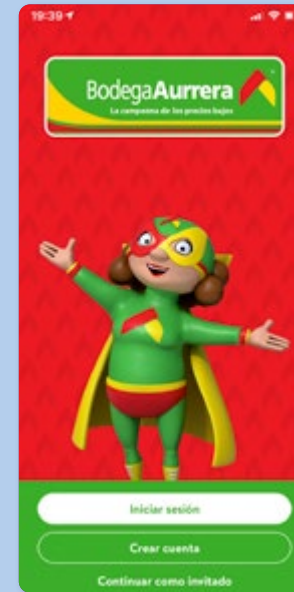
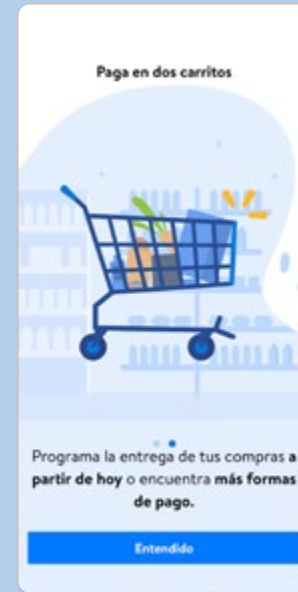
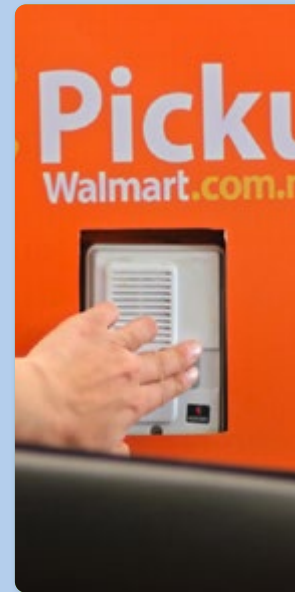
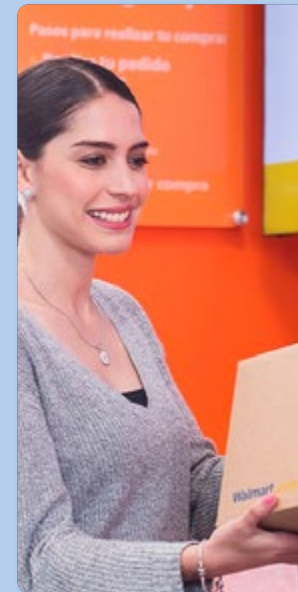
Our transformation is related to a process of constant evolution. This year, the maturity achieved by our teams is reflected in our performance and results



EVOLVING OUR ECOMMERCE

We are encouraged to see the potential we have in the omnichannel space due to the accelerated evolution of the market

The evolution of our eCommerce platforms has entailed 15 years of constant efforts and innovation. With the commitment of our value proposition of Every Day Low Prices and a high service level, we continue investing to maintain our leadership position, the loyalty of our customers, and the confidence of those who experience online shopping for the first time.



2005

Superama a domicilio

2013

walmart.com.mx
General Merchandise

2014

walmart.com.mx
Grocery Home Shopping

60 stores with home delivery

2015

154 Stores with home delivery

100% kiosks in Walmart

superama.com.mx

Apps Walmart GM & On Demand

2016

sams.com.mx update

Kiosks in Bodega Aurrera

Home delivery in 38 cities and 26 states

Pickup Superama & Walmart

2017

Apps Update

Marketplace

340 kiosks (Walmart & Bodega Aurrera)

200 sellers in MP

2018

Win in On Demand

Bodega Aurrera's App

560 kiosks (Walmart & Bodega Aurrera)

650 stores with Pickup

2019

GM App update

Guadalajara & Monterrey DCs

560 kiosks (Walmart & Bodega Aurrera)

+600 stores with Pickup

+1,000 sellers in MP

2020

All our formats have digital platforms, On Demand capabilities and same-day delivery

We opened a fulfillment center for eCommerce and our first two omnichannel DCs

MP: Marketplace
GM: General Merchandise
GMV: Gross Merchandise Value

EXTENDING OUR CAPABILITIES

SASB **CG-EC-000.B, CG-EC-000.C, CG-EC-000.A**

Without a doubt, the greatest disruption experienced this year was in the omnichannel business as a result of changes in customer behavior caused by the health contingency. Within this context, [we adapted and quickly expanded](#) to serve a growing demand for purchases made through digital channels.

We managed to enable the On Demand service in 63 Walmart and Superama stores, of which 35 were enabled in under 72 hours. Nine of these, were in cities where we had no previous presence. We have a total of 321 stores with On Demand operation: 228 Walmart units and 93 Superama stores, plus Walmart Express.

At the beginning of the health crisis, Bodega Aurrera did not have the infrastructure necessary to support the *Despensa a tu Casa* (Grocery Home Shopping) operation. However, during the year, we enabled the service in 101 units, positioning our value proposition in 18 states in Mexico. For Sam's Club, we enabled all 164 clubs with On Demand capabilities, an initiative that has been well received by our members.

We innovate and invest in technology to improve productivity and [make our associates' work easier](#) through the use of tools and platforms, thus solving service issues and enhancing the shopping experience for our customers. .



In Mexico, we now have 586 stores that offer On Demand home delivery

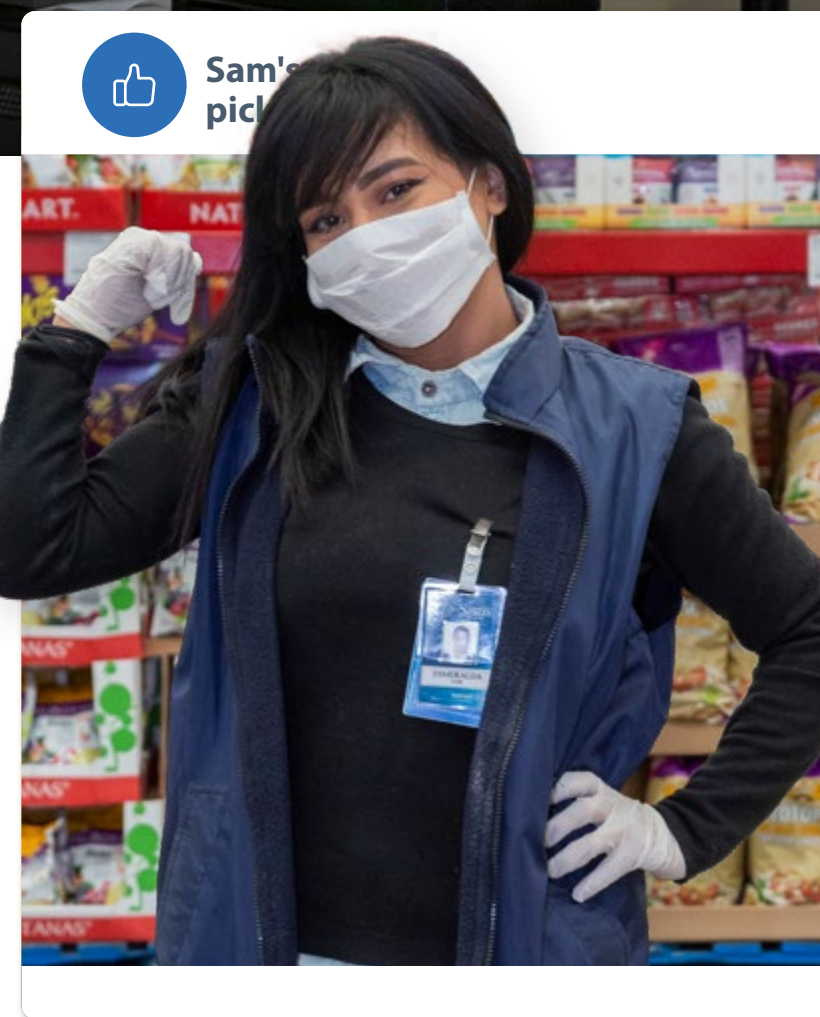




With such a challenging year, we are proud of being able to respond quickly to the situation and continued to innovate in order to evolve shopping experience of our customers and members

Throughout the year, we developed more than 10 applications that have helped us to know, evaluate, and improve our internal production, distribution, service, customer service, and even safety processes. Among them is Sam's Club Ticket Audit, which enables us to verify the purchase ticket without friction for our members, reducing shrink and waiting time due to verifications when leaving the Club.

We have also implemented more than 20 new functions at Flex POS, our system for managing the point of sale, allowing us to have more options like self-scanning, self-checkout, and financial services. The purpose is to adapt to new regulations, build new business opportunities, and digitalize processes.



ENHANCING OUR HOME DELIVERY

To support the demand for home delivery, we doubled last-mile delivery capabilities during pandemic peaks, and we increased the number of pickers by 2.5 times, as compared to those we had prior to the contingency. Likewise, we implemented a crowdsourcing model, which provides service to 28 stores, giving us the opportunity to serve more customers.

Having a reinforced picking team allowed us to innovate to speed up the work, and so order collection tasks in stores could be done more efficiently. This is how we developed multi-picking, where our pickers are organized by specific area and collect products in the same area but for different customers. This way, we generated specialization, we improved the selection quality of fresh, and we reduced delivery time.



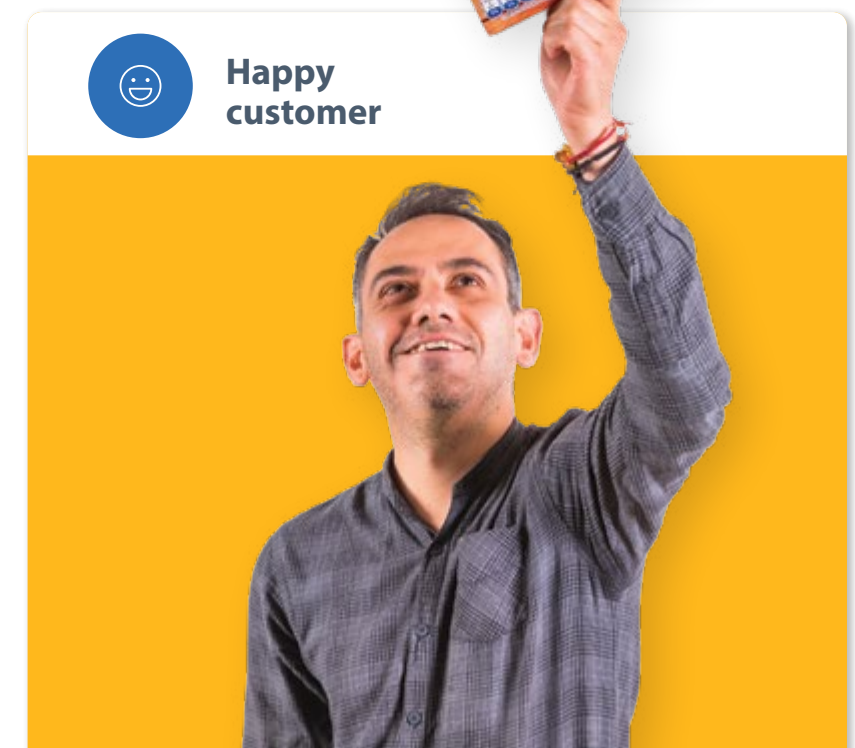
Thanks to our discipline, work, and investments, we were able to adapt to our customers and members' needs, and to extend our same-day home delivery to all of our formats



Walmart picker



Happy customer





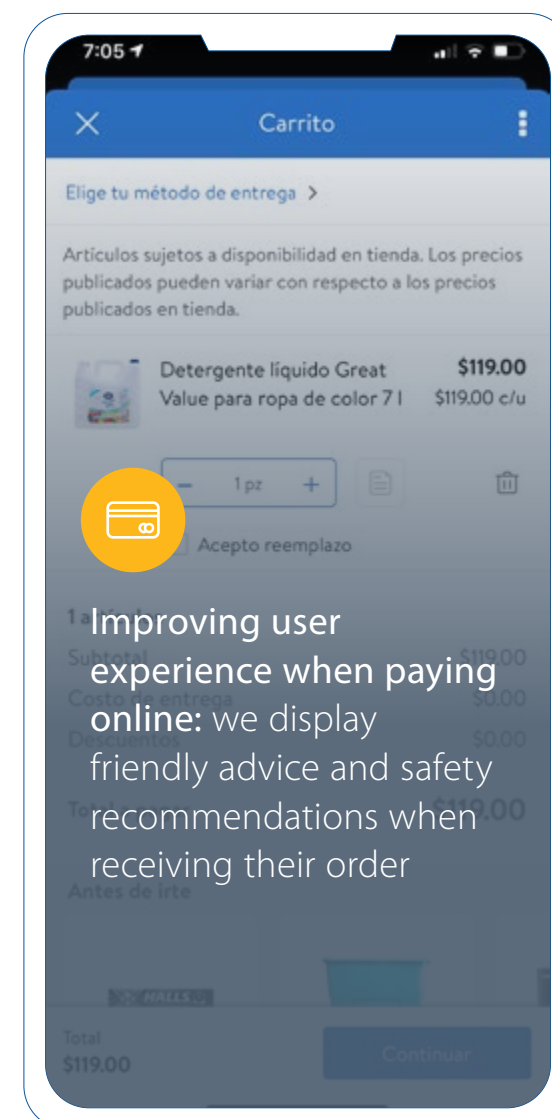
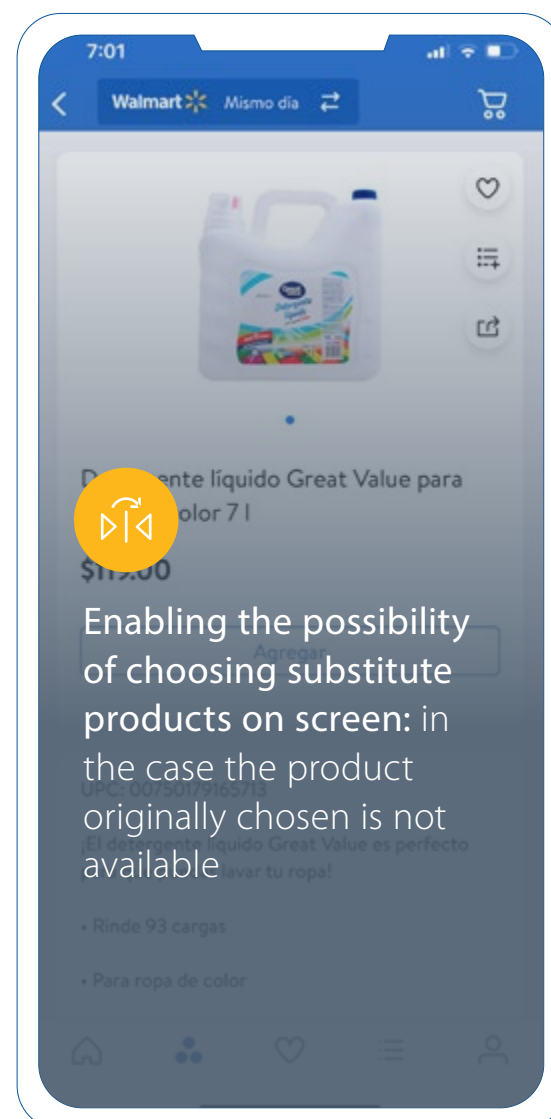
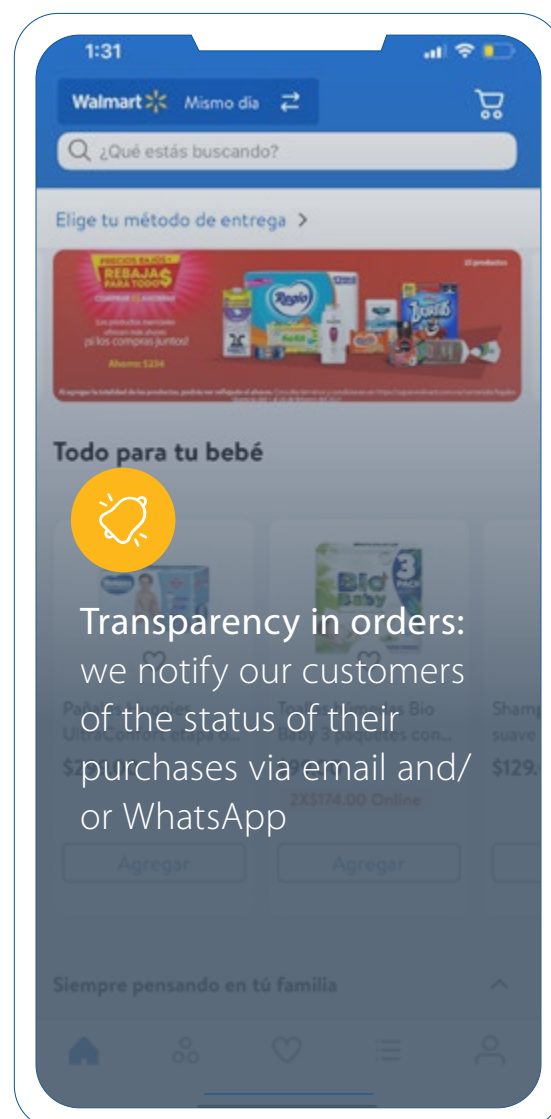
We took solid steps in our omnichannel strategy, now we can deliver more than 52,000 products the same day

DIGITAL SHOPPING EXPERIENCE

Developing a successful strategy in the omnichannel business brought about an important differentiator this year. Our vision “Powered by Walmart” has allowed us to learn quickly from adversity and to respond faster to the emergency.

With measures like these, we kept our four formats within the top five in customer preference and loyalty, measured through NPS.

We executed work plans to offer our customers a new and better seamless shopping experience through the following actions:





Omnichannel offer

Mexico



Format

Units



Kiosks



On Demand service



Pickup locations



2,088

825

101

808



287

287

228

284



95

-

93

93



164

-

164

164

IN-STORE SHOPPING EXPERIENCE

Shopping habits are evolving faster than ever. At Walmart, we continue to grow and implement technological innovations to improve the shopping experience.

We expanded our self-checkout service in all our formats, which has become even more important due to social distancing measures. Bodega Aurrera is currently the format where this service has gained more traction. In Walmart and Superama stores, this year we added the service to a total of 38 new stores, 34 in Walmart and four in Superama stores. Currently, 22% of all transactions of enabled stores consist of self-checkout operations.

Sam's Club was the first membership club to feature self-checkout services. We also developed 80 new functionalities and improvements for the point of sale.

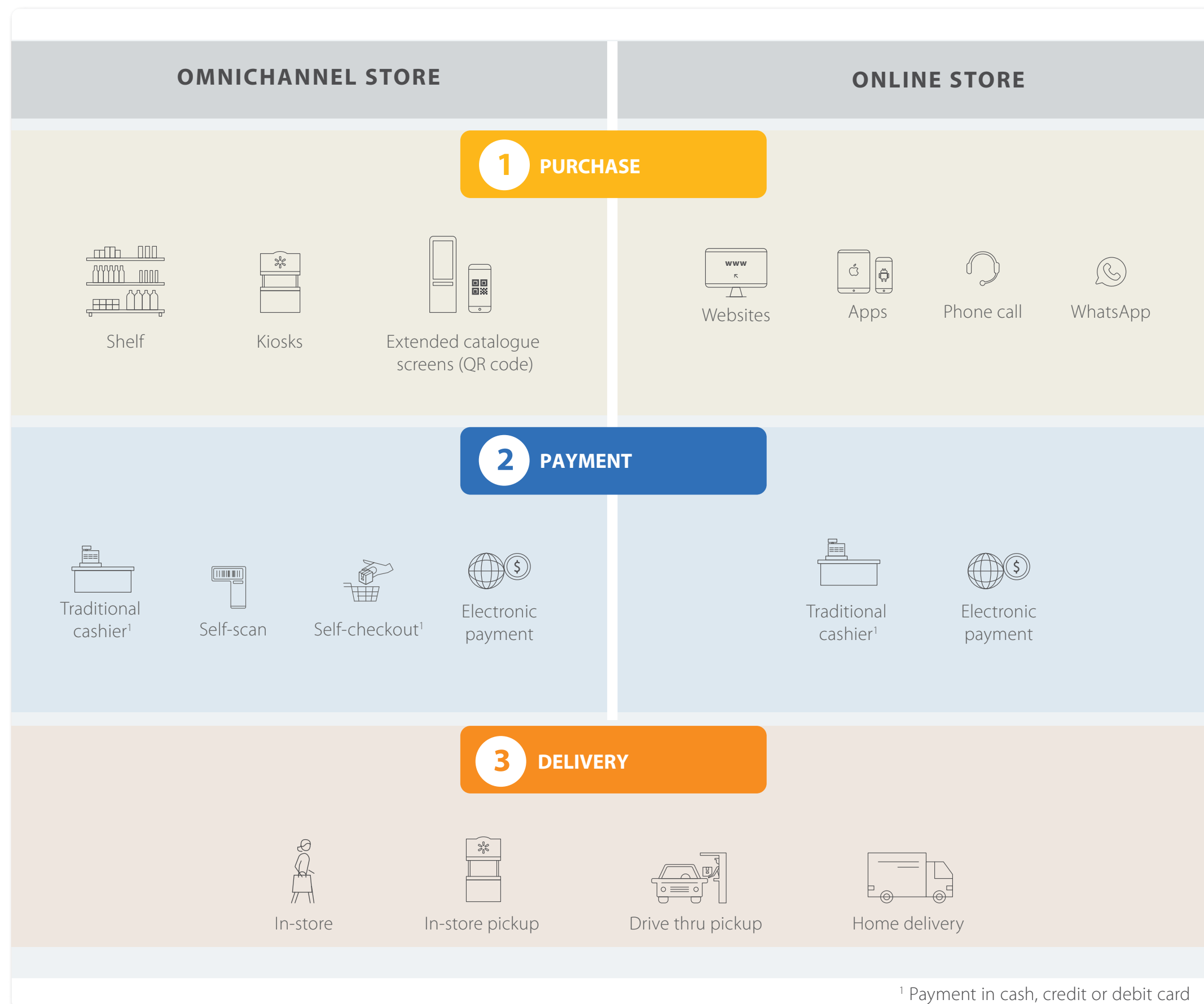
At Walmart Heredia Este in Costa Rica, we implemented the self-checkout system in our first store in the region, where our customers have enjoyed a renewed shopping experience, featuring less customer-service time and greater autonomy, maintaining public health protocols.

OMNICHANNEL EXPERIENCE

We offer a complete shopping experience that allows customers to shop either in our stores or through our websites, apps, and even messaging services such as WhatsApp. They can also use different means of payment and choose different delivery options in an easy and integrated manner, enjoying the same benefits with a seamless experience.



**Transforming
experience in stores
and digital platforms**



¹ Payment in cash, credit or debit card



INNOVATING TO ADD VALUE



Our continued transformation efforts include innovations with integrated concepts adding value to our proposition, which allows us to ensure the positive use of our scale to contribute to the care and well-being of families and communities in the region

WALMART EXPRESS



Customers today are looking to enjoy a practical and safe shopping experience, among other things, when shopping at a supermarket, tailored to their new lifestyle and needs, with an omnichannel offer that brings them closer to quality products at low prices

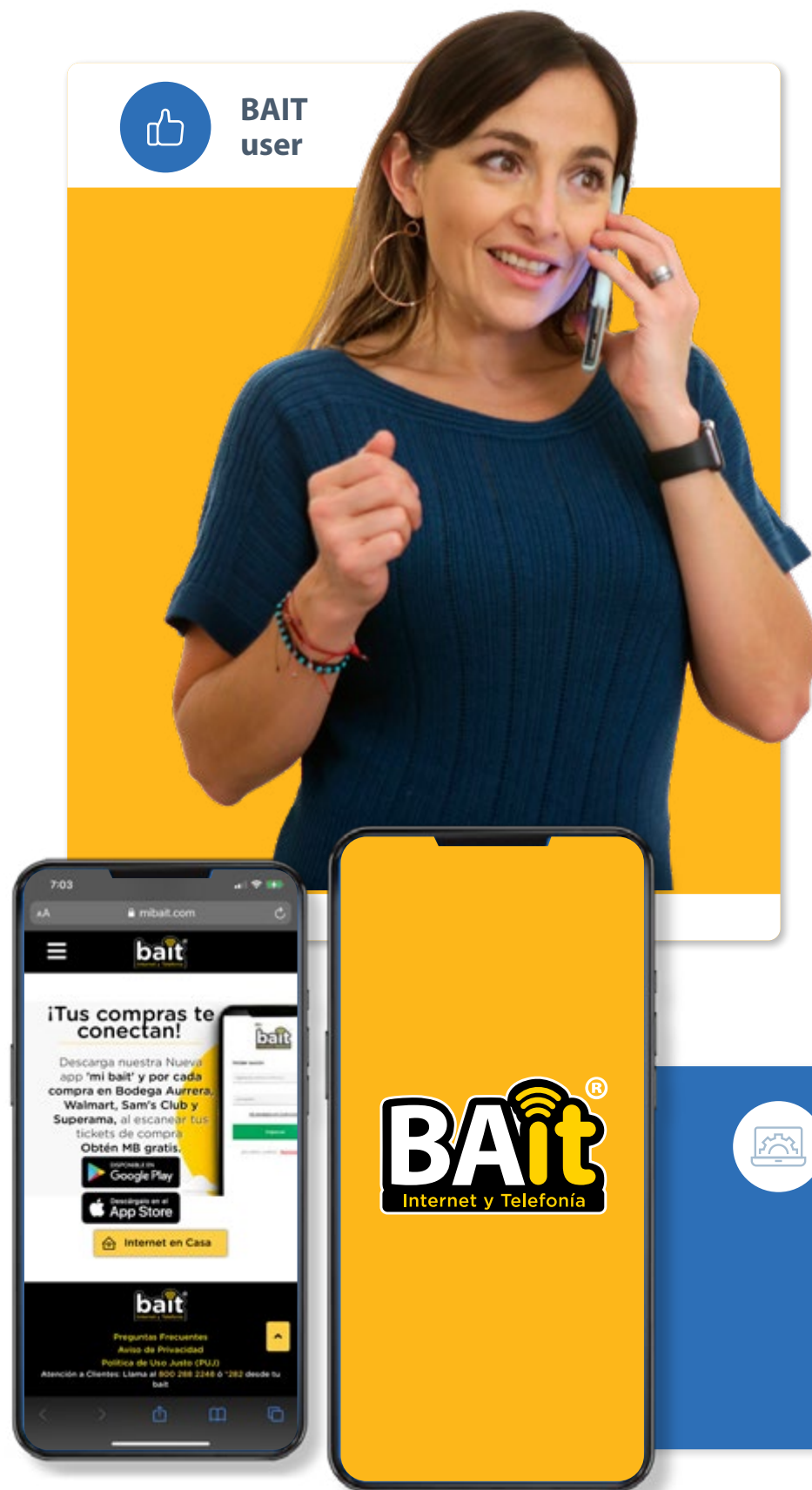
In response to current customers' needs, this year, we welcomed Walmart Express, a new format offering:

- **Proximity and safety:** Close and modern stores, with spaces designed for customers to shop in a safe and pleasant environment
- **Price and quality:** Access to fresh and quality products, added to our commitment to Every Day Low Price
- **Agility:** Featuring multiple access points offering the best shopping experience, either in-person or online shopping and apps, service via WhatsApp, home deliveries, or pickup services from the comfort of your car

Our new format will include two growth lines: the gradual conversion of Superama stores to this new format and the potential to build new stores in more locations. The main pillars of Walmart Express are to maintain the proximity and convenience featured by Superama, the quality, and freshness of its perishables, as well as the low-price offer found in Walmart stores.

Following the launch of this new concept in Mexico, Walmart and Walmart Express operations will share best practices, both in stores and online, where investments in on-demand technology will connect directly to a more robust omnichannel value proposition.





BAIT (BODEGA AURRERA INTERNET AND TELEPHONY)

As we constantly evolve and go from being a store business to an omnichannel business, we identified that there are natural adjacencies to our omni business that will allow us to solve customer pain points while generating new revenue streams. With this vision, this year, we launched BAIT, our mobile connectivity service offering prepaid mobile phone service, inclusive and affordable for Mexican families.

This new proposition, driven by the best-prepaid offer in Mexico, consists of unlimited connectivity, data, voice and SMS for only MXN 50 per week or for MXN 200 per month, offering great domestic and international coverage. Customers can purchase this offer at our Bodega, Mi Bodega, and Walmart formats.

BAIT's greatest differentiator, is the mobile phone plan's alignment with the Company's constant pursuit of innovation. We are committed to offering an inclusive and affordable service to ensure that the population living in remote areas has access to Internet and can live a better life. It also offers an unprecedented value proposition in the market, called "Tus compras te conectan" (Your Purchases Connect You), in which our customers obtain free megabytes to stay connected with their loved ones upon making a purchase and scanning their receipt.

To support Mexican families, BAIT offered 30 days of free unlimited connectivity during the months of June and July 2020, with the purchase of a SIM card for MXN 20.



We are investing and developing the leading retail ecosystem in Mexico, which will be one of the main engines driving our growth



MONEY CENTERS

Aware of our customers' new challenges and needs due to the changes generated by the pandemic, we focus on accelerating the implementation of new financial products and services. We seek to maximize the savings of time and money for families in a safe environment, where they can carry out different financial transactions, all in one place.

In Costa Rica, we strengthened the service payment offer with the launch of Money Centers in our Walmart and MásxMenos stores.

The objective is to offer optimal customer service with the required bio-safety measures and the ease of paying for a wide variety of services such as electricity, water, telephone, Internet, car registration, municipal taxes, tuition fees, and loans, among others.

The year 2020 left us with the experience acquired and important achievements, and an outlook for [growth and innovation](#) in the financial services sector within the retail industry.



In Central America, 2020 was a year of innovation and growth in financial products and services

CAMPAIGNS AND COMMUNICATION WITH OUR CUSTOMERS

Today, remote communication has become part of the new normal; shopping, learning, work, and more are some of the daily activities that have migrated to virtual spaces. In our Company, digitization has become part of our new normality, and although the adoption and transition were not easy, we have transformed the traditional form of contact into a more dynamic and far-reaching digital form, integrating an increasing number of business areas, and listening to and learning from our customers.

Our vision to grow new store openings was challenged with the travel restrictions imposed on our supervision and construction plans. This challenge gave us the opportunity to innovate by using available technologies. We use drones to monitor construction sites remotely with walkthroughs conducted via virtual tours. This allowed us to resume our growth plan at a faster pace once the authorities lifted restrictions.

We used these means and other video conferencing platforms, we held live sessions to learn about their needs first-hand and receive their feedback about our service during the contingency.

Thanks to this communication, we understood our customers' new need to purchase products in larger sizes to optimize spending and consumption because the entire family stayed at home most of the day during the pandemic. This allowed us to work hand-in-hand with our customers and suppliers to tailor our commercial and communication propositions by making changes to assortment and marketing.



For Bodega Aurrera, communication with our more than eight million followers on social media flowed in an extraordinary way



Also, and in order to create new experiences with our customers and differentiate ourselves from the competition, we held more than ten virtual concerts to position our main seasonal events, such as Hot Sale and *Fin Irresistible*, as well as the launches of the Bodega Aurrera online website, Grocery Home Shopping, and BAIT. With these events, [we reached more than 20 million people](#).

At Sam's Club, we decided to center our efforts on our eCommerce sales strategy by reinforcing investments to drive traffic to our website and app through channels such as Facebook and Google, capitalizing on new shopping opportunities for the Hot Sale event, which we held together with the AMVO (Mexican Association of Online Sales) and the Open House, this year. This strategy, which we started after the health contingency began, allowed us to strengthen our customer and members' loyalty.



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At Superama, we held the annual Masters of the Grill event adapted to digital platforms. This workshop brought together different chefs and cooks who taught our audience of thousands of customers how to prepare the meat and grill like a pro, [thus continuing to connect with our customers who are taking care of their health](#).