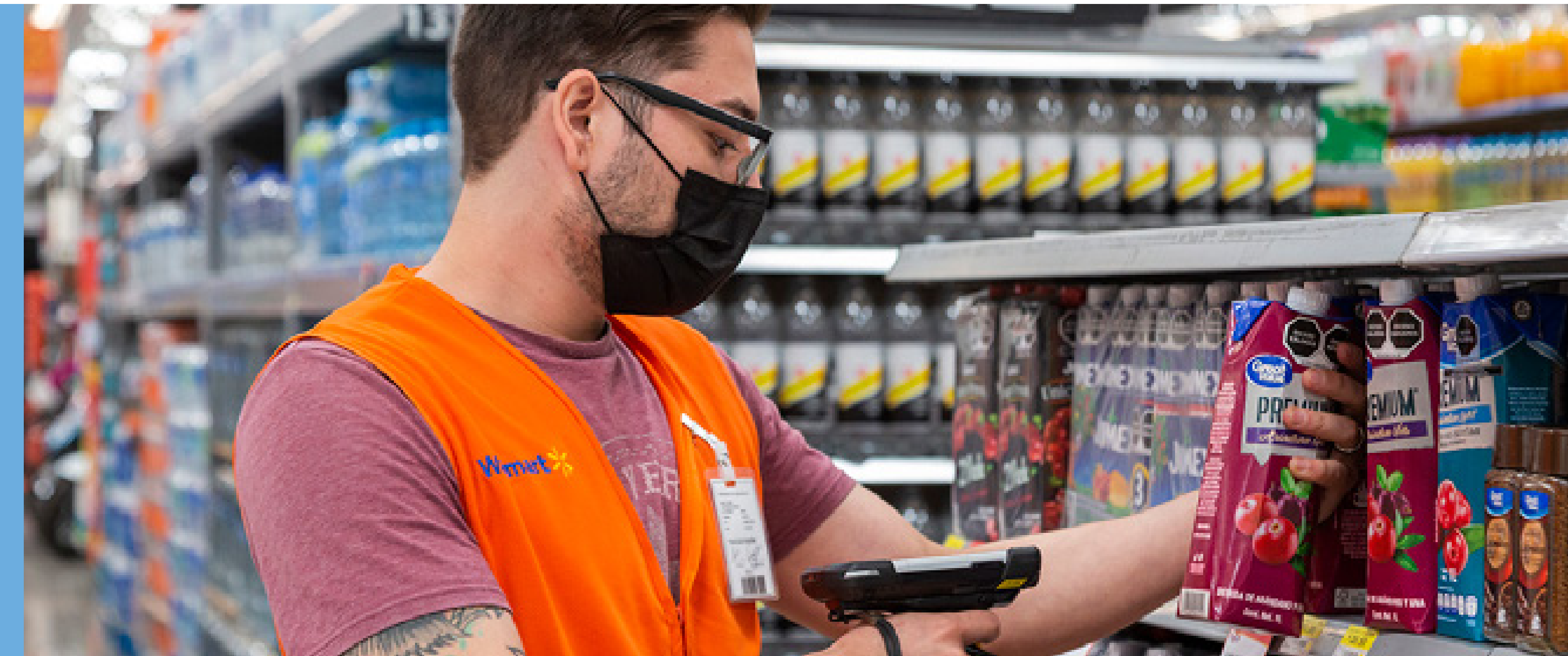
MANAGEMENT DISCUSSION AND ANALYSIS

2021 was undoubtedly another atypical year that required us to innovate and adapt fast to the environment and to our customers' changing needs, while keeping our associates safe. We are even more convinced that customers want us to bring our stores and eCommerce businesses together in a seamless way that makes shopping easier; and we believe we are uniquely positioned to deliver value through our physical and digital assets.

MANAGEMENT



In Bodega, we offer same-day delivery from store to the most price-sensitive customers via Despensa a tu Casa at more than 220 stores. We launched Walmart Pass and saw a ~2x increase in shopping frequency vs. non-users. We converted 75 stores into Walmart Express. We rolled-out Scan and Go to all clubs, and its penetration doubled since we first launched it.

We are going beyond retail to deliver our purpose to save people money and help them live better. Through Cashi and Bait, we are giving customers access to the digital economy and delighting them with new experiences.

Our strong core business is fueling the ecosystem, and at the same time, the new businesses we are creating drive customer engagement that strengthen the core business to grow and to be more resilient.

We are a growth company, and we will continue to accelerate growth investing behind our strategic plans.

DISCLOSURE OF NATURE OF BUSINESS

Walmart de México y Centroamérica is a leading retail sector companies in the region.

As of December 31, 2021, it operated 3,620 units, throughout six countries (Costa Rica, Guatemala, Honduras, El Salvador, México, and Nicaragua), including self-service stores, membership clubs and omnichannel sales.

Walmart shares trade in the Mexican Stock Exchange since 1977; the ticker symbol is WALMEX.

MEXICO

Total revenue in 2021 grew by 6.0% compared to 2020, accumulating an amount of 609.2 billion pesos.

We continue to invest to position our company for the future and build new revenue streams. Gross margin expanded 40 basis points to 23.2% of revenue. SG&A increased 6.8% compared to previous year, as a result of investments in remodels, new stores, talent, eCommerce and technology.

Operating income increased 10.9%, a 9.1% of revenue. EBITDA grew 9.6%, resulting in a margin of 11.4%.

PERFORMANCE BY REGION

We saw broad-base growth across all regions and merchandise divisions.

The Northern and Southern regions continue to lead in same-store sales growth, followed by the Central and Metro regions.

PERFORMANCE BY FORMAT

Sam's Club delivered the highest same-store sales growth, on the back of positive new member sign-ups and renewals trends. The team is focusing on offering great products and on working in a more digital way, to further improve members' experience.

Our strategy to Win in Discount is being well appreciated by customers. The combination of the lowest prices and efficient assortment, together with a low-cost operation, is translating into strong growth and market share gains. In 2021, we expanded Bodega's price gap by 80 basis points, marking a record high. We are very proud of the team for this achievement; they are really making a difference for our most price sensitive customers.

During the year, we converted 75 Superama stores into Walmart Express, and opened four new stores under this format. The transition period was challenging, shopping experience is not ideal when remodel works are undergoing, and this translated into softer sales. It is good to see that customers are appreciating the changes we made in pricing and shopping experience. We lowered prices on basic items and enabled features that allow customers to have a fast, convenient shopping trip, such as self-scanning stations and digital tools.

We see that stores that were converted into Walmart Express during the first half of last year are showing a positive trend, and even surpassing the level of sales they had before the conversion, which is encouraging. We are monitoring very closely customer feedback to the new format and adapting as needed.

PERFORMANCE BY DIVISION

Among merchandise divisions, the three divisions grew. Apparel delivered the highest growth, followed by General Merchandise, and Food and Consumables.

We continue to make significant progress on driving price gap leadership, and we are helping customer afford basic basket items by offering the lowest prices. During 2021, we widened our price gap by 50 basis points, despite the high level of inflation we are experiencing. Our Private Brands sales grew 13.5% and their sales penetration increased 90 basis points.

OMNICHANNEL

2021 was tough to predict in every aspect, even more on the eCommerce front, as we did not know how customers would behave after the strong growth we saw in 2020. The team did a great job of implementing our long-term strategy while executing amid a changing environment.

During the year, eCommerce sales grew 36% and GMV 40%, which results in a +200% two-year stacked growth.

eCommerce now represents almost 5% of Mexico sales, which compares to 1.5% in 2019.

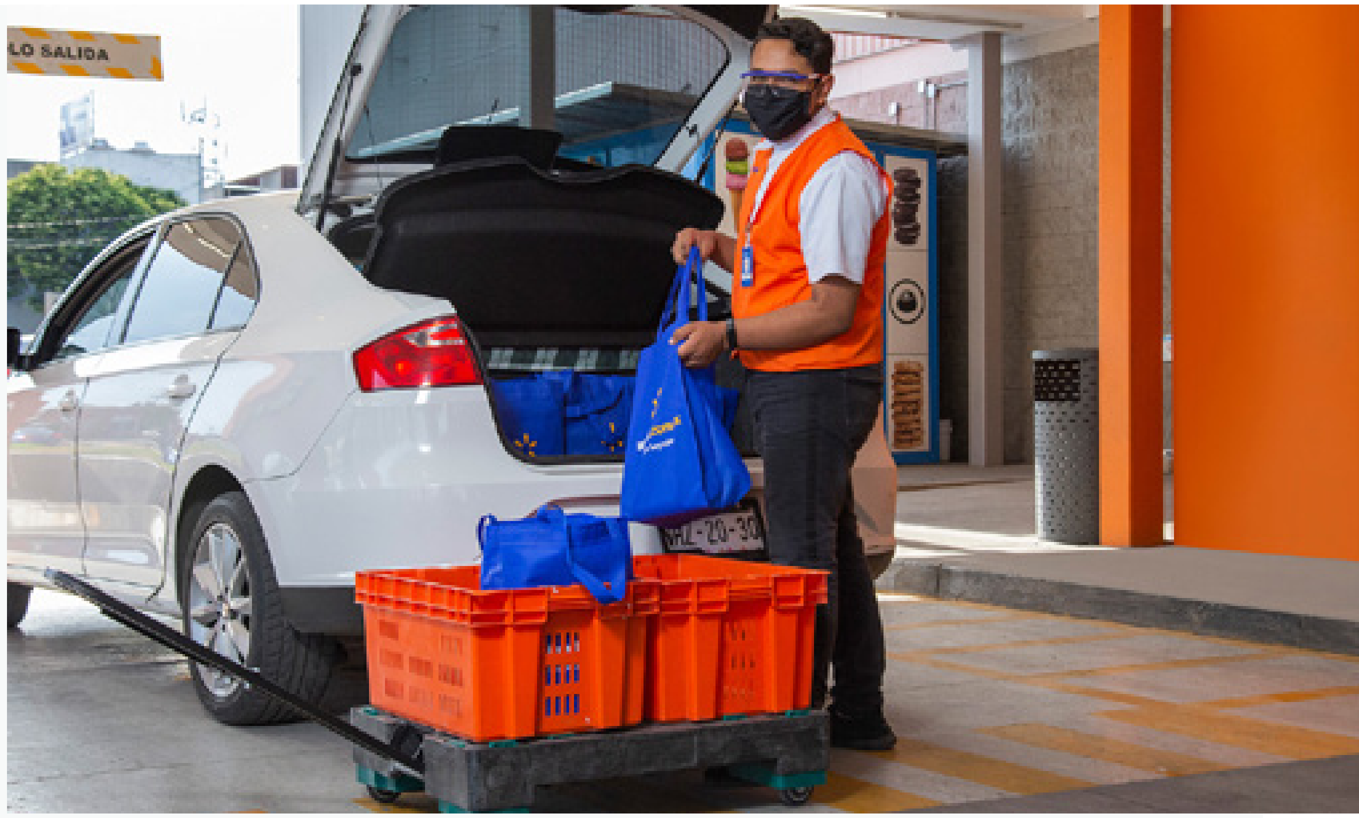
We are tailoring the omnichannel experience to the different customers we serve. According to Euromonitor 2021 data, we were able to win 190 basis points of market share on the eCommerce space. This result indicates our customers are appreciating what we are doing.

It was a year of consolidation for On Demand. We are now offering the service in about 120 cities through more than 760 stores, covering almost 70% of our big-box formats.

One of the key strengths of our On Demand operation is being able to deliver perishable items in just hours, maintaining their freshness and quality; this is made possible by our footprint: we have stores 10 minutes away of 88% of the population in top cities. To further improve customer experience, we started a program called "Picker del Campo" in 160 stores, to train our associates and equip them with the necessary tools to make better selection of Fresh items. So far, we have seen an increase in shopping frequency of 50 basis points as a result of the program.

We extended our crowdsourcing model to +170 stores, and it is now available in all our formats, including Sam's where we are running a pilot test in 12 clubs.

Walmart Pass is progressing, daily subscriptions doubled quarter on quarter, and we continue to see an uplift in frequency and ticket in users when compared to non-users.



We are investing in technology to improve customers' experience. During the year, we merged Bodega's On Demand and extended assortment platforms into one app and customers like the initiative, the app's user rating increased 40 basis points.

Our focus remains on accelerating extended assortment. We more than doubled the number of sellers and tripled the number of SKUs vs. last year. We enabled almost 90 virtual stores with exclusive brands and items, and we moved forward with the cross-border trade operation, adding almost 1 million SKUs.

PERFORMANCE VS. THE MARKET

We are proud of the years' results. For the eighth consecutive year, we were able to surpass ANTAD's (Asociación Nacional de Tiendas de Autoservicio y Departamentales) self-service and clubs' segment same-store sales growth.

Our gap vs. the market's growth was 200 basis points. If we see performance on a two-year stack basis, our gap was 360 basis points.

CENTRAL AMERICA

Note: Sales growth percentages related to Central America are determined on a constant currency basis.

Total revenue reached 126.8 billion pesos, a growth of 8.1% compared to the previous year.

All countries delivered same-store sales growth. Honduras was the country with the highest growth and El Salvador the lowest, yet still strong growth.

The biformato strategy is delivering good results. The changes we have made to the commercial offering in terms of catalogue, opening price points and price gap, are being well received by customers and we are seeing a positive trend in market share gains. Private Brands are a very important element of our strategy: we were able to increase sales penetration by 200 basis points this year.

Gross margin decreased 10 basis points, representing 24.1% of revenue, in line with execution of the Biformato strategy in the region.

This year we managed to leverage 20 basis points in SG&A compared to 2020, thanks to the business simplification approach, which has generated savings and operational efficiencies for us. Operating income remained at 5.8% of revenue, a 7.5% growth vs. the previous year.

EBITDA represented 9.1% of revenue, a 5.4% growth compared to 2020.

ECOSYSTEM

Our ambition is to earn customer loyalty by offering the leading omni-driven ecosystem that creates sustainable profitable growth. Last year we made great progress on three of the verticals: Cashi, Bait and Walmart Connect.

We are building products and services with the customer at the center that connect to our core business in a mutually reinforcing way.

In December, we launched a pilot together with a third-party, to disburse credit via Cashi in almost 30 Walmart and Bodega stores. We are granting up to 6,000 pesos credits so customers can shop for their favorite items and pay for them later. We are just getting started and results are encouraging. We will continue to test and learn from customers' response to fine tune the product.

Through Bait, we are providing low-cost connectivity services, including prepaid mobile and home internet, to unlock access to the digital economy.

In 2021, we reached 2.3 million users. We launched an out-of-store distribution channel to expand our reach and we will continue to focus on user acquisition going forward.

Walmart Connect grew the number of advertisers by about 50% and the number of campaigns by almost 80% during the year.

ENABLERS

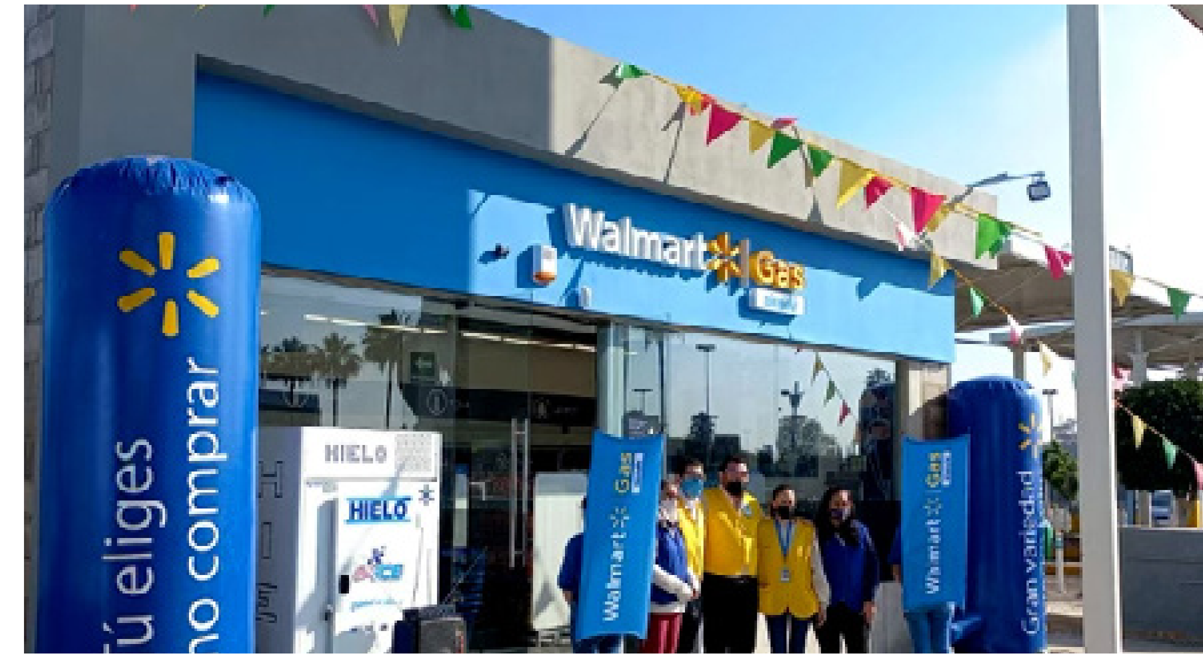
We are strengthening our logistics capabilities to reach customers faster and to increase productivity and efficiency.

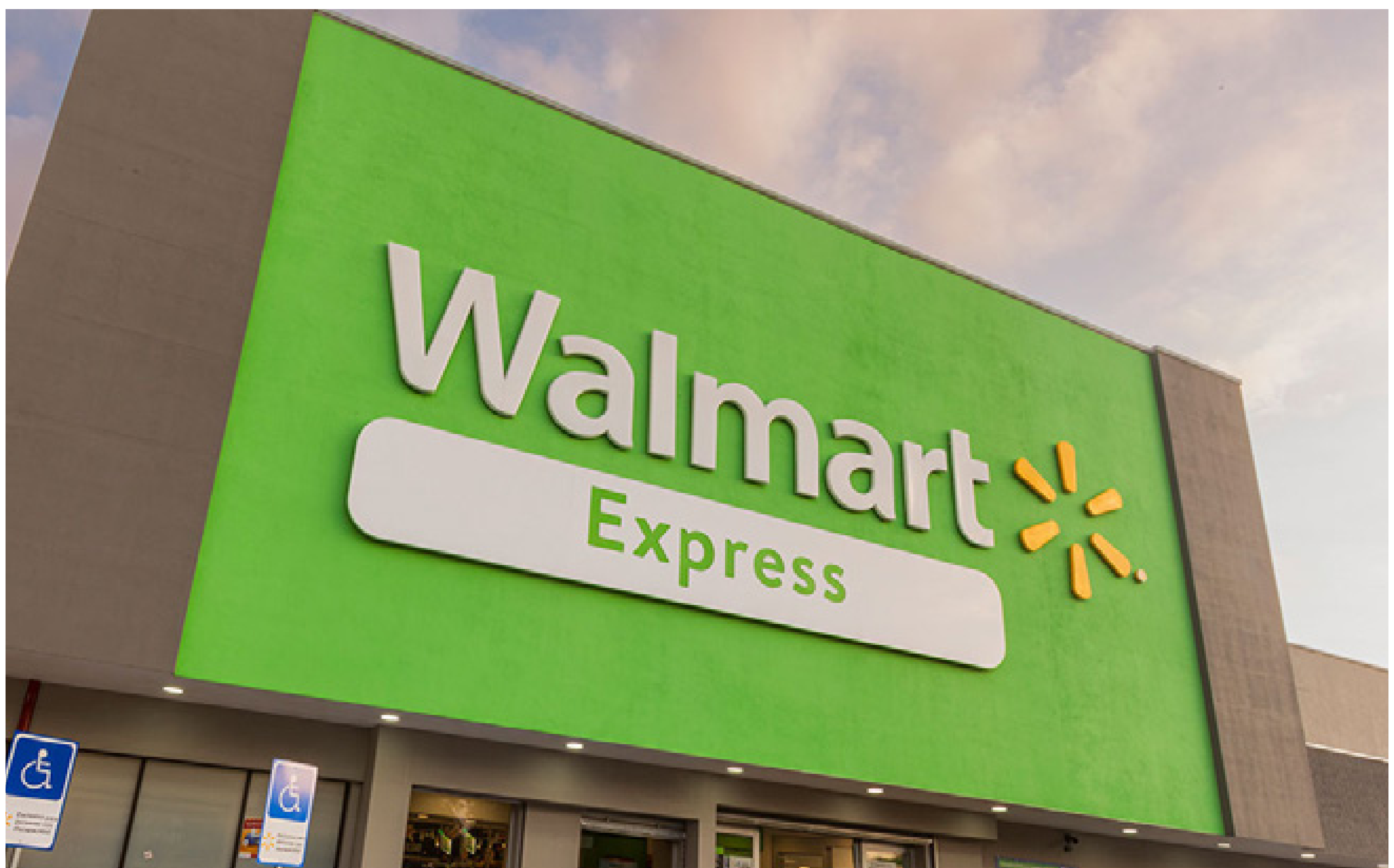
In 2021, we opened the Santo Niño distribution center in Mexicali, which will reinforce our supply chain operations in the Northern region. The new DC has capacity to process over 5 million boxes per month and will supply 50 Walmart and Bodega Stores. With this new DC, we expanded our capacity to serve customers in an omnichannel way by 17%.

We also started the construction of a new omnichannel distribution center in Tlaxcala, which is expected to start operations in 2024. We are making a 3 billion pesos investment on the DC, of which ~20% will be allocated to technology and innovation. The new DC will create more than 1,200 direct jobs and 700 indirect jobs.

NEW STORES AND PROJECTS

Despite the challenges to perform construction works during the pandemic, last year we increased our sales area by 140 thousand square meters. This is the largest expansion since 2014, which represents a +20% increase vs. the last 6 years average.





In Mexico, we opened 122 stores on the full year, almost twice the number of stores we opened in 2020. Contribution from new stores to consolidated sales growth was 1.3% for the year, in-line with the guidance we provided.

New stores are performing better than expected and we have maintained a high sales to square meter ratio compared to the industry.

It is worth mentioning that all our new protos consider innovations on energy consumption and a specific design for associates and customers with disabilities, and for our omnichannel strategy.

We are innovating to provide new solutions for customers.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL DISTRIBUTION

2021 was a challenging year for investment given the uncertainty and changing conditions the pandemic brought, yet we remained committed to investing in the region in order to accelerate growth and to create shared value for all our stakeholders.

Throughout the year, we invested 20.5 billion pesos in high return projects to strengthen our business, this represented a 22% increase vs. 2020.

Remodels represented 44%: we are enabling our stores with omnichannel capabilities and keeping them in good shape to improve shopping experience and to ensure the safety of our associates and customers.

New stores represented 23%; as you already heard, we opened 131 new stores during the year.

Investments in technology and eCommerce represented 16% of total, as we decided to accelerate strategic projects such as the rollout of antennas to improve the wireless network, the replacement of equipment and components to support new functionalities, back-office transformation and a new data platform.

Nevertheless, overall CapEx exercise was 8% below the guidance, because we decided to move the implementation of some logistics projects to 2022.

Inventories increased 17.5% to 80.3 billion pesos, as we lapped lower inventories and traffic in 2020 due to COVID-related effects and to the opening of 55 new stores during the 2021 fourth quarter.

Additionally, we are still experiencing supply chain disruptions, given the world-wide limitation of containers, so we decided to increase the stock in key categories, such as grocery, consumables and health and beauty, to ensure capacity.

During 2021, we were able to generate 72.8 billion pesos in cash and our working capital required 3.1 billion pesos due to the increase in inventories.

We paid 14.0 billion pesos in taxes and ended the year with a cash position of 42.8 billion pesos, which represents a 20.0% increase vs. 2020.