

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported)
August 18, 2020

Walmart Inc.

(Exact name of registrant as specified in its charter)

DE
(State or other jurisdiction of incorporation or
organization)

001-06991
(Commission File Number)

71-0415188
(I.R.S. Employer Identification No.)

702 S.W. 8th Street
Bentonville, AR 72716-0215
(Address of Principal Executive Offices) (Zip code)

Registrant's telephone number, including area code
(479) 273-4000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	WMT	NYSE
1.900% Notes Due 2022	WMT22	NYSE
2.550% Notes Due 2026	WMT26	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

In accordance with Item 2.02 of Form 8-K of the Securities and Exchange Commission (the "SEC"), Walmart Inc., a Delaware corporation (the "Company"), is furnishing to the SEC a press release that the Company will issue on August 18, 2020 (the "Press Release") and a financial presentation that will be first posted by the Company on the Company's website at <http://stock.walmart.com> on August 18, 2020 (the "Financial Presentation"). The Press Release and the Financial Presentation will disclose information regarding the Company's results of operations for the three and six months ended July 31, 2020, and the Company's financial condition as of July 31, 2020.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, which are furnished herewith pursuant to and relate to this Item 2.02, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise be subject to the liabilities of Section 18 of the Exchange Act. The information in this Item 2.02 of this Current Report on Form 8-K and Exhibits 99.1 and 99.2 hereto shall not be incorporated by reference into any filing or other document filed by the Company with the SEC pursuant to the Securities Act of 1933, as amended, the rules and regulations of the SEC thereunder, the Exchange Act, or the rules and regulations of the SEC thereunder except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following documents are furnished as exhibits to this Current Report on Form 8-K:

- 99.1 [Press Release](#)
 - 99.2 [Financial Presentation](#)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 18, 2020

WALMART INC.

By: /s/ M. Brett Biggs

Name: M. Brett Biggs

Title: Executive Vice President and
Chief Financial Officer



Walmart U.S. Q2 comp sales¹ grew 9.3% and Walmart U.S. eCommerce sales grew 97%
Q2 FY21 GAAP EPS of \$2.27; Adjusted EPS² of \$1.56
Company incurs incremental costs related to COVID-19 of \$1.5 billion

- * The company's net sales and operating results were significantly affected by a continuation of the global health crisis. Increased demand for products across multiple categories led to strong top-line and gross margin results.
- * Total revenue was \$137.7 billion, an increase of \$7.4 billion, or 5.6%. Excluding currency², total revenue would have increased 7.5% to reach \$140.2 billion.
- * Walmart U.S. comp sales¹ increased 9.3%, led by strength in general merchandise and food.
- * Walmart U.S. eCommerce sales grew 97% with strong results across all channels.
- * Sam's Club comp sales¹ increased 13.3%. eCommerce sales grew 39%. Reduced tobacco sales negatively affected comp sales by approximately 390 basis points. Growth in membership income was the highest quarterly increase in more than five years. New member count increased more than 60%.
- * Walmart International net sales were \$27.2 billion, a decrease of 6.8%. Changes in currency rates negatively affected net sales by approximately \$2.4 billion. Excluding currency², net sales would have been \$29.6 billion, an increase of 1.6%. Net sales included the effects of the government-mandated closure of the company's Flipkart business in India for a portion of the quarter, as well as similar actions in markets in Africa and Central America.
- * Consolidated gross profit rate increased 63 basis points primarily as a result of a shift in the mix of sales to higher-margin general merchandise categories, fewer markdowns and better margins on fuel, partially offset by the carryover of investments in price from last year. Spending associated with stimulus payments in the U.S. positively affected sales of general merchandise.
- * Consolidated operating expenses as a percentage of net sales increased 42 basis points, primarily as a result of incremental expenses related to COVID-19, a business restructuring in the U.S. and a discrete tax item. In total, these costs negatively affected expense leverage by about 130 basis points. Underlying productivity in stores and eCommerce remained strong.
- * Consolidated operating income was \$6.1 billion, an increase of 8.5%. Adjusted operating income in constant currency² increased 18.6% led by strength across all operating segments, including significantly lower losses in Walmart U.S. eCommerce.
- * Adjusted EPS² excludes the effects, net of tax, of an unrealized gain of \$0.89 on equity investments, a business restructuring charge in the U.S. of \$0.10 and \$0.08 for a discrete tax item.

"I want to give a big thank you to our associates for their tireless efforts during these unprecedented times. We also appreciate the trust and confidence of our customers. We remain focused on serving them well now and expanding our set of global capabilities to serve them well in the future."


Doug McMillon
President and CEO, Walmart

¹ Comp sales for the 13-week period ended July 31, 2020 compared to 13-week period ended July 26, 2019, and excludes fuel. See Supplemental Financial Information for additional information

² 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 		Q2 FY21	Q2 FY20	Change	
Revenue		\$137.7	\$130.4	\$7.4	5.6%
Revenue (constant currency) ¹		\$140.2	\$130.4	\$9.8	7.5%
Operating income		\$6.1	\$5.6	\$0.5	8.5%
Operating income (constant currency) ¹		\$6.1	\$5.6	\$0.6	10.1%
Adjusted operating income (constant currency) ¹		\$6.6	\$5.6	\$1.0	18.6%





Free Cash Flow ¹	YTD FY21	\$ Change	Returns to Shareholders	Q2 FY21	% Change
Operating cash flow	\$19.0	\$7.8	Dividends	\$1.5	0.9%
Capital expenditures	\$3.6	-\$1.3	Share repurchases ²	\$0.0	-100.0%
Free cash flow¹	\$15.4	\$9.1	Total	\$1.5	-50.5%

Segment results

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

Walmart  U.S.		Q2 FY21	Q2 FY20	Change	
Net sales		\$93.3	\$85.2	\$8.1	9.5%
Comp sales (ex. fuel) ³		9.3%	2.8%	NP	NP
 Transactions		-14.0%	0.6%	NP	NP
 Average ticket		27.0%	2.2%	NP	NP
 eCommerce contribution ⁴		~600 bps	~180 bps	NP	NP
Operating income		\$5.1	\$4.7	\$0.4	8.5%
Adjusted operating income ¹		\$5.4	\$4.7	\$0.8	16.7%

Walmart  International		Q2 FY21	Q2 FY20	Change	
Net sales		\$27.2	\$29.1	-\$2.0	-6.8%
Net sales (constant currency) ¹		\$29.6	\$29.1	\$0.5	1.6%
Operating income		\$0.8	\$0.9	-\$0.1	-9.1%
Operating income (constant currency) ¹		\$0.9	\$0.9	\$0.0	0.9%
Adjusted operating income (constant currency) ¹		\$1.0	\$0.9	\$0.1	11.5%

sam's club 		Q2 FY21	Q2 FY20	Change	
Net sales		\$16.4	\$15.0	\$1.3	8.8%
Comp sales (ex. fuel) ³		13.3%	1.2%	NP	NP
 Transactions		8.7%	5.0%	NP	NP
 Average ticket		4.3%	-3.8%	NP	NP
 eCommerce contribution ⁴		~190 bps	~190 bps	NP	NP
Operating income		\$0.6	\$0.5	\$0.1	23.3%

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

² \$5.0 billion remaining of \$20 billion authorization approved in October 2017. The company did not repurchase shares during the second quarter of fiscal 2021.

³ Comp sales for the 13-week period ended July 31, 2020 compared to 13-week period ended July 26, 2019, and excludes fuel. See Supplemental Financial Information for additional information.

⁴ Beginning in Q1 FY21, we revised our definition of eCommerce net sales to include certain pharmacy transactions. Accordingly, we revised prior period amounts for Walmart U.S. and Sam's Club to be consistent with the current year's presentation.

NP - Not provided

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, over 265 million customers and members visit approximately 11,500 stores under 56 banners in 27 countries and eCommerce websites. With fiscal year 2020 revenue of \$524 billion, Walmart employs over 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 <http://corporate.walmart.com>, on Facebook at <http://facebook.com/walmart> and on Twitter at <http://twitter.com/walmart>.

Investor Relations contact
Dan Binder, CFA (479) 258-7172

Media Relations contact
Randy Hargrove (800) 331-0085

NYSE: WMT

August 18, 2020

stock.walmart.com

Forward-Looking Statements

This release and related management commentary contains statements, including statements that relate to our withdrawal of guidance, that may be "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. 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, store or club closures, and other strategic decisions; our ability to successfully integrate acquired businesses, including within the eCommerce space; 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 ticket 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; trends in consumer shopping habits around the world and in the markets in which we operate; our gross profit margins; the financial performance of Walmart and each of its segments, including the amounts of our cash flow during various periods; changes in the credit ratings assigned to our commercial paper and debt securities by credit rating agencies; the amount of our net sales and operating expenses denominated in the U.S. dollar and various foreign currencies; transportation, energy and utility costs; 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; 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; consumer enrollment in health and drug insurance programs and such programs' reimbursement rates and drug formularies; 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 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			Six Months Ended		
	July 31,			July 31,		
	2020	2019	Percent Change	2020	2019	Percent Change
<i>(Amounts in millions, except per share data)</i>						
Revenues:						
Net sales	\$ 136,824	\$ 129,388	5.7 %	\$ 270,496	\$ 252,337	7.2 %
Membership and other income	918	989	(7.2)%	1,868	1,965	(4.9)%
Total revenues	137,742	130,377	5.6 %	272,364	254,302	7.1 %
Costs and expenses:						
Cost of sales	102,689	97,923	4.9 %	204,715	190,957	7.2 %
Operating, selling, general and administrative expenses	28,994	26,871	7.9 %	56,366	52,817	6.7 %
Operating income	6,059	5,583	8.5 %	11,283	10,528	7.2 %
Interest:						
Debt	577	558	3.4 %	1,087	1,146	(5.1)%
Finance lease obligations	81	83	(2.4)%	163	168	(3.0)%
Interest income	(23)	(56)	(58.9)%	(66)	(104)	(36.5)%
Interest, net	635	585	8.5 %	1,184	1,210	(2.1)%
Other (gains) and losses	(3,222)	85	(3,890.6)%	(3,943)	(752)	424.3 %
Income before income taxes	8,646	4,913	76.0 %	14,042	10,070	39.4 %
Provision for income taxes	2,207	1,233	79.0 %	3,529	2,484	42.1 %
Consolidated net income	6,439	3,680	75.0 %	10,513	7,586	38.6 %
Consolidated net (income) loss attributable to noncontrolling interest	37	(70)	(152.9)%	(47)	(134)	(64.9)%
Consolidated net income attributable to Walmart	<u>\$ 6,476</u>	<u>\$ 3,610</u>	<u>79.4 %</u>	<u>\$ 10,466</u>	<u>\$ 7,452</u>	<u>40.4 %</u>
Net income per common share:						
Basic net income per common share attributable to Walmart	\$ 2.29	\$ 1.27	80.3 %	\$ 3.70	\$ 2.60	42.3 %
Diluted net income per common share attributable to Walmart	\$ 2.27	\$ 1.26	80.2 %	\$ 3.67	\$ 2.59	41.7 %
Weighted-average common shares outstanding:						
Basic	2,832	2,853		2,832	2,861	
Diluted	2,848	2,869		2,848	2,878	
Dividends declared per common share	<u>\$ —</u>	<u>\$ —</u>		<u>\$ 2.16</u>	<u>\$ 2.12</u>	

Walmart Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(Amounts in millions)</i>	July 31, 2020	January 31, 2020	July 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,906	\$ 9,465	\$ 9,283
Receivables, net	5,111	6,284	5,382
Inventories	41,084	44,435	44,134
Prepaid expenses and other	1,895	1,622	2,572
Total current assets	64,996	61,806	61,371
Property and equipment, net	101,182	105,208	104,674
Operating lease right-of-use assets	16,869	17,424	17,239
Finance lease right-of-use assets, net	4,843	4,417	3,949
Goodwill	29,542	31,073	31,454
Other long-term assets	19,950	16,567	16,174
Total assets	\$ 237,382	\$ 236,495	\$ 234,861
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	\$ 357	\$ 575	\$ 3,681
Accounts payable	46,326	46,973	45,871
Dividends payable	3,060	—	3,023
Accrued liabilities	23,768	22,296	20,691
Accrued income taxes	610	280	387
Long-term debt due within one year	5,553	5,362	4,396
Operating lease obligations due within one year	1,734	1,793	1,795
Finance lease obligations due within one year	549	511	439
Total current liabilities	81,957	77,790	80,283
Long-term debt	40,959	43,714	44,404
Long-term operating lease obligations	15,669	16,171	16,079
Long-term finance lease obligations	4,673	4,307	3,915
Deferred income taxes and other	12,927	12,961	13,049
Commitments and contingencies			
Equity:			
Common stock	283	284	285
Capital in excess of par value	3,197	3,247	2,880
Retained earnings	87,614	83,943	78,432
Accumulated other comprehensive loss	(15,784)	(12,805)	(11,270)
Total Walmart shareholders' equity	75,310	74,669	70,327
Noncontrolling interest	5,887	6,883	6,804
Total equity	81,197	81,552	77,131
Total liabilities and equity	\$ 237,382	\$ 236,495	\$ 234,861

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

	Six Months Ended	
	July 31,	
	2020	2019
<i>(Amounts in millions)</i>		
Cash flows from operating activities:		
Consolidated net income	\$ 10,513	\$ 7,586
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	5,562	5,436
Unrealized (gains) and losses	(4,006)	(731)
Loss on disposal of business operations	37	—
Deferred income taxes	472	241
Other operating activities	305	348
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:		
Receivables, net	823	978
Inventories	2,466	220
Accounts payable	1,052	(1,242)
Accrued liabilities	1,428	(1,657)
Accrued income taxes	304	6
Net cash provided by operating activities	18,956	11,185
Cash flows from investing activities:		
Payments for property and equipment	(3,569)	(4,871)
Proceeds from the disposal of property and equipment	83	128
Proceeds from disposal of certain operations	—	833
Payments for business acquisitions, net of cash acquired	(175)	(56)
Other investing activities	27	142
Net cash used in investing activities	(3,634)	(3,824)
Cash flows from financing activities:		
Net change in short-term borrowings	(178)	(1,564)
Proceeds from issuance of long-term debt	—	4,020
Repayments of long-term debt	(2,937)	(407)
Dividends paid	(3,058)	(3,036)
Purchase of Company stock	(723)	(3,707)
Dividends paid to noncontrolling interest	(66)	(259)
Other financing activities	(852)	(578)
Net cash used in financing activities	(7,814)	(5,531)
Effect of exchange rates on cash, cash equivalents and restricted cash	(69)	(266)
Net increase in cash, cash equivalents and restricted cash	7,439	1,564
Cash, cash equivalents and restricted cash at beginning of year	9,515	7,756
Cash, cash equivalents and restricted cash at end of period	\$ 16,954	\$ 9,320

Walmart Inc.
Supplemental Financial Information
(Unaudited)

Net sales and operating income

(dollars in millions)

	Net Sales			Operating Income		
	Three Months Ended			Three Months Ended		
	July 31,			July 31,		
	2020	2019	Percent Change	2020	2019	Percent Change
Walmart U.S.	\$ 93,282	\$ 85,200	9.5%	\$ 5,057	\$ 4,659	8.5%
Walmart International	27,167	29,139	-6.8%	812	893	-9.1%
Sam's Club	16,375	15,049	8.8%	592	480	23.3%
Corporate and support	—	—	N/A	(402)	(449)	-10.5%
Consolidated	\$ 136,824	\$ 129,388	5.7%	\$ 6,059	\$ 5,583	8.5%

U.S. comparable sales results

	With Fuel		Without Fuel		Fuel Impact	
	Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended	
	7/31/2020	7/26/2019	7/31/2020	7/26/2019	7/31/2020	7/26/2019
Walmart U.S.	9.1%	2.8%	9.3%	2.8%	-0.2%	0.0%
Sam's Club	8.7%	1.8%	13.3%	1.2%	-4.6%	0.6%
Total U.S.	9.0%	2.6%	9.9%	2.6%	-0.9%	0.0%

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 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.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and six months ended July 31, 2020.

	Three Months Ended July 31,				Six Months Ended July 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
<i>(Dollars in millions)</i>								
Total revenues:								
As reported	\$ 27,406	-6.9 %	\$ 137,742	5.6%	\$ 57,458	-1.8 %	\$ 272,364	7.1%
Currency exchange rate fluctuations	2,432	N/A	2,432	N/A	3,727	N/A	3,727	N/A
Constant currency total revenues	\$ 29,838	1.3 %	\$ 140,174	7.5%	\$ 61,185	4.6 %	\$ 276,091	8.6%
Net sales:								
As reported	\$ 27,167	-6.8 %	\$ 136,824	5.7%	\$ 56,933	-1.7 %	\$ 270,496	7.2%
Currency exchange rate fluctuations	2,445	N/A	2,445	N/A	3,699	N/A	3,699	N/A
Constant currency net sales	\$ 29,612	1.6 %	\$ 139,269	7.6%	\$ 60,632	4.7 %	\$ 274,195	8.7%
Operating income:								
As reported	\$ 812	-9.1 %	\$ 6,059	8.5%	\$ 1,618	-0.8 %	\$ 11,283	7.2%
Currency exchange rate fluctuations	89	N/A	89	N/A	136	N/A	136	N/A
Constant currency operating income	\$ 901	0.9 %	\$ 6,148	10.1%	\$ 1,754	7.5 %	\$ 11,419	8.5%

¹ Change versus prior year comparable period.

Adjusted operating income

Adjusted operating income is considered a non-GAAP financial measure under the SEC's rules because it excludes certain charges included in operating income calculated in accordance with GAAP. Management believes that adjusted operating income 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 operating income 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 as compared with that of the prior year.

When we refer to adjusted operating income in constant currency this means adjusted 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 tables below reflect the calculation of adjusted operating income and adjusted operating income in constant currency for the three and six months ended July 31, 2020.

	Three Months Ended July 31,					
	Walmart US		Walmart International		Consolidated	
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
<i>(Dollars in millions)</i>						
Operating income:						
Operating income, as reported	\$ 5,057	8.5%	\$ 812	(9.1)%	\$ 6,059	8.5%
Business restructuring charge	380	N/A	N/A	N/A	380	N/A
Discrete tax item	N/A	N/A	77	N/A	77	N/A
Adjusted operating income	5,437	16.7%	889	(0.4)%	6,516	16.7%
Currency exchange rate fluctuations	N/A	N/A	107	N/A	107	N/A
Adjusted operating income, constant currency	\$ 5,437	16.7%	\$ 996	11.5 %	\$ 6,623	18.6%

	Six Months Ended July 31,					
	Walmart US		Walmart International		Consolidated	
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
<i>(Dollars in millions)</i>						
Operating income:						
Operating income, as reported	\$ 9,359	6.3%	\$ 1,618	(0.8)%	\$ 11,283	7.2%
Business restructuring charge	380	N/A	N/A	N/A	380	N/A
Discrete tax item	N/A	N/A	77	N/A	77	N/A
Adjusted operating income	9,739	10.7%	1,695	3.9 %	11,740	11.6%
Currency exchange rate fluctuations	N/A	N/A	154	N/A	154	N/A
Adjusted operating income, constant currency	\$ 9,739	10.7%	\$ 1,849	13.4 %	\$ 11,894	13.0%

¹ 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 \$19.0 billion for the six months ended July 31, 2020, which increased when compared to \$11.2 billion for the six months ended July 31, 2019 primarily due to the impact of the global health crisis which accelerated inventory sell-through, as well as the timing and payment of inventory purchases, incremental COVID-19 related expenses and certain benefit payments. We generated free cash flow of \$15.4 billion for the six months ended July 31, 2020, which increased when compared to \$6.3 billion for the six months ended July 31, 2019 due to the same reasons as the increase in net cash provided by operating activities, as well as \$1.3 billion in decreased capital expenditures due to impacts from the COVID-19 pandemic which impacted the timing of store remodeling and front-end technology transformation activities in Walmart U.S.

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.

	Six Months Ended	
	July 31,	
	2020	2019
<i>(Dollars in millions)</i>		
Net cash provided by operating activities	\$ 18,956	\$ 11,185
Payments for property and equipment (capital expenditures)	(3,569)	(4,871)
Free cash flow	\$ 15,387	\$ 6,314
Net cash used in investing activities ¹	\$ (3,634)	\$ (3,824)
Net cash used in financing activities	(7,814)	(5,531)

¹ "Net cash 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 gains and losses on our equity investments (primarily JD.com) 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 respective market's 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 unrealized gains and losses related to those equity investments.

We have calculated Adjusted EPS for the three and six months ended July 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investments; (2) a discrete tax item; and (3) a business restructuring charge resulting from changes to corporate support teams to better support the Walmart U.S. omnichannel strategy.

Three Months Ended July 31, 2020				
Diluted earnings per share:				
Reported EPS				\$ 2.27
Adjustments:	Pre-Tax Impact	Tax Impact^{1, 2}	NCI Impact³	Net Impact
Unrealized (gains) and losses on equity investments	\$ (1.13)	\$ 0.24	\$ —	\$ (0.89)
Business restructuring charge	0.13	(0.03)	—	0.10
Discrete tax item	0.06	0.05	(0.03)	0.08
Net adjustments				\$ (0.71)
Adjusted EPS				\$ 1.56
Six Months Ended July 31, 2020 ⁴				
Diluted earnings per share:				
Reported EPS				\$ 3.67
Adjustments:	Pre-Tax Impact	Tax Impact^{1, 2}	NCI Impact³	Net Impact
Unrealized (gains) and losses on equity investments	\$ (1.41)	\$ 0.30	\$ —	\$ (1.11)
Business restructuring charge	0.13	(0.03)	—	0.10
Discrete tax item	0.06	0.05	(0.03)	0.08
Net adjustments				\$ (0.93)
Adjusted EPS				\$ 2.74

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

² The reported effective tax rate was 25.5% and 25.1% for the three and six months ended July 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 24.8% and 24.9% for the three and six months ended July 31, 2020, respectively.

³ Calculated based on the ownership percentages of our noncontrolling interests.

⁴ Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

As previously disclosed in our second quarter ended July 31, 2019 press release, we have calculated Adjusted EPS for the three and six months ended July 31, 2019 by adjusting EPS for the unrealized gains and losses on our JD.com investment.

Three Months Ended July 31, 2019				
Diluted earnings per share:				
Reported EPS				\$ 1.26
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact	
Unrealized (gains) and losses on JD.com investment	\$ 0.02	\$ (0.01)	\$ 0.01	
Adjusted EPS				\$ 1.27
Six Months Ended July 31, 2019				
Diluted earnings per share:				
Reported EPS				\$ 2.59
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact	
Unrealized (gains) and losses on JD.com investment	\$ (0.25)	\$ 0.06	\$ (0.19)	
Adjusted EPS				\$ 2.40

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



**Financial presentation to
accompany management
commentary**

Q2 FY2021



Safe harbor and non-GAAP measures



This presentation contains statements that may be "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. 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, store or club closures, and other strategic decisions; our ability to successfully integrate acquired businesses, including within the eCommerce space; 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 ticket 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; trends in consumer shopping habits around the world and in the markets in which we operate; our gross profit margins; the financial performance of Walmart and each of its segments, including the amounts of our cash flow during various periods; changes in the credit ratings assigned to our commercial paper and debt securities by credit rating agencies; the amount of our net sales and operating expenses denominated in the U.S. dollar and various foreign currencies; transportation, energy and utility costs; 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; 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; consumer enrollment in health and drug insurance programs and such programs' reimbursement rates and drug formularies; 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 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 presentations. 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 in the presentation are as of the date of this meeting. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

This presentation includes certain non-GAAP measures as defined under SEC rules, including net sales, revenue, and operating income on a constant currency basis, adjusted operating income, adjusted operating income in constant currency, adjusted EPS, free cash flow and return on investment. Refer to information about the non-GAAP measures contained in this presentation. Additional information as required by Regulation G and Item 10(e) of Regulation S-K regarding non-GAAP measures can be found in our most recent Form 10-K and our Form 8-K furnished as of the date of this presentation with the SEC, which are available at www.stock.walmart.com.

Walmart Inc. - 2Q FY21

Dollars in billions, except per share
Change is calculated as the change versus the prior year comparable period



Total revenue			
\$137.7			
+5.6%			
Total revenue, constant currency ¹	Membership and Other Income	Operating income	EPS
\$140.2	\$0.9	\$6.1	\$2.27
+7.5%	-7.2%	+8.5%	+80.2%
Net sales	Gross profit rate	Adj. operating income, constant currency ¹	Adjusted EPS ¹
\$136.8	24.9%	\$6.6	\$1.56
+5.7%	+63 bps	+18.6%	+22.8%
Net sales, constant currency ¹	Operating expense as a percentage of net sales	Effective tax rate	
\$139.3	21.2%	25.5%	
+7.6%	+42 bps	+43 bps	

¹ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

Walmart Inc. - 2Q FY21

Dollars in billions

Change is calculated as the change versus the prior year comparable period



Receivables, net

\$5.1

-5.0%

Inventories

\$41.1

-6.9%

Accounts payable

\$46.3

+1.0%

Debt to capitalization¹

40.9%

-380 bps

Return on assets²

7.7%

+170 bps

Return on investment²

13.5%

-80 bps



¹ Debt to total capitalization calculated as of July 31, 2020. Debt includes short-term borrowings, long-term debt due within one year, finance lease obligations due within one year, long-term debt and long-term finance lease obligations. Total capitalization includes debt and total Walmart shareholders' equity.

² Calculated for the trailing 12 months ended July 31, 2020. For ROI, see reconciliations at the end of presentation regarding non-GAAP financial measures.

Walmart Inc. - YTD 2Q FY21

Dollars in billions. Dollar changes may not recalculate due to rounding.
Change is calculated as the change versus the prior year comparable period

Operating cash flow

\$19.0

+\$7.8

Capital expenditures

\$3.6

-\$1.3

Free cash flow¹

\$15.4

+\$9.1

Dividends

\$3.1

(\$1.5 in 2Q21)

Share repurchases²

\$0.7

(\$0 in 2Q21)

Total shareholder returns

\$3.8

(\$1.5 in 2Q21)



¹ See press release located at www.stock.walmart.com and reconciliations at the end of this presentation regarding non-GAAP financial measures.

² \$5.0 billion remaining of \$20 billion authorization approved in October 2017. The company did not repurchase shares during the second quarter of fiscal 2021.

Walmart U.S. - 2Q FY21

Dollars in billions

Change is calculated as the change versus the prior year comparable period



Net Sales

\$93.3

+9.5%

eCommerce net sales growth

+97%

eCommerce contribution to comp^{1, 2}

~600 bps

- Strong eCommerce sales growth with weekly average digital customers as well as repeat rates up significantly
- Marketplace sales up triple-digits percentage

Comparable sales^{1, 2}

9.3%

Comparable transactions

-14.0%

Comparable average ticket

27.0%

- Customers continued to consolidate store shopping trips with larger average baskets and shifted more purchases to eCommerce
- Q2 sales started strong, both in-store and online, particularly in general merchandise, helped by government stimulus spending. Grocery sales had another strong quarter. As stimulus funds tapered off, sales started to normalize, but July comps still grew more than four percent.

Inventory

Comp store: -10.0%

Total: -4.6%

- Decline reflects higher than normal sales and out-of-stocks in some categories

Format Growth

Net Store Openings: 0

Remodels: ~45 stores

Pickup: ~3,450 locations

Same-day delivery: ~2,730 stores

¹ Comp sales for the 13-week period ended July 31, 2020 compared to the 13-week period ended July 26, 2019, and excludes fuel.

² The results of new acquisitions are included in our comp sales metrics in the 13th month after acquisition.

Walmart U.S. - 2Q FY21

Dollars in billions

Change is calculated as the change versus the prior year comparable period



Gross profit rate

+42 bps

- With government stimulus spending, we saw increased sales of higher-margin general merchandise categories and fewer markdowns
- Improvements in eCommerce margin rates - progress on product mix and faster growth of marketplace sales
- The carryover of last year's price investments and temporary closures of Auto Care Centers and Vision Centers for most of the quarter negatively affected the margin rate

Operating expense rate

+41 bps

- Leverage negatively affected by business restructuring costs (~40 bps of deleverage) and \$1.2 billion of incremental COVID-related associate and sanitation costs (~130 bps of deleverage).
- Underlying productivity is strong, both in physical stores and eCommerce operations

Operating income

\$5.1

+8.5%

Adj. operating income¹

\$5.4

+16.7%

¹ See press release located at www.stock.walmart.com and reconciliations at the end of the presentation regarding non-GAAP financial measures.

Walmart U.S. - quarterly merchandise highlights



Category	Comp sales	Details
Grocery	+ mid single-digit	<ul style="list-style-type: none">Food sales increased high single-digits with broad-based strength across most categories, while consumables sales were led by household chemicals and paper goodsPickup and delivery services continued to experience all-time high sales volumes
Health & wellness	+ low single-digit	<ul style="list-style-type: none">Pharmacy comp sales increased by a mid single-digit percentage primarily due to branded drug inflation and mixSales were negatively affected by the temporary closure of our Vision Centers for most of the quarter
General merchandise	+ mid teens	<ul style="list-style-type: none">Spending of government stimulus funds benefited resultsBroad-based strength in home, electronics, outdoor living/lawn & garden, and sporting goods. Apparel was particularly strong with mid single-digit percentage growth across Ladies, Men's, and Children'sSales were negatively affected by the temporary closure of our Auto Care Centers for most of the quarter

Walmart International - 2Q FY21

Dollars in billions
Change is calculated as the change versus the prior year comparable period



Net sales \$27.2 -6.8%	Gross profit rate +74 bps <ul style="list-style-type: none"> Reduced sales of fuel in the U.K. and limited operations at Flipkart 	Operating income \$0.8 -9.1%	Adj. operating income¹ \$0.9 -0.4%
Net sales, constant currency¹ \$29.6 +1.6%	Operating expense rate +65 bps <ul style="list-style-type: none"> Incremental costs related to COVID-19 and a discrete tax item, partially offset by benefits from stimulus efforts in the U.K. Discrete tax item and currency fluctuations contributed 28 bps and 13 bps of deleverage, respectively Incremental costs from COVID-19 of \$0.2 billion, partially offset by stimulus in the U.K. contributed 19 bps of deleverage 	Operating income, constant currency¹ \$0.9 +0.9%	Adj. operating income, constant currency¹ \$1.0 +11.5%
<ul style="list-style-type: none"> Positive comp sales in 7/10 markets Negatively affected by government-mandated closures in India, Africa and Central America Since re-opening, GMV at Flipkart has exceeded pre-COVID-19 levels eCommerce contributed 12% of total, led by omnichannel capabilities 			Inventory \$8.9 -11.2% <ul style="list-style-type: none"> Excluding currency, inventory decreased slightly

¹ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

Walmart International - 2Q FY21

Results are presented on a constant currency basis. Net sales and comp sales are presented on a nominal, calendar basis and include eCommerce results.
Change is calculated as the change versus the prior year comparable period



	Walmex ¹	China	Canada	United Kingdom ²
Net sales growth	+5.7%	+10.4%	+13.9%	-5.3%
Comparable sales	+4.1%	+8.7%	+14.0%	+3.8%
Comparable transactions	-20.5%	-9.7%	-18.0%	-40.3%
Comparable ticket	+30.9%	+20.5%	+38.9%	+73.8%
	<ul style="list-style-type: none"> Higher growth in grocery, partially offset by weaker demand for general merchandise In Mexico, comp sales increased 6.3% Comp sales outpaced ANTAD³ self-service and club eCommerce net sales +217% 	<ul style="list-style-type: none"> Higher growth in grocery, partially offset by weaker demand for general merchandise Sam's Club delivered double digit comp sales growth eCommerce net sales +104% 	<ul style="list-style-type: none"> Strong growth in grocery and general merchandise eCommerce sales growth led by strength in grocery eCommerce net sales +215% 	<ul style="list-style-type: none"> Strong growth in grocery and general merchandise Outpaced the online market, according to Kantar with strong demand for Click & Collect orders Net sales negatively affected by a sharp reduction in demand for fuel eCommerce net sales +98%

¹ Walmex includes the consolidated results of Mexico and Central America

² Comp sales for the United Kingdom are presented excluding fuel

³ ANTAD - Asociacion Nacional de Tiendas de Autoservicio y Departamentales; The National Association of Supermarkets and Department Stores

Walmart International - 2Q FY21



Results are presented on a constant currency basis.
Change is calculated as the change versus the prior year comparable period

	Walmex ¹	China	Canada	United Kingdom
Gross profit rate	<p>Increase</p> <ul style="list-style-type: none"> Change in mix to higher margin categories within grocery, partially offset by weaker sales of general merchandise 	<p>Decrease</p> <ul style="list-style-type: none"> Change in mix to lower margin categories and formats 	<p>Increase</p> <ul style="list-style-type: none"> Change in mix to higher margin categories, including strong demand in general merchandise 	<p>Increase</p> <ul style="list-style-type: none"> Sharp reduction in sales of fuel, partially offset by a change in mix to lower margin categories
Operating expense rate	<p>Increase</p> <ul style="list-style-type: none"> Incremental costs related to a discrete tax item and COVID-19, partially offset by strong top-line growth and cost discipline 	<p>Decrease</p> <ul style="list-style-type: none"> Strong top-line growth and cost discipline 	<p>Decrease</p> <ul style="list-style-type: none"> Strong top-line growth, partially offset by incremental costs related to COVID-19 	<p>Increase</p> <ul style="list-style-type: none"> Sharp reduction in sales of fuel and incremental costs related to COVID-19, partially offset by temporary property tax relief from government stimulus efforts
Operating income	Decrease ²	Increase	Increase	Decrease

¹ Walmex includes the consolidated results of Mexico and Central America.

² Excluding the discrete tax item, operating income in constant currency would have increased.

Sam's Club - 2Q FY21

Dollars in billions

Change is calculated as the change versus the prior year comparable period



With Fuel

Net sales

\$16.4

+8.8%

eCommerce net sales growth

+39%

- Strong direct-to-home performance

Gross profit rate

+105 bps

- Higher fuel margins, lower markdowns and improvements in inventory losses were partially offset by investments in price and higher eCommerce fulfillment costs

Operating income

\$0.6

+23.3%

Comparable sales¹

+8.7%

- Transaction growth and average ticket size accelerated throughout 2Q
- Broad strength across categories, led by food and consumables, driven by strong member growth and a benefit from government stimulus and SNAP
- Tobacco negatively affected comp sales

Membership income

+7.8%

- Total number of members, overall renewal rates and Plus penetration rates improved
- Highest quarterly increase in more than 5 years
- New member count increased more than 60%
- COVID-19 had a positive impact on membership trends

Operating expense rate

+52 bps

- Incremental COVID-19 costs and lower fuel and tobacco sales weighed on operating expense leverage
- Incremental COVID-19 costs of \$0.1 bil. negatively affected expense leverage by about 66 bps

Inventory

\$4.2

-12.5%

- Higher sales volume

¹ Comp sales for the 13-week period ended July 31, 2020 compared to the 13-week period ended July 26, 2019.

Sam's Club - 2Q FY21

Dollars in billions

Change is calculated as the change versus the prior year comparable period



Without Fuel

Net sales \$15.3 +13.5%	Gross profit rate +58 bps	Comparable sales ^{1, 2} +13.3%	eCommerce contribution ~190 bps
Operating expense rate +5 bps	Operating income \$0.5 +24.3%	Comparable transactions +8.7%	Average comparable ticket +4.3%

¹ Comp sales for the 13-week period ended July 31, 2020 compared to the 13-week period ended July 26, 2019, and excludes fuel.

² Tobacco negatively affected comp sales by 390 basis points.

Sam's Club - quarterly financial highlights



Category	Comp sales	Details
Fresh / Freezer / Cooler	+ low 20%	<ul style="list-style-type: none">Deli, fresh meat and seafood performed well
Grocery and beverage	+ high teens	<ul style="list-style-type: none">Snacks, pasta, breakfast, juice and soda performed well
Consumables	+ high teens	<ul style="list-style-type: none">Broad-based strength, including laundry, beauty aids and paper goods
Home and apparel	+ low double-digit	<ul style="list-style-type: none">Home, apparel and outdoor performed well
Technology, office and entertainment	+ mid single-digit	<ul style="list-style-type: none">TVs performed well
Health and wellness	+ high single-digit	<ul style="list-style-type: none">OTC performed well

Non-GAAP measures - ROI



We include Return on Assets ("ROA"), which is calculated in accordance with U.S. generally accepted accounting principles ("GAAP") as well as Return on Investment ("ROI") as measures to assess returns on assets. Management believes ROI is a meaningful measure to share with investors because it helps investors assess how effectively Walmart is deploying its assets. Trends in ROI can fluctuate over time as management balances long-term strategic initiatives with possible short-term impacts. We consider ROA to be the financial measure computed in accordance with GAAP that is the most directly comparable financial measure to our calculation of ROI.

ROA was 7.7 percent and 6.0 percent for the trailing twelve months ended July 31, 2020 and 2019, respectively. The increase in ROA was primarily due to the increase in consolidated net income primarily driven by the change in fair value of the investment in JD.com, partially offset by the increase in average total assets due to the acquisition of Flipkart. ROI was 13.5 percent and 14.3 percent for the trailing twelve months ended July 31, 2020 and 2019, respectively. The decrease in ROI was primarily due to the increase in average total assets due to the acquisition of Flipkart.

We define ROI as operating income plus interest income, depreciation and amortization, and rent expense for the trailing twelve months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets, plus average accumulated depreciation and average amortization, less average accounts payable and average accrued liabilities for that period. For the trailing twelve months ended July 31, 2019, lease related assets and associated accumulated amortization are included in the denominator at their carrying amount as of that balance sheet date, rather than averaged, because they are not directly comparable to the prior year calculation which included rent for the trailing 12 months multiplied by a factor of 8. A two-point average was used for leased assets beginning in fiscal 2021, after one full year from the date of adoption of the new lease standard.

Our calculation of ROI is considered a non-GAAP financial measure because we calculate ROI using financial measures that exclude and include amounts that are included and excluded in the most directly comparable GAAP financial measure. For example, we exclude the impact of depreciation and amortization from our reported operating income in calculating the numerator of our calculation of ROI. As mentioned above, we consider ROA to be the financial measure computed in accordance with generally accepted accounting principles most directly comparable to our calculation of ROI. ROI differs from ROA (which is consolidated net income for the period divided by average total assets for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities to arrive at total invested capital. Because of the adjustments mentioned above, we believe ROI more accurately measures how we are deploying our key assets and is more meaningful to investors than ROA. Although ROI is a standard financial measure, numerous methods exist for calculating a company's ROI. As a result, the method used by management to calculate our ROI may differ from the methods used by other companies to calculate their ROI.

Non-GAAP measures - ROI (cont.)



The calculation of ROA and ROI, along with a reconciliation of ROI to the calculation of ROA, is as follows:

CALCULATION OF RETURN ON ASSETS				CALCULATION OF RETURN ON INVESTMENT			
(Dollars in millions)	Trailing Twelve Months			(Dollars in millions)	Trailing Twelve Months		
	Ended July 31,				Ended July 31,		
	2020	2019			2020	2019	
Numerator				Numerator			
Consolidated net income	\$	18,128	\$ 13,216	Operating income	\$	21,323	\$ 21,581
Denominator				+ Interest income		151	227
Average total assets ¹	\$	236,122	\$ 220,462	+ Depreciation and amortization		11,113	10,782
Return on assets (ROA)		7.7%	6.0%	+ Rent		2,679	2,809
				ROI operating income	\$	35,266	\$ 35,399
				Denominator			
				Average total assets ^{1,2}	\$	236,122	\$ 227,557
Certain Balance Sheet Data	July 31,	2020	2019	+ Average accumulated depreciation and amortization ^{1,2}		93,418	86,003
			2018	- Average accounts payable ¹		46,099	44,500
Total assets	\$	237,382	\$ 234,861	- Average accrued liabilities ¹		22,230	21,769
Leased assets, net	NP	21,188	6,998	Average invested capital	\$	261,211	\$ 247,291
Total assets without leased assets, net	NP	213,673	199,064	Return on investment (ROI)		13.5%	14.3%
Accumulated depreciation and amortization	97,023	89,813	84,052				
Accumulated amortization on leased assets	NP	3,686	5,547				
Accumulated depreciation and amortization, without leased assets	NP	86,127	78,505				
Accounts payable	46,326	45,871	43,128				
Accrued liabilities	23,768	20,691	22,846				

¹ The average is based on the addition of the account balance at the end of the current period to the account balance at the end of the corresponding prior period and dividing by 2. Average total assets as used in ROA includes the average impact of the adoption of ASU 2016-02, *Leases (Topic 842)*.

² For the twelve months ended July 31, 2019, as a result of adopting ASU 2016-02, average total assets is based on the average of total assets without leased assets, net plus leased assets, net as of July 31, 2019. Average accumulated depreciation and amortization is based on the average of accumulated depreciation and amortization, without leased assets plus accumulated amortization on leased assets as of July 31, 2019.

NP - not provided

Non-GAAP measures - 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 \$19.0 billion for the six months ended July 31, 2020, which increased when compared to \$11.2 billion for the six months ended July 31, 2019 primarily due to the impact of the global health crisis which accelerated inventory sell-through, as well as the timing and payment of inventory purchases, incremental COVID-19 related expenses and certain benefit payments. We generated free cash flow of \$15.4 billion for the six months ended July 31, 2020, which increased when compared to \$6.3 billion for the six months ended July 31, 2019 due to the same reasons as the increase in net cash provided by operating activities, as well as \$1.3 billion in decreased capital expenditures due to impacts from the COVID-19 pandemic which impacted the timing of store remodeling and front-end technology transformation activities in Walmart U.S..

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.

(Dollars in millions)	Six Months Ended July 31, 2020	
	2020	2019
Net cash provided by operating activities	\$ 18,956	\$ 11,185
Payments for property and equipment (capital expenditures)	(3,569)	(4,871)
Free cash flow	\$ 15,387	\$ 6,314
Net cash used in investing activities ¹	\$ (3,634)	\$ (3,824)
Net cash used in financing activities	(7,814)	(5,531)

¹ "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.

Non-GAAP measures - 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. The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and six months ended July 31, 2020.

	Three Months Ended July 31, 2020				Six Months Ended July 31, 2020			
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
	Walmart International		Consolidated		Walmart International		Consolidated	
<i>(Dollars in millions)</i>								
Total revenues:								
As reported	\$ 27,406	-6.9%	\$ 137,742	5.6%	\$ 57,458	-1.8%	\$ 272,364	7.1%
Currency exchange rate fluctuations	2,432	N/A	2,432	N/A	3,727	N/A	3,727	N/A
Constant currency total revenues	\$ 29,838	1.3%	\$ 140,174	7.5%	\$ 61,185	4.6%	\$ 276,091	8.6%
Net sales:								
As reported	\$ 27,167	-6.8%	\$ 136,824	5.7%	\$ 56,933	-1.7%	\$ 270,496	7.2%
Currency exchange rate fluctuations	2,445	N/A	2,445	N/A	3,699	N/A	3,699	N/A
Constant currency net sales	\$ 29,612	1.6%	\$ 139,269	7.6%	\$ 60,632	4.7%	\$ 274,195	8.7%
Operating income:								
As reported	\$ 812	-9.1%	\$ 6,059	8.5%	\$ 1,618	-0.8%	\$ 11,283	7.2%
Currency exchange rate fluctuations	89	N/A	89	N/A	136	N/A	136	N/A
Constant currency operating income	\$ 901	0.9%	\$ 6,148	10.1%	\$ 1,754	7.5%	\$ 11,419	8.5%

¹ Change versus prior year comparable period.

Non-GAAP measures - adjusted operating income



Adjusted operating income is considered a non-GAAP financial measure under the SEC's rules because it excludes certain charges included in operating income calculated in accordance with GAAP. Management believes that adjusted operating income 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 operating income 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 as compared with that of the prior year.

When we refer to adjusted operating income in constant currency this means adjusted 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 tables below reflect the calculation of adjusted operating income and adjusted operating income in constant currency for the three and six months ended July 31, 2020.

	Three Months Ended July 31,						Six Months Ended July 31,					
	Walmart US		Walmart International		Consolidated		Walmart US		Walmart International		Consolidated	
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
Operating income:												
Operating income, as reported	\$ 5,057	8.5%	\$ 812	(9.1)%	\$ 6,059	8.5%	\$ 9,359	6.3%	\$ 1,618	(0.8)%	\$ 11,283	7.2%
Business restructuring charge	380	N/A	N/A	N/A	380	N/A	380	N/A	N/A	N/A	380	N/A
Discrete tax item	N/A	N/A	77	N/A	77	N/A	N/A	N/A	77	N/A	77	N/A
Adjusted operating income	5,437	16.7%	889	-0.4 %	6,516	16.7%	9,739	10.7%	1,695	3.9 %	11,740	11.6%
Currency exchange rate fluctuations	N/A	N/A	107	N/A	107	N/A	N/A	N/A	154	N/A	154	N/A
Adjusted operating income, constant currency	\$ 5,437	16.7%	\$ 996	11.5 %	\$ 6,623	18.6%	\$ 9,739	10.7%	\$ 1,849	13.4 %	\$ 11,894	13.0%

¹ Change versus prior year comparable period.

Non-GAAP measures - 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 have calculated Adjusted EPS for the three and six months ended July 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investments; (2) a discrete tax item; and (3) a business restructuring charge resulting from changes to corporate support teams to better support the Walmart U.S. omnichannel strategy.

We adjust for the unrealized gains and losses on our equity investments (primarily JD.com) 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 respective market's 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 unrealized gains and losses related to those equity investments.

Non-GAAP measures - adjusted EPS (cont.)



	Three Months Ended July 31, 2020				Percent Change ¹	Six Months Ended July 31, 2020 ⁵				Percent Change ¹
Diluted earnings per share:										
Reported EPS	\$ 2.27				80.2%	\$ 3.67				41.7%
Adjustments:	Pre-Tax Impact	Tax Impact ^{2,3}	NCI Impact ⁵	Net Impact		Pre-Tax Impact	Tax Impact ^{2,3}	NCI Impact ⁵	Net Impact	
Unrealized (gains) and losses on equity investments	\$ (1.13)	\$ 0.24	\$ —	\$ (0.89)		\$ (1.41)	\$ 0.30	\$ —	\$ (1.11)	
Business restructuring charge	0.13	(0.03)	—	0.10		0.13	(0.03)	—	\$ 0.10	
Discrete tax item	0.06	0.05	(0.03)	0.08		0.06	0.05	(0.03)	0.08	
Net adjustments	\$ (0.71)					\$ (0.93)				
Adjusted EPS	\$ 1.56				22.8%	\$ 2.74				14.2%

¹ Change versus prior year comparable period.

² Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.

³ The reported effective tax rate was 25.5% and 25.1% for the three and six months ended July 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 24.8% and 24.9% for the three and six months ended July 31, 2020, respectively.

⁴ Calculated based on the ownership percentages of our noncontrolling interests.

⁵ Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

Non-GAAP measures - adjusted EPS (cont.)



As previously disclosed in our second quarter ended July 31, 2019 press release, we have calculated Adjusted EPS for the three and six months ended July 31, 2019 by adjusting EPS for the unrealized gains and losses on our JD.com investment.

			Three Months Ended July 31, 2019			Six Months Ended July 31, 2019		
Diluted earnings per share:								
Reported EPS			\$ 1.26			\$ 2.59		
Adjustments:			Pre-Tax Impact	Tax Impact¹	Net Impact	Pre-Tax Impact	Tax Impact¹	Net Impact
Unrealized (gains) and losses on JD.com investment			\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.25)	\$ 0.06	\$ (0.19)
Adjusted EPS			\$ 1.27			\$ 2.40		

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

Additional resources at stock.walmart.com



- Unit counts & square footage
- Comparable store sales, including and excluding fuel
- Terminology

