



BEYOND

SAVINGS

IT'S

WELL-BEING AND ACCESS



STRATEGIC PRIORITIES



ENABLERS



WIN IN DISCOUNT

- The importance of Bodega
- Every Day Low Prices
- Efficient Assortment
- Low Cost Operation

80bps

expansion in Bodega's price gap -record high-

80bps

increase in Private Brands penetration in Bodega



WIN IN DISCOUNT



We work every day with the purpose of helping people save money and live better, and we are accomplishing this through one of our strategic priorities -Win in Discount

Win in Discount is making the difference for our most price-sensitive customers. The number of customers who are price seekers is growing, and the macroeconomic environment has constrained their budgets. Therefore, remaining loyal to our philosophy as a company, we have kept low prices and increased access to low cost products and services through omnichannel, our ecosystem development and by expanding our presence in the region.

We continue demonstrating we are not only a company that reduces its prices, but also one that always looks for ways to broaden our product and services offerings, quality and availability, to exceed the expectations of our customers. Thanks to all this, we have earned their trust.





THE IMPORTANCE OF BODEGA

BodegaAurrera

●● We are low price leaders, and we have a unique positioning in the discount segment thanks to the relevance of Bodega, one of the largest, best known and efficient retailers in Mexico

Important progress has been achieved this year in Bodega. Our customer-centric strategy continues to be executed and is constantly evolving. We have reached a record high in price gap and we continue striving to make that price gap even greater. Likewise, its catalog is optimized to ensure the best assortment, which includes an important share of our Private Brands. In Fresh categories, our customer experience is being redesigned to continue driving traffic to our stores.

In Central America, the challenging environment has had a direct influence on the purchasing power of the population in general. For this reason, our assortment have been adjusted and we continue investing in prices, especially for our Bodega and Discount formats, improving productivity through the use of technology, and simplifying the business.





LEAD IN OMNICHANNEL

This year, we have made progress in strengthening our On Demand infrastructure to make our Bodega customers' life easier, especially for those those who do not have a car. We have more than 220 Bodegas with Despensa a tu Casa service, in this way; Bodega customers have the opportunity to buy any product, including large-volume items. This year the Home category was number one in sales.

To facilitate the purchase of large-volume items, the extended assortment kiosks provide our customers with comprehensive solutions in a personalized manner through the support of an advisor to make their purchase. For many of our customers, this means first-time access to eCommerce.

ECOSYSTEM OF CHOICE

Being customer-centric, we are building low cost products and services that connect and reinforce each other with our brick and mortar stores business.

Through Cashi and Bait, we are giving our customers access to the digital economy and delighting them with new experiences.

The adoption of Bait in Bodega is very high. Today, Bodega represents 75% of Bait customers, thus demonstrating the access we provide to our customers, offering them the connectivity they need in support of their economy.

On the other hand, in 2021, we launched a pilot together with a third party, to disburse credit through Cashi in almost 30 of our stores.

We are granting credits of up to 6,000 pesos so that customers can buy their favorite items and pay for them later. We are just getting started and the results are encouraging.



To learn more about our progress in omnichannel, visit the chapter

LEAD IN OMNICHANNEL



To learn more about our progress to be the ecosystem of choice, visit the chapter

ECOSYSTEM OF CHOICE



THE 3 PILLARS OF THE STRATEGY:

Our Win in Discount strategy combined three pillars: Every Day Low Prices, Efficient Assortment, and Low Cost Operation





EVERY DAY LOW PRICES

As part of our value proposition, we continue working with our promise of Every Day Low Prices.



This year our competitiveness in the market was greatly improved by offering the lowest prices in recent years, accelerating growth, and profitability





During times of high inflation, this value proposition becomes even more important to our customers. We are helping them buy basic items and taking care of their budget. We are a bridge between the formal and informal markets, so the families in Mexico and in Central America can safely make their purchases without complications and with the confidence offered by Bodega.



In 2021, our price gap grew by **80 basis points**, thus representing a record high



In support of Mexican households, Bodega renewed its iconic *Morralla* campaign, which provides access to customers so they may increase the number of items purchased while also obtaining top-quality products at affordable prices. **As a result, sales increased 30% during the campaign**, and six of every ten customers purchased at least one item during this campaign.



In Central America, we have reinforced our price leadership through commercial campaigns such as Red Prices, Champion Quetzals, and Super Bombazos, focusing on basic items in the Bodega and Discount formats. Our communication has also been improved with campaigns such as Super Savings, and Fill Your Cart at Pali Prices, to improve the price perception.



EFFICIENT ASSORTMENT

Our commercial team worked closely in collaboration with our suppliers, to include a greater variety of items competitive in both price and in quality.

With our customer insight, we work to enhance their experience from end to end. **Broad product assortment is combined with better space design that focuses on customer characteristics, preferences, and concerns.**



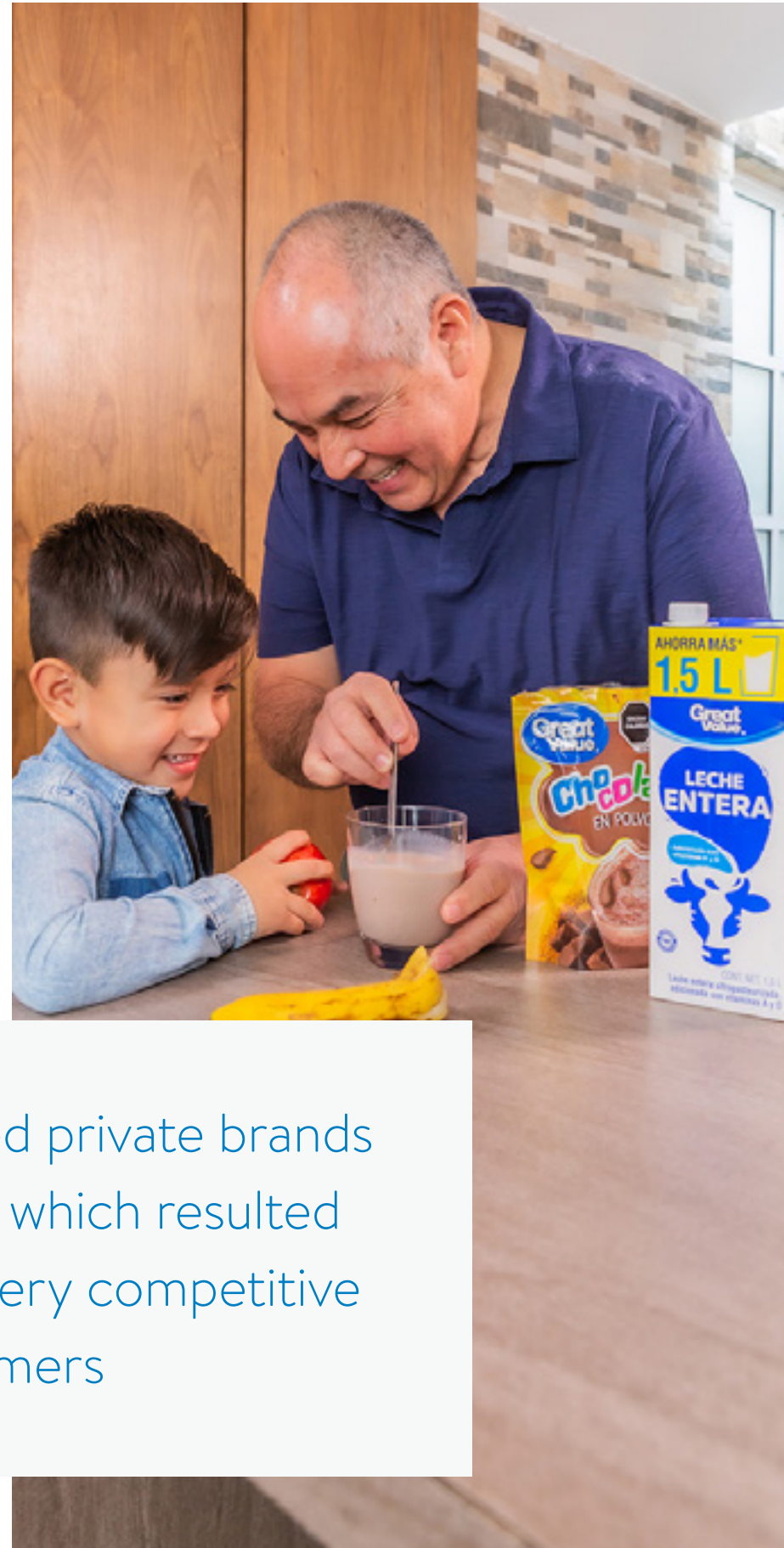
One of the ways we are winning in discount is by extending our assortment and its availability

ASSORTMENT ASSORTMENT ASSORTMENT



The customer journeys are updated with changes in product display and with fixtures, especially in the fresh area. In addition, certain features were implemented to enable customers to have a quicker and more convenient shopping journey, such as self-checkout and digital tools.

These initiatives have been well accepted by our customers. The results have been quite satisfactory thanks to our proposal in assortment and service.



PRIVATE BRANDS

Our Private Brands play an important role in our strategy because they help to increase customer loyalty, they are perceived as an ally to their budget, and they are also a way to increase sales.

In 2021, Private Brands penetration of total self-services sales grew 90 basis points in Mexico and 200 in Central America; the more they gain share, the more we can continue striking a balance in price investments.



In Bodega, we increased private brands penetration by 80 bps, which resulted in quality products at very competitive prices for all our customers



For further information on the performance of Private Brands visit here

COMMUNITY CHAPTER



LOW COST OPERATION

A fundamental component for obtaining the resources to invest in prices is by maintaining a low cost operation.

Expenses were leveraged thanks to multifunctional structures, a spearhead in Bodega operations. It optimizes the work of our associates on the sales floor. Leveraging was also possible thanks to an efficient assortment and our Private Brands program.



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OPERATION
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This year, progress was accomplished by simplifying business operations on the sales floor, logistics and home delivery, without affecting the shopping experience of our customers



With the use of mathematical models and GPS, we can trace trailers in operation and their status, thus optimizing route design and achieving a higher volume of deliveries with less transportation fleets.

This year we were able to meet our goal of reducing receiving and unloading times in our DCs. It was possible once we identified lost time throughout the process and we included a detailed plan to minimize and even prevent this lost time. We also implemented processes known as Assisted Receiving and Simple Receipt, which consist of digitalizing all information prior to receiving merchandise at the DC together with the customers.

Another contributing factor to reduced operating costs is the efficiency achieved through environmental initiatives such as lower consumption of electricity and water.

We launched a prototype of a lean store in Central America in our Discount format, with the purpose of achieving more results with less resources and whereby we achieved a 15% reduction in sales floor, and 12% in headcount per store. This simplification translates to a considerable cost reduction, while also maintaining customer experience and average sales per store.

We are happy with our results, but we are even prouder of the team for having achieved them, making the difference for our price-sensitive customers. Thanks to this strategy, our customers have access to low prices, helping them to save money so they can live better.



Moreover, technology allowed us to increase the efficiency of logistics and home delivery processes

