



LOGISTICS

One of our greatest competitive advantages is our logistics network. We were pioneers in investing in infrastructure in Mexico, and the efficiency of our network has been essential to our Every Day Low Price guarantee.

In addition to fulfilling their function of having products available to our customers shopping in person, our stores are being enabled as omnichannel distribution points. **We aspire to turn each store into a distribution center and further strengthen our operational efficiency.**



Now, this competitive advantage is evolving into the omnichannel space. We are transforming our network by adapting it to future business needs

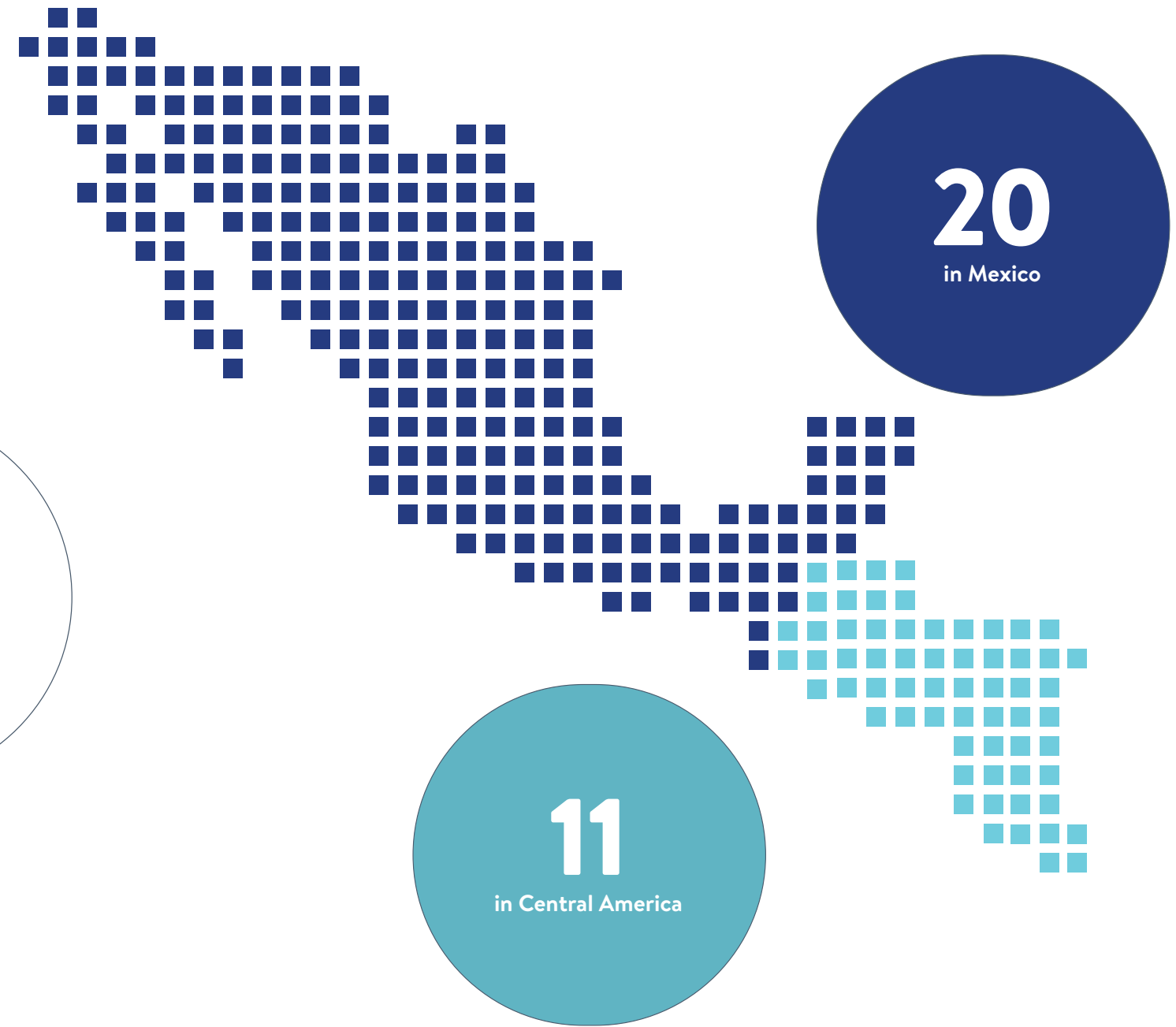
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INTEGRATED OMNICHANNEL NETWORK

One of the capabilities we progressed on, was our **integrated omnichannel network**. Customers are evolving, the market is evolving, and our network is evolving too.

We progressed on our brick and eCommerce transportation and DCs integration to build the foundation to become a digitized, automated, and omnichannel network.



The opening of our new distribution centers has improved merchandise flows making them faster and more efficient



We invested 986 million pesos to open the Santo Niño distribution center in Mexicali, creating more than 700 direct jobs and more than 1,000 indirect jobs.

The distribution center is equipped with the capacity to process nearly five million boxes of goods received and shipped per month to supply the Bodega Aurrera, Mi Bodega Aurrera, and Walmart Supercenter stores in Baja California and Sonora in the northwestern region of Mexico. As part of our commitment to inclusion, close to 2% of our associates in this DC have a disability.

Therefore, we invested in a transportation system for our associates, including access ramps for wheelchairs.

Together with the Government of the state of Tlaxcala, we also celebrated the signing of a collaboration agreement for the construction of a new omnichannel distribution center in the city of Huamantla that will create more than 1,200 direct jobs and more than 700 indirect jobs. We expect to invest more than 3 billion pesos in this new DC, of which 608 million pesos will be allocated to technology and innovation, which will be directly connected to our omnichannel value proposition to supply 240 stores located in Mexico City and the states of Hidalgo, Oaxaca, Puebla, Tlaxcala, and Veracruz.

We believe a truly omnichannel logistics network, will allow us to improve our service levels and to accelerate growth by enabling us to flow all merchandise indistinctively to stores, customers' homes or pickup locations.



Logistics offer us a huge opportunity to create jobs and do so inclusively



PERISHABLES NETWORK

Proximity to customers and our ability to deliver a full basket, including fresh items, in a couple of hours, is one of the main competitive advantages we want to further strengthen

We built the capacities needed to centralize produce distribution. This will allow us to increase availability, freshness, shelf life, and overall customer experience in hard-to-reach areas for our suppliers. **In addition, we are expanding the DC Villahermosa capabilities, that will be a model Perishables DC for the southwest region, and it will allow us to serve more than 250 stores in 7 states,** bringing us closer to our customers. And we will expand the capacity of the Culiacán DC by 40%, which will help us reduce lead times and increase availability in the region.

ALIGNMENT WITH SUPPLIERS

We worked with top suppliers to simplify receiving processes through new initiatives such as fixed appointments and purchase order per item, which allowed us to reduce supplier’s receiving time by more than 70%. In addition, we progressed **on our Truck Load Optimization program, reducing more than 20,000 trips for our suppliers;** having a positive impact on their carbon footprint and transportation cost.

LAST MILE MODEL

An efficient and modern last mile operation is instrumental in offering the service levels our customers expect.

For On Demand, we are serving customers out of our more than 760 enabled stores and **we expanded the crowdsourcing model to more than 170 stores.**

For extended assortment, we launched new operating models like Delivery Stations and Exchange Points that have helped us to reduce customer delivery promise time by almost 40%, with a cost that is over 10% lower.



FLEET

As for our fleet, **we have incorporated electric vehicles** and are developing omnichannel transport models. Thus, we leverage our fleet that already visits our +2,700 stores every week to enhance merchandise flows for pick-up stores and even home delivery at a lower cost and faster delivery times.



FULFILLMENT SERVICES

As one of the largest logistics players in the country, we have the means to be involved in our delivery process and the storage of other companies' goods. We promote logistics as an added value to increase our competitive advantage by offering and monetizing additional services.

We invested a significant amount of money in launching Walmart Fulfillment Services (WFS), a service where select sellers can leverage our world-class supply chain capabilities to fulfill orders quickly and efficiently.

WFS is designed to help sellers generate more profitable sales of their inventory at scale. We have worked with them to design a simple and expedited process with competitive pricing. As for customers, they'll enjoy a larger assortment and shorter shipping times.

Walmart Fulfillment Services is currently operating from our Mexico City distribution center. About 20% of Marketplace orders are currently delivered through our network. Although it is still in its early stages, sellers respond positively, and the results are quite promising.



Our supply chain is one of the main enablers of our long-term strategy offering a huge competitive advantage. We will continue to aggressively invest in it as our omnichannel business grows.

About 20% of Marketplace orders are currently delivered through Walmart Fulfillment Services