# TECHNOLOGY AND DATA

Technology and data have become one of our main tools for growth. **We are accelerating our digital transformation as we invest in developing new technological capabilities that allow us to turn data into information to make strategic business decisions.**

One of our great advantages as a global company is our experience making great strides in technology and implementing best practices in other markets, such as the United States, China, India and Canada. This strength we call Powered by Walmart allows us to implement the best technology in the shortest possible time and at a much lower cost because we leverage the investments made in other Walmart markets.
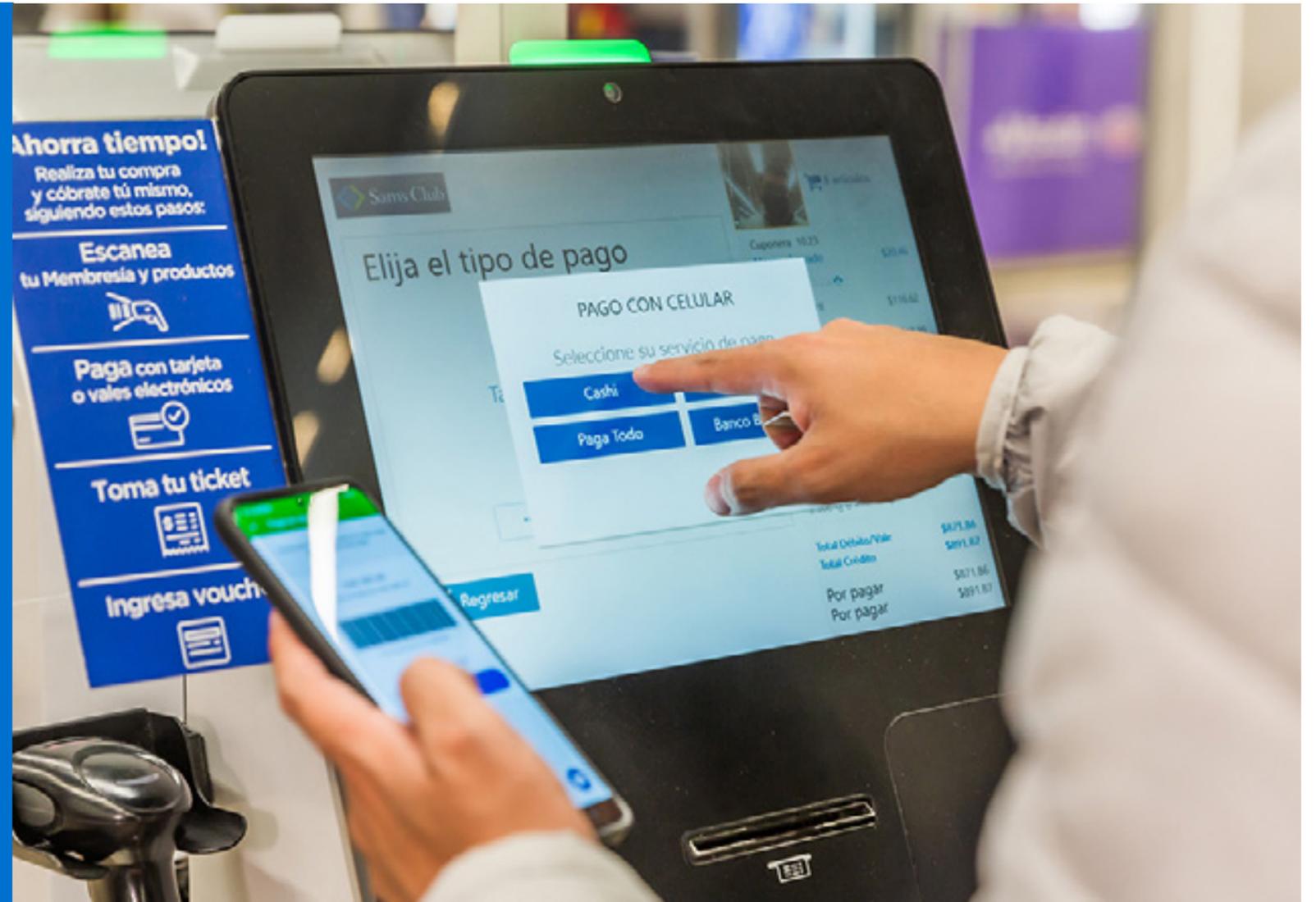
We will continue to generate technological solutions and make data-driven decisions to ensure an agile operation and transform to continue building the Walmart of the future

DATA-DRIVEN DECISIONS

We have integrated data as a fundamental tool in our decision-making processes.

We built a predictive marketing model focused on consumer needs. One of the model's basic components collects and analyzes the data we use to better understand our customers and how the different macroeconomic, market and trend variables influences their purchase decisions.

The model allows us to determine the best way to invest in each of our formats and offer a personalized and enjoyable shopping experience that our customers value. We also use this data to implement new initiatives to connect digitally with our customers to offer them an omnichannel experience to buy their products when and where they prefer to shop.

Regarding our infrastructure, we developed a data-driven model to help us make better investment decisions, optimizing new project feasibility. We use this tool to classify and analyze projects based on four criteria: operating profit, operating expenses, the investment time horizon, and competitiveness.

This project assessment method has represented a major change in our implementation and management processes by providing greater clarity and strengthening our decision-making process.

We collect data generated by consumer habits and preferences and translate it into information to improve our operational efficiency

We also use data to make decisions in our operations. We know that the implementation of our strategy requires investments, so we are intensifying our expense and productivity management efforts.

This year we started the execution of the Smart Spend project, which reinforces our Every Day Low Price culture, using technology and data analysis to enable cost-saving and streamlined operations while generating savings.

Because of the scale of our company, new data-driven implementations yield significant savings. For example, a change in our logistics fleet scheduling resulted in annualized savings of 140 million pesos.

In total, in Mexico we identified about 3,700 million pesos in savings, of which we executed 1,000 million pesos in 2021. Between 2022 and 2023, we will execute the remaining savings.

The constant transformation of our data-driven agile process guides our business decisions

OPERATION OPTIMIZATION

SUSTAINABLE MAINTENANCE:

This year, we invested a significant amount in automating our maintenance system to increase our operational efficiency, spend smartly and achieve significant profitability and sustainability benefits in both the medium and long term. We use this system to centralize all operations in the same channel and use the data collected and algorithms to measure our energy consumption and connect it to other factors such as weather, rates and inflation to be more assertive in our investment decision-making processes.

FRESHER PRODUCTS:

At Sam's Club, we use automation to keep our products fresher with zero waste. We began to use the Fresh Sales Tool technology with data-driven algorithms that help us be much more assertive in our procurement and fresh produce production processes, sell more with fewer resources and generate less waste.

OPTIMIZED SPACES:

To improve our members' shopping experience and help our associates save time, in 2021, we launched a new tool at Sam's Club to enhance the mapping of spaces by category and club and improve space planning and optimization. This product will help streamline our associates' working processes.

CENTRAL AMERICA:

This year we launched the Customer Value Program app to manage markdowns and exit strategies more efficiently and improve profitability.

TECHNOLOGY AND SYSTEMS

Our Technology and Systems Division providing omnichannel services to both internal and external customers has implemented a new model to improve internal connections and enhance external connectivity with our customers. This model is based on a cell design consisting of six jointly developed points:

1. Create new technological capabilities. This year we implemented 115 new initiatives, the most emblematic of which features the improvements applied to internet access and self-checkout service at stores.

2. Operational excellence: Operate with fewer resources, increase value and cut costs with the continuous monitoring of all internal operating platforms, aimed at anticipating and preventing failures.

3. Developments focused on the internal customer: Maintain communications between corporate divisions to develop and implement models that streamline daily work processes.

4. Technology enablers: Identify the best technology at the best cost and develop suppliers to bring the best talent to the company and spend smartly.

5. One technology team: Have a team staff member in each tribe to stay informed of new opportunities, allowing us to anticipate remote working and plan for the future.

6. Information security: Protect the company's databases and information from the cyberattack attempts that occurred this year. We prepared to serve as the first line of defense to protect and monitor the thousands of electronic devices connected and anticipate failures.

We increased our network connectivity with more modern technology to improve connectivity by 8x and reduced costs by **15%** in stores, distribution centers and offices