

# Earnings Key Terms

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- **Advertising Business** – Advertising Business is an operational metric used to gauge the value of advertising activities provided by Walmart as we leverage our assets for B2B opportunities. Amounts included in this metric are incremental to our retail merchandise sales and are conducted by our specifically designated advertising groups within Walmart.
- **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 or for countries experiencing hyperinflation. 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.

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- **Comparable sales** – Comparable store sales is a metric commonly referred to as "same-store" sales by others within the retail industry. The method of calculating comparable store sales may vary across the industry. As a result, our calculation of comparable store sales is not necessarily comparable to similarly titled measures reported by other companies. For Walmart, comparable store sales include sales from stores and clubs open for the previous 12 months, including remodels, relocations and expansions, as well as eCommerce sales. Changes in format are excluded from comparable store sales when the conversion is accompanied by a relocation or expansion that results in a change in square footage of more than five percent. Additionally, sales related to eCommerce acquisitions are excluded until such acquisitions have been owned for 12 months.
- **Comparable sales excluding fuel** – A comparable sales metric that indicates the performance of our existing stores and clubs without considering fuel due to fuel's volatility and unpredictability.
- **Comp transactions** – Comp transactions are a component of comparable sales to measure the number of sales transactions in our stores and clubs as well as for eCommerce.
- **Contribution profit**– In eCommerce, contribution profit is a measure of variable profitability and is equal to gross profit less variable fulfillment costs, payment processing costs and other variable costs.
- **Diluted shares outstanding** – In computing EPS, the basic weighted average shares outstanding is adjusted for the assumed issuance of all potentially dilutive securities, such as options or unvested share-based payment awards, as well as any outstanding [convertible securities](#) (convertible bonds or convertible preferred stock). Because this pool includes potentially dilutive securities, it is typically higher than the basic shares outstanding.

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- **eCommerce net sales** – eCommerce net sales is a subset of total net sales, and includes all net sales from transactions initiated digitally, including those through mobile applications. Common examples include walmart.com, websites in our family of brands, site-to-home, site-to-store, same day pickup and delivery, and certain flywheel business offerings such as the Walmart Connect advertising business.
- **eCommerce contribution to comparable sales** – Represents the impact of comparable eCommerce sales relative to the total comparable sales metric. The contribution is derived by comparing a given segment's total comparable sales with eCommerce and without eCommerce, with the difference representing the eCommerce contribution.
- **eCommerce penetration** – Represents the amount of eCommerce net sales expressed as a percentage of total net sales.
- **Earnings per Share (EPS)** – EPS is the portion of the company's profit allocated to each share of outstanding common stock – it's a profitability indicator. We set a target range each year and report our progress.
- **Gross Profit** – When we refer to gross profit, we are referring to actual gross profit dollars.
- **Gross Profit Rate** – Gross profit as a percentage of net sales, or gross profit rate, refers to the percentage obtained by dividing gross profit dollars by net sales dollars.
- **Monthly Active Customers** – When we refer to monthly active customers at Flipkart, we are referring to the number of unique customers on the Flipkart app or website who initiate a sale transaction in the last 30 days as of the date of measurement.

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- **Total Payment Value (TPV)** – TPV is an operational metric used by PhonePe to measure the total value of successful payments processed by PhonePe, net of payment reversals, within a given time period, and is annualized based on the most recent month's volume. We believe that TPV provides a useful measure of the overall value of transactions that flow through our platforms in a given period.