



**Walmart U.S. Q1 comp sales<sup>1</sup> grew 6.0%; 16.0% on a two-year stack**

**Q1 FY22 GAAP EPS of \$0.97; Adjusted EPS<sup>2</sup> of \$1.69**

**Walmart U.S. eCommerce sales increased 37%**

**Walmart U.S. gains market share in grocery**

**Company raises outlook for Q2 and full-year**

- \* Total revenue was \$138.3 billion, an increase of \$3.7 billion, or 2.7%. Revenue was negatively affected by approximately \$4.2 billion related to recent divestitures in Walmart International. Excluding currency<sup>2</sup>, total revenue would have increased 2.1% to reach \$137.4 billion.
- \* Walmart U.S. comp sales<sup>1</sup> increased 6.0% with market share gains in grocery. Operating income increased 26.8%.
- \* Walmart U.S. eCommerce sales grew 37% with strong results across all channels, contributing approximately 360 basis points to comp sales. Sales more than doubled over the last two years.
- \* Sam's Club comp sales<sup>1</sup> increased 7.2%, and eCommerce sales grew 47%. Reduced tobacco sales negatively affected comp sales by approximately 340 basis points. Membership income increased 12.7%, and total member count reached an all-time high.
- \* Walmart International net sales were \$27.3 billion, a decrease of \$2.5 billion, or 8.3%, and eCommerce sales increased 49%. Net sales were negatively affected by \$4.2 billion, or 14.1%, related to recent divestitures, and changes in currency exchange rates positively affected net sales by approximately \$0.9 billion.
- \* Consolidated gross profit rate increased 104 basis points, led by strength in Walmart U.S., while consolidated operating expenses as a percentage of net sales was relatively flat.
- \* Consolidated operating income was \$6.9 billion, an increase of 32.3%, with strength across the company. Recently divested businesses in the U.K. and Japan contributed operating income of \$289 million, or \$0.07 of EPS.
- \* Adjusted EPS<sup>2</sup> excludes the effects, net of tax, of:
  - net losses on equity investments of \$0.57; and
  - an incremental loss on the sale of our operations in the U.K. and Japan of \$0.15

"This was a strong quarter. Every segment performed well, and we're encouraged by traffic and grocery market share trends. Our optimism is higher than it was at the beginning of the year. In the U.S., customers clearly want to get out and shop. We have a strong position as our store environment improves and eCommerce continues to grow. Stimulus in the U.S. had an impact, and the second half has more uncertainty than a typical year. We anticipate continued pent-up demand throughout 2021. Our results reflect the continued hard work and commitment our associates have shown throughout the pandemic — serving others and helping provide vaccines — and we're grateful to them."


Doug McMillon  
President and CEO, Walmart

<sup>1</sup> Comp sales for the 13-week period ended April 30, 2021 compared to 13-week period ended May 1, 2020, and excludes fuel. See Supplemental Financial Information for additional information.

<sup>2</sup> See additional information at the end of this release regarding non-GAAP financial measures.





## Key results


(Amounts in billions, except as noted. Dollar and percentage changes may not recalculate due to rounding.)





Walmart 			Q1 FY22	Q1 FY21	Change	
Revenue			\$138.3	\$134.6	\$3.7	2.7%
Revenue (constant currency) <sup>1</sup>			\$137.4	\$134.6	\$2.8	2.1%
Operating income			\$6.9	\$5.2	\$1.7	32.3%
Operating income (constant currency) <sup>1</sup>			\$6.9	\$5.2	\$1.6	31.3%
<b>Free Cash Flow<sup>1</sup></b>			<b>Q1 FY22</b>	<b>\$ Change</b>		
Operating cash flow			\$2.9	-\$4.2		
Capital expenditures			\$2.2	\$0.5		
Free cash flow <sup>1</sup>			\$0.6	-\$4.6		
<b>Returns to Shareholders</b>			<b>Q1 FY22</b>	<b>% Change</b>		
Dividends			\$1.5	1.3%		
Share repurchases <sup>2</sup>			\$2.8	288.4%		
Total			\$4.4	93.5%		

## Segment results

(Amounts in billions, except as noted. Dollar and percentage changes may not recalculate due to rounding.)

Walmart  U.S. Save money. Live better.			Q1 FY22	Q1 FY21	Change	
Net sales			\$93.2	\$88.7	\$4.4	5.0%
Comp sales (ex. fuel) <sup>3</sup>			6.0%	10.0%	NP	NP
 Transactions			-3.2%	-5.6%	NP	NP
 Average ticket			9.5%	16.5%	NP	NP
 eCommerce contribution			~360 bps	~390 bps	NP	NP
Operating income			\$5.5	\$4.3	\$1.2	26.8%

Walmart  International			Q1 FY22	Q1 FY21	Change	
Net sales			\$27.3	\$29.8	-\$2.5	-8.3%
Net sales (constant currency) <sup>1</sup>			\$26.4	\$29.8	-\$3.4	-11.4%
Operating income			\$1.2	\$0.8	\$0.4	48.1%
Operating income (constant currency) <sup>1</sup>			\$1.1	\$0.8	\$0.3	41.8%

sam's club 			Q1 FY22	Q1 FY21	Change	
Net sales			\$16.7	\$15.2	\$1.5	10.1%
Comp sales (ex. fuel) <sup>3</sup>			7.2%	12.0%	NP	NP
 Transactions			2.2%	11.9%	NP	NP
 Average ticket			4.9%	0.1%	NP	NP
 eCommerce contribution			~310 bps	~170 bps	NP	NP
Operating income			\$0.6	\$0.5	\$0.1	16.4%

<sup>1</sup> See additional information at the end of this release regarding non-GAAP financial measures.

<sup>2</sup> \$17.6 billion remaining of \$20 billion authorization approved in February 2021. The company repurchased approximately 20.6 million shares in Q1 fiscal 2022.

<sup>3</sup> Comp sales for the 13-week period ended April 30, 2021 compared to 13-week period ended May 1, 2020, and excludes fuel. See Supplemental Financial Information for additional information.

NP - Not provided

## Fiscal 2022 Q2 and full-year guidance

The following guidance reflects the company's updated expectations for fiscal year 2022 and is provided on a non-GAAP basis as the company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange translation and externally adjusted items. Prior year results are on an adjusted basis. The company's updated guidance assumes COVID-19 conditions continue to improve as well as no significant additional government stimulus packages for the remainder of the year.

Metric	Prior FY22 Guidance	Updated FY22 Guidance
Consolidated net sales	Decline in constant currency <ul style="list-style-type: none"> <li>Excluding divestitures<sup>1</sup>, consolidated net sales growth up low single-digits</li> </ul>	Decline low single-digits in constant currency <ul style="list-style-type: none"> <li>Excluding divestitures<sup>1</sup>, consolidated net sales growth up low-to-mid single-digits</li> </ul>
Comp sales growth	<ul style="list-style-type: none"> <li>Walmart U.S., up low single-digits, ex. fuel</li> <li>Sam's Club, up low single-digits, ex. fuel and tobacco</li> </ul>	No change
Walmart International net sales	Decline in constant currency <ul style="list-style-type: none"> <li>Higher growth percentage than U.S., excluding divestitures<sup>1</sup></li> </ul>	Decline 20-25% in constant currency due to divestitures <sup>1</sup> <ul style="list-style-type: none"> <li>Increase mid single-digits, excluding divestitures<sup>1</sup></li> </ul>
Consolidated expense leverage	Maintain rate, or slightly deleverage	Maintain rate, or slightly leverage
Consolidated operating income	Decline slightly in constant currency <ul style="list-style-type: none"> <li>Flat to up slightly, excluding divestitures<sup>1</sup></li> </ul>	Increase mid single-digits in constant currency <ul style="list-style-type: none"> <li>Increase high single-digits, excluding divestitures<sup>1</sup> in constant currency</li> </ul>
Walmart U.S. operating income	Increase slightly	Increase high single-digits
Effective tax rate	24.5% to 25.5%	No change
EPS	Decline slightly <ul style="list-style-type: none"> <li>Flat to up slightly, excluding divestitures<sup>1</sup></li> </ul>	Increase high single-digits <ul style="list-style-type: none"> <li>Increase low double-digits, excluding divestitures<sup>1</sup></li> </ul>
Capital expenditures	Around \$14 billion with a focus on supply chain, automation, customer-facing initiatives and technology	No change

Metric	Prior Q2 FY22 Guidance	Updated Q2 FY22 Guidance
Comp sales growth	N/A	Walmart U.S., up low single-digits, excluding fuel
Consolidated operating income	Decline mid-to-high single-digits	Decline low-to-mid single-digits <ul style="list-style-type: none"> <li>Up slightly, excluding divestitures<sup>1</sup></li> </ul>
EPS	Decline mid-to-high single-digits	Decline low single-digits <ul style="list-style-type: none"> <li>Up low single-digits, excluding divestitures<sup>1</sup></li> </ul>

<sup>1</sup> We completed the sales of Walmart Argentina in November 2020, Asda in February 2021 and Seiyu in March 2021.

## About Walmart

Walmart Inc. (NYSE: WMT) helps people around the world save money and live better - anytime and anywhere - in retail stores, online, and through their mobile devices. Each week, approximately 220 million customers and members visit approximately 10,500 stores and clubs under 48 banners in 24 countries and eCommerce websites. With fiscal year 2021 revenue of \$559 billion, Walmart employs 2.2 million associates worldwide. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity. Additional information about Walmart can be found by visiting <https://corporate.walmart.com>, on Facebook at <https://facebook.com/walmart> and on Twitter at <https://twitter.com/walmart>.

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## Forward-Looking Statements

This release and related management commentary contains statements or may include or may incorporate by reference, statements that may be deemed to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Act"), that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Act as well as protections afforded by other federal securities laws. Assumptions on which such forward-looking statements are based are also forward-looking statements. Such forward-looking statements are not statements of historical facts, but instead express our estimates or expectations for our consolidated, or one of our segment's or business', economic performance or results of operations for future periods or as of future dates or events or developments that may occur in the future or discuss our plans, objectives or goals. Our actual results may differ materially from those expressed in or implied by any of these forward-looking statements as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including: the impact of the COVID-19 pandemic on our business and the global economy; economic, capital markets and business conditions; trends and events around the world and in the markets in which we operate; currency exchange rate fluctuations, changes in market interest rates and market levels of wages; changes in the size of various markets, including eCommerce markets; unemployment levels; inflation or deflation, generally and in particular product categories; consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels and demand for certain merchandise; the effectiveness of the implementation and operation of our strategies, plans, programs and initiatives; unexpected changes in our objectives and plans; the impact of acquisitions, investments, divestitures, and other strategic decisions; our ability to successfully integrate acquired businesses; changes in the trading prices of certain equity investments we hold; initiatives of competitors, competitors' entry into and expansion in our markets, and competitive pressures; customer traffic and average transactions in our stores and clubs and on our eCommerce websites; the mix of merchandise we sell, the cost of goods we sell and the shrinkage we experience; our gross profit margins; the financial performance of Walmart and each of its segments, including the amounts of our cash flow during various periods; the amount of our net sales and operating expenses denominated in the U.S. dollar and various foreign currencies; commodity prices and the price of gasoline and diesel fuel; supply chain disruptions and disruptions in seasonal buying patterns; the availability of goods from suppliers and the cost of goods acquired from suppliers; our ability to respond to changing trends in consumer shopping habits; consumer acceptance of and response to our stores, clubs, eCommerce platforms, programs, merchandise offerings and delivery methods; cyber security events affecting us and related costs and impact to the business; developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which we are a party or are subject, and the liabilities, obligations and expenses, if any, that we may incur in connection therewith; casualty and accident-related costs and insurance costs; the turnover in our workforce and labor costs, including healthcare and other benefit costs; our effective tax rate and the factors affecting our effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative audit outcomes, impact of discrete items and the mix of earnings between the U.S. and Walmart's international operations; changes in existing tax, labor and other laws and regulations and changes in tax rates including the enactment of laws and the adoption and interpretation of administrative rules and regulations; the imposition of new taxes on imports, new tariffs and changes in existing tariff rates; the imposition of new trade restrictions and changes in existing trade restrictions; adoption or creation of new, and modification of existing, governmental policies, programs, initiatives and actions in the markets in which Walmart operates and elsewhere and actions with respect to such policies, programs and initiatives; changes in accounting estimates or judgments; the level of public assistance payments; natural disasters, changes in climate, geopolitical events, global health epidemics or pandemics and catastrophic events; and changes in generally accepted accounting principles in the United States.

Our most recent annual report on Form 10-K and subsequent quarterly report on Form 10-Q filed with the SEC discuss other risks and factors that could cause actual results to differ materially from those expressed or implied by any forward-looking statement in the release and related management commentary. We urge you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this release. Walmart cannot assure you that the results reflected in or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects for or on our operations or financial performance. The forward-looking statements made today are as of the date of this release. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

**Walmart Inc.**  
**Condensed Consolidated Statements of Income**  
**(Unaudited)**

	Three Months Ended		
	April 30,		
<i>(Amounts in millions, except per share data)</i>	2021	2020	Percent Change
<b>Revenues:</b>			
Net sales	\$137,159	\$133,672	2.6 %
Membership and other income	1,151	950	21.2 %
Total revenues	<u>138,310</u>	<u>134,622</u>	2.7 %
<b>Costs and expenses:</b>			
Cost of sales	103,272	102,026	1.2 %
Operating, selling, general and administrative expenses	28,129	27,372	2.8 %
<b>Operating income</b>	<u>6,909</u>	<u>5,224</u>	32.3 %
<b>Interest:</b>			
Debt	481	510	(5.7)%
Finance lease obligations	85	82	3.7 %
Interest income	(30)	(43)	(30.2)%
Interest, net	<u>536</u>	<u>549</u>	(2.4)%
Other (gains) and losses	2,529	(721)	(450.8)%
<b>Income before income taxes</b>	<u>3,844</u>	<u>5,396</u>	(28.8)%
Provision for income taxes	1,033	1,322	(21.9)%
<b>Consolidated net income</b>	<u>2,811</u>	<u>4,074</u>	(31.0)%
Consolidated net income attributable to noncontrolling interest	(81)	(84)	(3.6)%
<b>Consolidated net income attributable to Walmart</b>	<u>\$ 2,730</u>	<u>\$ 3,990</u>	(31.6)%
<b>Net income per common share:</b>			
Basic net income per common share attributable to Walmart	\$ 0.97	\$ 1.41	(31.2)%
Diluted net income per common share attributable to Walmart	\$ 0.97	\$ 1.40	(30.7)%
<b>Weighted-average common shares outstanding:</b>			
Basic	2,815	2,831	
Diluted	2,829	2,849	
<b>Dividends declared per common share</b>	\$ 2.20	\$ 2.16	

**Walmart Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

<i>(Amounts in millions)</i>	April 30, 2021	January 31, 2021	April 30, 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 22,846	\$ 17,741	\$ 14,930
Receivables, net	5,797	6,516	5,029
Inventories	46,383	44,949	41,217
Prepaid expenses and other <sup>(1)</sup>	1,565	20,861	2,152
Total current assets	<u>76,591</u>	<u>90,067</u>	<u>63,328</u>
Property and equipment, net	90,996	92,201	101,872
Operating lease right-of-use assets	13,650	13,642	16,895
Finance lease right-of-use assets, net	3,979	4,005	4,611
Goodwill	28,872	28,983	29,416
Other long-term assets	22,493	23,598	16,770
<b>Total assets</b>	<u>\$ 236,581</u>	<u>\$ 252,496</u>	<u>\$ 232,892</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ 362	\$ 224	\$ 4,048
Accounts payable	48,151	49,141	44,096
Dividends payable	4,651	—	4,588
Accrued liabilities <sup>(1)</sup>	21,371	37,966	20,377
Accrued income taxes	851	242	1,303
Long-term debt due within one year	3,500	3,115	5,983
Operating lease obligations due within one year	1,448	1,466	1,729
Finance lease obligations due within one year	507	491	523
Total current liabilities	<u>80,841</u>	<u>92,645</u>	<u>82,647</u>
Long-term debt	40,273	41,194	43,006
Long-term operating lease obligations	12,930	12,909	15,669
Long-term finance lease obligations	3,802	3,847	4,474
Deferred income taxes and other	14,143	14,370	12,986
Commitments and contingencies			
<b>Equity:</b>			
Common stock	280	282	284
Capital in excess of par value	3,424	3,646	2,983
Retained earnings	82,577	88,763	81,141
Accumulated other comprehensive loss	(7,946)	(11,766)	(16,168)
Total Walmart shareholders' equity	<u>78,335</u>	<u>80,925</u>	<u>68,240</u>
Noncontrolling interest	6,257	6,606	5,870
Total equity	<u>84,592</u>	<u>87,531</u>	<u>74,110</u>
<b>Total liabilities and equity</b>	<u>\$ 236,581</u>	<u>\$ 252,496</u>	<u>\$ 232,892</u>

<sup>1</sup> As of January 31, 2021, prepaid expenses and other included assets held for sale of \$19.2 billion and accrued liabilities included liabilities held for sale of \$12.7 billion related to our operations in the U.K. and Japan. We completed the sale of our operations in the U.K. and Japan in the first quarter of fiscal 2022.

**Walmart Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

<i>(Amounts in millions)</i>	<b>Three Months Ended</b>	
	<b>April 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Consolidated net income	\$ 2,811	\$ 4,074
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	2,661	2,791
Net unrealized and realized (gains) and losses	2,077	(783)
Losses on disposal of business operations	433	—
Deferred income taxes	(155)	84
Other operating activities	270	(51)
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:		
Receivables, net	828	924
Inventories	(1,487)	2,221
Accounts payable	(1,004)	(1,183)
Accrued liabilities	(4,004)	(2,109)
Accrued income taxes	428	1,049
Net cash provided by operating activities	<u>2,858</u>	<u>7,017</u>
<b>Cash flows from investing activities:</b>		
Payments for property and equipment	(2,214)	(1,752)
Proceeds from the disposal of property and equipment	72	60
Proceeds from disposal of certain operations, net of divested cash	7,935	—
Payments for business acquisitions, net of cash acquired	—	(10)
Other investing activities	57	6
Net cash provided by (used in) investing activities	<u>5,850</u>	<u>(1,696)</u>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	138	3,542
Repayments of long-term debt	(510)	—
Dividends paid	(1,549)	(1,529)
Purchase of Company stock	(2,809)	(723)
Other financing activities	(669)	(725)
Net cash (used in) provided by financing activities	<u>(5,399)</u>	<u>565</u>
Effect of exchange rates on cash, cash equivalents and restricted cash	<u>(51)</u>	<u>(415)</u>
Net increase in cash, cash equivalents and restricted cash	3,258	5,471
Change in cash and cash equivalents classified as held for sale	1,848	—
Cash, cash equivalents and restricted cash at beginning of year	17,788	9,514
Cash, cash equivalents and restricted cash at end of period	<u>\$ 22,894</u>	<u>\$ 14,985</u>

**Walmart Inc.**  
**Supplemental Financial Information**  
**(Unaudited)**

**Net sales and operating income**

<i>(dollars in millions)</i>	Net Sales			Operating Income		
	Three Months Ended April 30,			Three Months Ended April 30,		
	2021	2020	Percent Change	2021	2020	Percent Change
Walmart U.S.	\$ 93,167	\$ 88,743	5.0%	\$ 5,455	\$ 4,302	26.8%
Walmart International	27,300	29,766	-8.3%	1,194	806	48.1%
Sam's Club	16,692	15,163	10.1%	575	494	16.4%
Corporate and support	—	—	—	(315)	(378)	-16.7%
<b>Consolidated</b>	<b>\$ 137,159</b>	<b>\$ 133,672</b>	<b>2.6%</b>	<b>\$ 6,909</b>	<b>\$ 5,224</b>	<b>32.3%</b>

**U.S. comparable sales results**

	With Fuel		Without Fuel		Fuel Impact	
	13 Weeks Ended		13 Weeks Ended		13 Weeks Ended	
	4/30/2021	5/1/2020	4/30/2021	5/1/2020	4/30/2021	5/1/2020
Walmart U.S.	6.2%	9.9%	6.0%	10.0%	0.2%	-0.1%
Sam's Club	11.1%	8.5%	7.2%	12.0%	3.9%	-3.5%
Total U.S.	6.9%	9.7%	6.2%	10.3%	0.7%	-0.6%

Comparable sales is a metric that indicates the performance of our existing stores and clubs and it is important to review in conjunction with the company's financial results reported in accordance with GAAP. Comparable sales excluding fuel is also an important, separate metric that indicates the performance of our existing stores and clubs without considering fuel, which is volatile and unpredictable. Other companies in our industry may calculate comparable sales differently, limiting the comparability of the metric.



**Walmart Inc.**  
**Reconciliations of and Other Information Regarding Non-GAAP Financial Measures**  
**(Unaudited)**

The following information provides reconciliations of certain non-GAAP financial measures presented in the press release to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP). The company has provided the non-GAAP financial information presented in the press release, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the press release that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the press release. The non-GAAP financial measures in the press release may differ from similar measures used by other companies.

**Constant Currency**

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for countries where the functional currency is not the U.S. dollar into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior year period's currency exchange rates. Additionally, no currency exchange rate fluctuations are calculated for non-USD acquisitions until owned for 12 months.

Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. When we refer to constant currency operating results, this means operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to better understand Walmart's underlying performance without the effects of currency exchange rate fluctuations.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three months ended April 30, 2021.

	<b>Three Months Ended April 30, 2021</b>			
	<b>Walmart International</b>		<b>Consolidated</b>	
	2021	Percent Change <sup>1</sup>	2021	Percent Change <sup>1</sup>
<i>(Dollars in millions)</i>				
<b>Total revenues:</b>				
As reported	\$ 27,669	(7.9)%	\$ 138,310	2.7 %
Currency exchange rate fluctuations	(928)	N/A	(928)	N/A
Constant currency total revenues	<u>\$ 26,741</u>	<u>(11.0)%</u>	<u>\$ 137,382</u>	<u>2.1 %</u>
<b>Net sales:</b>				
As reported	\$ 27,300	(8.3)%	\$ 137,159	2.6 %
Currency exchange rate fluctuations	(913)	N/A	(913)	N/A
Constant currency net sales	<u>\$ 26,387</u>	<u>(11.4)%</u>	<u>\$ 136,246</u>	<u>1.9 %</u>
<b>Operating income:</b>				
As reported	\$ 1,194	48.1 %	\$ 6,909	32.3 %
Currency exchange rate fluctuations	(51)	N/A	(51)	N/A
Constant currency operating income	<u>\$ 1,143</u>	<u>41.8 %</u>	<u>\$ 6,858</u>	<u>31.3 %</u>

<sup>1</sup> Change versus prior year comparable period.

## Free Cash Flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We had net cash provided by operating activities of \$2.9 billion for the three months ended April 30, 2021, which decreased when compared to \$7.0 billion for the three months ended April 30, 2020 primarily due to an increase in inventory purchases due in part to lapping the impact of accelerated inventory sell-through in the first quarter of fiscal 2021. We generated free cash flow of \$0.6 billion for the three months ended April 30, 2021, which decreased when compared to \$5.3 billion for the three months ended April 30, 2020 due to the same reasons as the decrease in net cash provided by operating activities, as well as \$0.5 billion in increased capital expenditures.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

Additionally, Walmart's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows.

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

<i>(Dollars in millions)</i>	<b>Three Months Ended</b>	
	<b>April 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash provided by operating activities	\$ 2,858	\$ 7,017
Payments for property and equipment (capital expenditures)	(2,214)	(1,752)
Free cash flow	<u>\$ 644</u>	<u>\$ 5,265</u>
Net cash provided by (used in) investing activities <sup>1</sup>	\$ 5,850	\$ (1,696)
Net cash (used in) provided by financing activities	(5,399)	565

<sup>1</sup> "Net cash provided by (used in) investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.

## Adjusted EPS

Adjusted diluted earnings per share attributable to Walmart (Adjusted EPS) is considered a non-GAAP financial measure under the SEC's rules because it excludes certain amounts included in the diluted earnings per share attributable to Walmart calculated in accordance with GAAP (EPS), the most directly comparable financial measure calculated in accordance with GAAP.

Management believes that Adjusted EPS is a meaningful measure to share with investors because it best allows comparison of the performance with that of the comparable period. In addition, Adjusted EPS affords investors a view of what management considers Walmart's core earnings performance and the ability to make a more informed assessment of such core earnings performance with that of the prior year.

We adjust for the unrealized and realized gains and losses on our equity investments each quarter because although the investments are strategic decisions for the company's retail operations, management's measurement of each strategy is primarily focused on the operational results rather than the fair value of such investments. Additionally, management does not forecast changes in the fair value of its equity investments. Accordingly, management adjusts EPS each quarter for the realized and unrealized gains and losses related to those equity investments.

We have calculated Adjusted EPS for the three months ended April 30, 2021 by adjusting EPS for the following:

1. the incremental loss on sale of our operations in the U.K and Japan during the first quarter of fiscal 2022; and
2. unrealized and realized gains and losses on the company's equity investments.

				<u>Three Months Ended April 30, 2021</u>		
<b>Diluted earnings per share:</b>						
Reported EPS						\$ 0.97
<b>Adjustments:</b>				<b>Pre-Tax Impact</b>	<b>Tax Impact<sup>1, 2</sup></b>	<b>Net Impact</b>
Unrealized and realized (gains) and losses on equity investments				\$ 0.74	\$ (0.17)	\$ 0.57
Incremental loss on sale of our operations in the U.K. and Japan				0.15	—	0.15
<b>Net adjustments</b>						<u>\$ 0.72</u>
Adjusted EPS						<u>\$ 1.69</u>

<sup>1</sup> Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions. Minimal realizable tax benefit was provided in connection with the incremental loss on sale.

<sup>2</sup> The reported effective tax rate was 26.9% for the three months ended April 30, 2021. Adjusted for the above items, the effective tax rate was 23.3% for the three months ended April 30, 2021.

As previously disclosed in our first quarter ended April 30, 2020 press release, we have calculated Adjusted EPS for the three months ended April 30, 2020 by adjusting EPS for the unrealized gains and losses on our JD.com investment.

				<u>Three Months Ended April 30, 2020</u>		
<b>Diluted earnings per share:</b>						
Reported EPS						\$ 1.40
<b>Adjustments:</b>				<b>Pre-Tax Impact</b>	<b>Tax Impact<sup>1</sup></b>	<b>Net Impact</b>
Unrealized (gains) and losses on JD.com investment				\$ (0.27)	\$ 0.05	\$ (0.22)
<b>Net adjustments</b>						<u>\$ (0.22)</u>
Adjusted EPS						<u>\$ 1.18</u>

<sup>1</sup> Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.