Earnings key terms

Advertising business
Advertising business is an operational metric used to gauge advertising activities provided by Walmart as we leverage our assets for B2B opportunities, the value of which is recorded in either net sales or as a reduction to cost of sales depending on the nature of the advertising arrangement. Amounts included in this metric are incremental to our retail merchandise operations 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.

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.

Earnings key terms

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, and store-fulfilled pickup and delivery. eCommerce net sales also includes net sales from other business offerings that are part of our ecosystem, such as fulfillment services, data insights and certain advertising arrangements.

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.

Digital mix
Represents the amount of eCommerce net sales expressed as a percentage of total net sales.

eCommerce profitability
In discussing our operating results, we may provide qualitative or directional commentary on our internal eCommerce profitability measures, which represent a managerial accounting view of operating results associated with our **eCommerce net sales**. As an omni-channel retailer, our eCommerce profitability measures reflect certain assumptions and allocations of expense to our eCommerce business offerings, and as such, may not be comparable to eCommerce profitability measures reported by other companies.

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 net sales less cost of sales.

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.

Total payment value (TPV)
When we refer to TPV for PhonePe, we are referring to the total value of successful payments processed by PhonePe, net of payment reversals, within a given time period.

Additional resources available at stock.walmart.com