

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)
November 17, 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 November 17, 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 November 17, 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 nine months ended October 31, 2020, and the Company's financial condition as of October 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: November 17, 2020

WALMART INC.

By: /s/ M. Brett Biggs

Name: M. Brett Biggs

Title: Executive Vice President and
Chief Financial Officer



Walmart U.S. Q3 comp sales¹ grew 6.4% and Walmart U.S. eCommerce sales grew 79%
Q3 FY21 GAAP EPS of \$1.80; Adjusted EPS² of \$1.34
Company incurs incremental costs related to COVID-19 of \$0.6 billion

- * The company's net sales and operating results continue to be affected by the global health crisis. Increased demand for products across multiple categories led to strong top-line and gross margin results.
- * Total revenue was \$134.7 billion, an increase of \$6.7 billion, or 5.2%. Excluding currency², total revenue would have increased 6.1% to reach \$135.8 billion.
- * Walmart U.S. comp sales¹ increased 6.4% with strength across key categories, including general merchandise, health & wellness and food.
- * Walmart U.S. eCommerce sales grew 79% with strong results across all channels and contributed approximately 570 basis points to comp sales.
- * Sam's Club comp sales¹ increased 11.1%. eCommerce sales grew 41%. Reduced tobacco sales negatively affected comp sales by approximately 420 basis points. New member sign-ups and renewal rates were strong, particularly Plus membership. Membership income increased 10.4%.
- * Walmart International net sales were \$29.6 billion, an increase of 1.3%. Changes in currency rates negatively affected net sales by approximately \$1.1 billion. Excluding currency², net sales would have been \$30.6 billion, an increase of 5.0% led by Flipkart, Canada and Walmex. Strong growth in net sales at Flipkart was helped by a record number of monthly active customers.
- * Consolidated gross profit rate increased 50 basis points with positive contributions from each operating segment.
- * Consolidated operating expenses as a percentage of net sales decreased 18 basis points. Incremental expenses related to COVID-19 were approximately \$0.6 billion, partially offset by a non-cash impairment charge in the third quarter of last year. Underlying productivity in stores and eCommerce remained strong.
- * Consolidated operating income was \$5.8 billion, an increase of 22.5%. Adjusted operating income in constant currency² increased 16.4% with strong contributions from each operating segment.
- * Adjusted EPS² excludes the effects, net of tax, of an unrealized gain of \$0.80 on equity investments and \$0.34 for the loss on sale of Walmart Argentina.
- * Operating cash flow year to date has been strong and increased approximately \$8.3 billion versus last year to almost \$23 billion.

"This was another strong quarter on the top and bottom line. Our associates continue to impress during this challenging year. They are working together to serve customers and communities in new, relevant ways and we're very proud of them. We think these new customer behaviors will largely persist and we're well positioned to serve customers with the value and experience they're looking for. "


Doug McMillon
President and CEO, Walmart

¹ Comp sales for the 13-week period ended October 30, 2020 compared to 13-week period ended October 25, 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 		Q3 FY21	Q3 FY20	Change	
Revenue		\$134.7	\$128.0	\$6.7	5.2%
Revenue (constant currency) ¹		\$135.8	\$128.0	\$7.8	6.1%
Operating income		\$5.8	\$4.7	\$1.1	22.5%
Operating income (constant currency) ¹		\$5.8	\$4.7	\$1.1	23.7%
Adjusted operating income (constant currency) ¹		\$5.8	\$5.0	\$0.8	16.4%





Free Cash Flow ¹	YTD FY21	\$ Change	Returns to Shareholders	Q3 FY21	% Change
Operating cash flow	\$22.9	\$8.3	Dividends	\$1.5	2.7%
Capital expenditures	\$6.4	-\$1.3	Share repurchases ²	\$0.5	-58.7%
Free cash flow¹	\$16.4	\$9.7	Total	\$2.0	-23.5%

Segment results

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

Walmart  U.S. <small>Save money. Live better.</small>		Q3 FY21	Q3 FY20	Change	
Net sales		\$88.4	\$83.2	\$5.2	6.2%
Comp sales (ex. fuel) ³		6.4%	3.2%	NP	NP
 Transactions		-14.2%	1.3%	NP	NP
 Average ticket		24.0%	1.9%	NP	NP
 eCommerce contribution ⁴		~570 bps	~210 bps	NP	NP
Operating income		\$4.6	\$4.2	\$0.4	9.9%

Walmart  International		Q3 FY21	Q3 FY20	Change	
Net sales		\$29.6	\$29.2	\$0.4	1.3%
Net sales (constant currency) ¹		\$30.6	\$29.2	\$1.5	5.0%
Operating income		\$1.1	\$0.6	\$0.4	70.0%
Operating income (constant currency) ¹		\$1.1	\$0.6	\$0.5	79.0%
Adjusted operating income (constant currency) ¹		\$1.1	\$0.9	\$0.2	22.4%

sam's club 		Q3 FY21	Q3 FY20	Change	
Net sales		\$15.8	\$14.6	\$1.2	8.3%
Comp sales (ex. fuel) ³		11.1%	0.6%	NP	NP
 Transactions		6.8%	5.7%	NP	NP
 Average ticket		4.0%	-5.1%	NP	NP
 eCommerce contribution ⁴		~230 bps	~190 bps	NP	NP
Operating income		\$0.4	\$0.3	\$0.1	31.8%

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

² \$4.5 billion remaining of \$20 billion authorization approved in October 2017. The company repurchased approximately 3 million shares during the third quarter of fiscal 2021.

³ Comp sales for the 13-week period ended October 30, 2020 compared to 13-week period ended October 25, 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

Quarterly Highlights

- Launched Walmart +, a new membership offering with the initial list of benefits of unlimited free delivery, Scan & Go checkout in stores and discounts on fuel
- Announced a reinvented Black Friday shopping experience called “Black Friday Deals for Days”
- Hosted first-ever virtual Open Call Event for U.S.-manufactured products, as 175 small businesses found an opportunity with Walmart
- Announced new drone delivery pilots in the U.S. with Zipline, Flytrex and DroneUp
- Announced a pilot with Cruise, an all-electric self-driving car company, to test grocery delivery
- Launched Walmart Insurance Services, LLC, a licensed insurance brokerage, which will assist people with enrolling in insurance plans
- Opened three new Walmart Health Centers in Newnan, GA, Cartersville, GA and McDonough, GA
- Launched Free Assembly, a modern fashion brand for women and men, found exclusively at Walmart
- Launched Eloquii Elements, a new private brand of everyday fashion for women
- Announced initial rollout of a new store design in the U.S. focused on a digitally-enabled shopping experience
- Launched a team-based operating model in U.S. supercenters to better serve customers and provide associates with more room for career and pay growth
- Partnered with Goldman Sachs to offer online marketplace sellers access to capital
- Announced the agreement to sell Asda, Walmart’s subsidiary in the U.K., to the Issa brothers and TDR Capital
- Announced the sale of the company’s business in Argentina to Grupo de Narvaez
- Announced the agreement to sell a majority interest in Seiyu, Walmart’s subsidiary in Japan, to KKR and Rakuten
- Announced additional investment in Ninjacart, India’s innovative startup for supply chain and technology solutions
- Announced strategic partnership with Flipkart and Aditya Birla Fashion and Retail to enhance the consumer fashion experience in India
- Announced the acquisition of the intellectual property of mobile gaming startup, Mech Mocha, by Flipkart
- Launched first self-checkout stations for Sam’s Club in Mexico
- Announced collaboration with Sam’s Club and 98point6, a virtual primary care provider, for exclusive telehealth offerings via text-based app
- Announced partnership with Door Dash to deliver prescriptions from Sam’s Club pharmacies
- Announced expansion of Scan & Go to all Sam’s Club U.S. fuel stations
- Announced ambitious goals targeting zero emissions in Walmart operations by 2040, including harvesting enough wind, solar and other energy sources to power the company’s own facilities with 100% renewable energy by 2035
- Named as one of this year’s Forbes JUST 100, a list of companies that strive to benefit all of its stakeholders

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 11,400 stores under 55 banners in 26 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 <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, 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 October 31,			Nine Months Ended October 31,		
	2020	2019	Percent Change	2020	2019	Percent Change
<i>(Amounts in millions, except per share data)</i>						
Revenues:						
Net sales	\$ 133,752	\$ 126,981	5.3 %	\$ 404,248	\$ 379,318	6.6 %
Membership and other income	956	1,010	(5.3)%	2,824	2,975	(5.1)%
Total revenues	134,708	127,991	5.2 %	407,072	382,293	6.5 %
Costs and expenses:						
Cost of sales	100,339	95,900	4.6 %	305,054	286,857	6.3 %
Operating, selling, general and administrative expenses	28,591	27,373	4.4 %	84,957	80,190	5.9 %
Operating income	5,778	4,718	22.5 %	17,061	15,246	11.9 %
Interest:						
Debt	455	547	(16.8)%	1,542	1,693	(8.9)%
Finance lease obligations	86	86	— %	249	254	(2.0)%
Interest income	(25)	(44)	(43.2)%	(91)	(148)	(38.5)%
Interest, net	516	589	(12.4)%	1,700	1,799	(5.5)%
Other (gains) and losses	(1,853)	(244)	659.4 %	(5,796)	(996)	481.9 %
Income before income taxes	7,115	4,373	62.7 %	21,157	14,443	46.5 %
Provision for income taxes	1,914	1,052	81.9 %	5,443	3,536	53.9 %
Consolidated net income	5,201	3,321	56.6 %	15,714	10,907	44.1 %
Consolidated net income attributable to noncontrolling interest	(66)	(33)	100.0 %	(113)	(167)	(32.3)%
Consolidated net income attributable to Walmart	<u>\$ 5,135</u>	<u>\$ 3,288</u>	<u>56.2 %</u>	<u>\$ 15,601</u>	<u>\$ 10,740</u>	<u>45.3 %</u>
Net income per common share:						
Basic net income per common share attributable to Walmart	\$ 1.81	\$ 1.16	56.0 %	\$ 5.51	\$ 3.76	46.5 %
Diluted net income per common share attributable to Walmart	\$ 1.80	\$ 1.15	56.5 %	\$ 5.48	\$ 3.74	46.5 %
Weighted-average common shares outstanding:						
Basic	2,833	2,843		2,832	2,855	
Diluted	2,849	2,861		2,849	2,872	
Dividends declared per common share	\$ —	\$ —		\$ 2.16	\$ 2.12	

Walmart Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(Amounts in millions)</i>	October 31, 2020	January 31, 2020	October 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,325	\$ 9,465	\$ 8,606
Receivables, net	5,770	6,284	5,612
Inventories	51,842	44,435	51,546
Prepaid expenses and other	1,665	1,622	2,148
Total current assets	73,602	61,806	67,912
Property and equipment, net	102,232	105,208	104,326
Operating lease right-of-use assets	17,128	17,424	16,944
Finance lease right-of-use assets, net	4,929	4,417	4,155
Goodwill	30,236	31,073	30,716
Other long-term assets	22,736	16,567	15,777
Total assets	\$ 250,863	\$ 236,495	\$ 239,830
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	\$ 240	\$ 575	\$ 4,926
Accounts payable	54,152	46,973	49,750
Dividends payable	1,529	—	1,507
Accrued liabilities	24,995	22,296	20,973
Accrued income taxes	548	280	327
Long-term debt due within one year	4,358	5,362	4,093
Operating lease obligations due within one year	1,725	1,793	1,740
Finance lease obligations due within one year	574	511	468
Total current liabilities	88,121	77,790	83,784
Long-term debt	40,849	43,714	44,912
Long-term operating lease obligations	15,982	16,171	15,741
Long-term finance lease obligations	4,750	4,307	4,068
Deferred income taxes and other	13,657	12,961	13,018
Commitments and contingencies			
Equity:			
Common stock	283	284	284
Capital in excess of par value	3,485	3,247	3,091
Retained earnings	92,279	83,943	80,656
Accumulated other comprehensive loss	(14,616)	(12,805)	(12,382)
Total Walmart shareholders' equity	81,431	74,669	71,649
Noncontrolling interest	6,073	6,883	6,658
Total equity	87,504	81,552	78,307
Total liabilities and equity	\$ 250,863	\$ 236,495	\$ 239,830

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

	Nine Months Ended October 31,	
	2020	2019
<i>(Amounts in millions)</i>		
Cash flows from operating activities:		
Consolidated net income	\$ 15,714	\$ 10,907
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	8,333	8,159
Unrealized (gains) and losses	(6,883)	(911)
Losses and (gains) on disposal of business operations	1,028	(1)
Deferred income taxes	1,246	574
Other operating activities	930	938
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:		
Receivables, net	165	661
Inventories	(8,260)	(7,558)
Accounts payable	8,553	2,925
Accrued liabilities	1,796	(1,107)
Accrued income taxes	258	(48)
Net cash provided by operating activities	22,880	14,539
Cash flows from investing activities:		
Payments for property and equipment	(6,438)	(7,765)
Proceeds from the disposal of property and equipment	99	218
Proceeds from disposal of certain operations	12	833
Payments for business acquisitions, net of cash acquired	(180)	(56)
Other investing activities	—	485
Net cash used in investing activities	(6,507)	(6,285)
Cash flows from financing activities:		
Net change in short-term borrowings	(301)	(282)
Proceeds from issuance of long-term debt	—	5,492
Repayments of long-term debt	(4,132)	(1,907)
Dividends paid	(4,582)	(4,545)
Purchase of Company stock	(1,186)	(4,829)
Dividends paid to noncontrolling interest	(76)	(407)
Other financing activities	(1,063)	(735)
Net cash used in financing activities	(11,340)	(7,213)
Effect of exchange rates on cash, cash equivalents and restricted cash	(170)	(166)
Net increase in cash, cash equivalents and restricted cash	4,863	875
Cash, cash equivalents and restricted cash at beginning of year	9,515	7,756
Cash, cash equivalents and restricted cash at end of period	<u>\$ 14,378</u>	<u>\$ 8,631</u>

Walmart Inc.
Supplemental Financial Information
(Unaudited)

Net sales and operating income

(dollars in millions)

Walmart U.S.
Walmart International
Sam's Club
Corporate and support
Consolidated

Net Sales			Operating Income		
Three Months Ended October 31,			Three Months Ended October 31,		
2020	2019	Percent Change	2020	2019	Percent Change
\$ 88,353	\$ 83,189	6.2%	\$ 4,589	\$ 4,176	9.9%
29,554	29,167	1.3%	1,078	634	70.0%
15,845	14,625	8.3%	431	327	31.8%
—	—	—	(320)	(419)	-23.6%
\$ 133,752	\$ 126,981	5.3%	\$ 5,778	\$ 4,718	22.5%

U.S. comparable sales results

	With Fuel		Without Fuel		Fuel Impact	
	Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended	
	10/30/2020	10/25/2019	10/30/2020	10/25/2019	10/30/2020	10/25/2019
Walmart U.S.	6.3%	3.1%	6.4%	3.2%	-0.1%	-0.1%
Sam's Club	7.9%	0.8%	11.1%	0.6%	-3.2%	0.2%
Total U.S.	6.6%	2.8%	7.1%	2.8%	-0.5%	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 nine months ended October 31, 2020.

	Three Months Ended October 31,				Nine Months Ended October 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	\$ 29,835	1.2 %	\$ 134,708	5.2 %	\$ 87,293	-0.8 %	\$ 407,072	6.5 %
Currency exchange rate fluctuations	1,075	N/A	1,075	N/A	4,801	N/A	4,801	N/A
Constant currency total revenues	\$ 30,910	4.8 %	\$ 135,783	6.1 %	\$ 92,094	4.6 %	\$ 411,873	7.7 %
Net sales:								
As reported	\$ 29,554	1.3 %	\$ 133,752	5.3 %	\$ 86,487	-0.7 %	\$ 404,248	6.6 %
Currency exchange rate fluctuations	1,067	N/A	1,067	N/A	4,766	N/A	4,766	N/A
Constant currency net sales	\$ 30,621	5.0 %	\$ 134,819	6.2 %	\$ 91,253	4.8 %	\$ 409,014	7.8 %
Operating income:								
As reported	\$ 1,078	70.0 %	\$ 5,778	22.5 %	\$ 2,696	19.0 %	\$ 17,061	11.9 %
Currency exchange rate fluctuations	57	N/A	57	N/A	193	N/A	193	N/A
Constant currency operating income	\$ 1,135	79.0 %	\$ 5,835	23.7 %	\$ 2,889	27.5 %	\$ 17,254	13.2 %

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 nine months ended October 31, 2020.

	Three Months Ended October 31,			
	Walmart International		Consolidated	
	2020	2019	2020	2019
<i>(Dollars in millions)</i>				
Operating income:				
Operating income, as reported	\$ 1,078	\$ 634	\$ 5,778	\$ 4,718
Business restructuring charge ¹	—	293	—	293
Discrete tax item	—	—	—	—
Adjusted operating income	1,078	927	5,778	5,011
Percent change ²	16.3%	NP	15.3%	NP
Currency exchange rate fluctuations	57	—	57	—
Adjusted operating income, constant currency	\$ 1,135	\$ 927	\$ 5,835	\$ 5,011
Percent change ²	22.4%	NP	16.4%	NP

	Nine Months Ended October 31,					
	Walmart US		Walmart International		Consolidated	
	2020	2019	2020	2019	2020	2019
<i>(Dollars in millions)</i>						
Operating income:						
Operating income, as reported	\$ 13,948	\$ 12,977	\$ 2,696	\$ 2,265	\$ 17,061	\$ 15,246
Business restructuring charge ¹	380	—	—	293	380	293
Discrete tax item	—	—	77	—	77	—
Adjusted operating income	14,328	12,977	2,773	2,558	17,518	15,539
Percent change ²	10.4%	NP	8.4%	NP	12.7%	NP
Currency exchange rate fluctuations	—	—	211	—	211	—
Adjusted operating income, constant currency	\$ 14,328	\$ 12,977	\$ 2,984	\$ 2,558	\$ 17,729	\$ 15,539
Percent change ²	10.4%	NP	16.7%	NP	14.1%	NP

¹ Includes a business restructuring charge resulting from changes to Walmart U.S. support teams to better support its omni-channel strategy recorded in the second quarter of fiscal 2021 as well as a non-cash impairment charge on the Jabong.com trade name recorded in the third quarter of fiscal 2020.

² Change versus prior year comparable period.

NP - Not provided

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 \$22.9 billion for the nine months ended October 31, 2020, which increased when compared to \$14.5 billion for the nine months ended October 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 \$16.4 billion for the nine months ended October 31, 2020, which increased when compared to \$6.8 billion for the nine months ended October 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.

	Nine Months Ended October 31,	
	2020	2019
<i>(Dollars in millions)</i>		
Net cash provided by operating activities	\$ 22,880	\$ 14,539
Payments for property and equipment (capital expenditures)	(6,438)	(7,765)
Free cash flow	\$ 16,442	\$ 6,774
Net cash used in investing activities ¹	\$ (6,507)	\$ (6,285)
Net cash used in financing activities	(11,340)	(7,213)

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 nine months ended October 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investments and (2) the loss on sale of Walmart Argentina classified as held for sale as of October 31, 2020. For the nine months ended October 31, 2020 we also adjusted EPS for (3) a business restructuring charge resulting from changes to corporate support teams to better support the Walmart U.S. omni-channel support strategy and (4) a discrete tax item.

Three Months Ended October 31, 2020				
Diluted earnings per share:				
Reported EPS				\$ 1.80
Adjustments:	Pre-Tax Impact	Tax Impact^{1,2}	NCI Impact³	Net Impact
Unrealized (gains) and losses on equity investments	\$ (1.01)	\$ 0.21	\$ —	\$ (0.80)
Loss on sale of Walmart Argentina	0.34	—	—	0.34
Net adjustments				\$ (0.46)
Adjusted EPS				\$ 1.34
Nine Months Ended October 31, 2020 ⁴				
Diluted earnings per share:				
Reported EPS				\$ 5.48
Adjustments:	Pre-Tax Impact	Tax Impact^{1,2}	NCI Impact³	Net Impact
Unrealized (gains) and losses on equity investments	\$ (2.42)	\$ 0.50	\$ —	\$ (1.92)
Business restructuring charge	0.13	(0.03)	—	0.10
Discrete tax item	0.06	0.05	(0.03)	0.08
Loss on sale of Walmart Argentina	0.34	—	—	0.34
Net adjustments				\$ (1.40)
Adjusted EPS				\$ 4.08

¹ Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions. The loss on sale of Walmart Argentina provided minimal realizable tax benefit.

² The reported effective tax rate was 26.9% and 25.7% for the three and nine months ended October 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 25.2% and 25.0% for the three and nine months ended October 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 third quarter ended October 31, 2019 press release, we have calculated Adjusted EPS for the three and nine months ended October 31, 2019 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investment in JD.com and (2) a non-cash impairment charge related to the Jabong.com trade name.

Three Months Ended October 31, 2019				
Diluted earnings per share:				
Reported EPS				\$ 1.15
Adjustments:	Pre-Tax Impact	Tax Impact¹	NCI Impact²	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.06)	\$ 0.01	\$ —	\$ (0.05)
Non-cash impairment charge on Jabong.com trade name	0.10	(0.03)	(0.01)	0.06
Net adjustments				\$ 0.01
Adjusted EPS				\$ 1.16
Nine Months Ended October 31, 2019 ³				
Diluted earnings per share:				
Reported EPS				\$ 3.74
Adjustments:	Pre-Tax Impact	Tax Impact¹	NCI Impact²	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.32)	\$ 0.07	\$ —	\$ (0.25)
Non-cash impairment charge on Jabong.com trade name	0.10	(0.03)	(0.01)	0.06
Net adjustments				\$ (0.19)
Adjusted EPS				\$ 3.55

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

² Calculated based on the ownership percentages of the noncontrolling interest at Flipkart.

³ Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.



**Financial presentation to
accompany management
commentary**

Q3 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 reports 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. - 3Q FY21



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

Total revenue			
\$134.7			
+5.2%			
Total revenue, constant currency ¹	Membership and Other Income	Operating income	EPS
\$135.8	\$1.0	\$5.8	\$1.80
+6.1%	-5.3%	+22.5%	+56.5%
Net sales	Gross profit rate	Adj. operating income, constant currency ¹	Adjusted EPS ¹
\$133.8	25.0%	\$5.8	\$1.34
+5.3%	+50 bps	+16.4%	+15.5%
Net sales, constant currency ¹	Operating expense as a percentage of net sales	Effective tax rate ²	
\$134.8	21.4%	26.9%	
+6.2%	-18 bps	+284 bps	

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

² The increase in effective tax rate for the third quarter of fiscal 2021 is primarily due to the loss related to the sale of Walmart Argentina as it provided minimal realizable tax benefit.

Walmart Inc. - 3Q FY21

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



Receivables, net

\$5.8

+2.8%

Inventories

\$51.8

+0.6%

Accounts payable

\$54.2

+8.8%

Debt to capitalization¹

38.4%

-650 bps

Return on assets²

8.2%

+190 bps

Return on investment²

13.7%

— bps



¹ Debt to total capitalization calculated as of October 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 October 31, 2020. For ROI, see reconciliations at the end of presentation regarding non-GAAP financial measures.

Walmart Inc. - YTD 3Q 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

\$22.9

+\$8.3

Capital expenditures

\$6.4

-\$1.3

Free cash flow¹

\$16.4

+\$9.7

Dividends

\$4.6

(\$1.5 in 3Q21)

Share repurchases²

\$1.2

(\$0.5 in 3Q21)

Total shareholder returns

\$5.8

(\$2.0 in 3Q21)



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

² \$4.5 billion remaining of \$20 billion authorization approved in October 2017. The company repurchased approximately 3 million shares during the third quarter of fiscal 2021.

Walmart U.S. - 3Q FY21



Dollars in billions.

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

Net Sales

\$88.4

+6.2%

eCommerce net sales growth

+79%

eCommerce contribution to comp^{1, 2}

~570 bps

- Robust eCommerce sales growth across channels throughout Q3 with strong traffic to Walmart.com
- Marketplace and pickup & delivery sales up triple-digits percentage

Comparable sales^{1, 2}

6.4%

Comparable transactions

-14.2%

Comparable average ticket

24.0%

- Customers continued to consolidate store shopping trips with significantly larger average baskets and shifted more purchases to eCommerce; transaction volume improved as store hours were extended
- Q3 sales accelerated in September due in part to delayed back-to-school spending and this momentum continued throughout October; grocery sales strengthened as the quarter progressed led by strong food comps

Inventory

Comp store: +3.6%

Total: +5.5%

- Increase primarily reflects inventory build for holiday events that are earlier than last year
- Overall in-stock continues to improve from Q2 levels

Format Growth

Net Store Openings: 1

Remodels: ~205 stores

Pickup: ~3,600 locations

Same-day delivery: ~2,900 stores

¹ Comp sales for the 13-week period ended October 30, 2020 compared to the 13-week period ended October 25, 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. - 3Q FY21

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



Gross profit rate

+33 bps

- Strategic sourcing initiatives and fewer markdowns benefited gross profit
- The phased reopening of Auto Care Centers and Vision Centers alleviated some of the gross margin pressure experienced during the first half of the year
- Making progress on eCommerce margin rates with faster growth of marketplace sales and improved product mix
- The carryover of last year's price investments continued to negatively affect the margin rate

Operating expense rate

+9 bps

- Expense leverage negatively affected by ~\$400 million of incremental COVID-related associate and sanitation costs (~50 bps of deleverage). This was partially offset by a reduction in travel and professional services.

Operating income

\$4.6

+9.9%

Walmart U.S. - quarterly merchandise highlights



Category	Comp sales	Details
Grocery	+ mid single-digit	<ul style="list-style-type: none">Food sales reflected broad-based strength across most categories and improved throughout the quarter; consumables sales growth was led by strength in household chemicals and paper productsPickup and delivery services continued to experience record high sales volumes
Health & wellness	+ high single-digit	<ul style="list-style-type: none">Pharmacy comp sales increased by a high single-digit percentage primarily due to mix and branded drug inflationThe phased reopening of Vision Centers was completed during Q3
General merchandise	+ high single-digit	<ul style="list-style-type: none">Strong performance led by sales of home, electronics, toys and sporting goods; partially offset by softer results in back-to-school stationery and apparel categoriesYear-over-year sales were negatively affected by the phased reopening of Auto Care Centers

Walmart International - 3Q FY21



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

Net sales \$29.6 +1.3%	Gross profit rate +90 bps <ul style="list-style-type: none"> Primarily due to Flipkart and reduced sales of fuel in the U.K. Canada margin improvement in a majority of categories 	Operating income \$1.1 +70.0%	Adj. operating income¹ \$1.1 +16.3%
Net sales, constant currency¹ \$30.6 +5.0% <ul style="list-style-type: none"> Positive comp sales in 8/10 markets Strong top line growth led by Flipkart, Canada and Mexico COVID related operational disruptions continued in Q3, especially in Africa and Central America eCommerce contributed 14% of total, with strength in omnichannel capabilities 	Operating expense rate -73 bps <ul style="list-style-type: none"> Lapping one-time non-cash trade name impairment charge last year COVID-related costs of approximately \$65 million were more than offset by government stimulus 	Operating income, constant currency¹ \$1.1 +79.0%	Adj. operating income, constant currency¹ \$1.1 +22.4%
			Inventory \$10.8 -9.4% <ul style="list-style-type: none"> Excluding currency, inventory decreased 5%, primarily due to timing of The Big Billion Days event at Flipkart

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

Walmart International - 3Q 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	+4.7%	+0.9%	+7.7%	-0.6%
Comparable sales	+3.4%	+0.4%	+7.7%	+2.7%
Comparable transactions	-20.1%	-12.4%	-13.1%	-22.5%
Comparable ticket	+29.3%	+14.6%	+24.0%	+32.4%
	<ul style="list-style-type: none"> Higher growth in grocery, partially offset by softer demand for apparel In Mexico, comp sales increased 5.4% Comp sales outpaced ANTAD³ self-service and club eCommerce net sales +201% 	<ul style="list-style-type: none"> Strong sales in Sam's Club across all categories, offset by softer traffic in Hypermarkets Sam's Club delivered double digit comp sales growth eCommerce net sales +63% 	<ul style="list-style-type: none"> Strong growth in grocery and general merchandise Monthly comp sales accelerated into the holiday season eCommerce sales grew across all categories, led by online grocery eCommerce net sales +177% 	<ul style="list-style-type: none"> Strong growth in grocery, driven by omnichannel Outpaced the online market, according to Kantar Net sales negatively affected by lower demand for fuel eCommerce net sales +72%

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 - 3Q 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"> Cost of goods savings initiatives, partially offset by mix shift to lower margin categories and price investment 	<p>Decrease</p> <ul style="list-style-type: none"> Change in mix to lower margin formats and price investment/markdowns in certain categories 	<p>Increase</p> <ul style="list-style-type: none"> Cost of goods savings initiatives Margin improvement in a majority of categories 	<p>Increase</p> <ul style="list-style-type: none"> Sharp reduction in sales of fuel and change in mix to higher margin categories
Operating expense rate	<p>Increase</p> <ul style="list-style-type: none"> Higher costs to operate during the COVID-19 pandemic 	<p>Increase</p> <ul style="list-style-type: none"> Lapping of one-time gains on lease terminations from last year 	<p>Increase</p> <ul style="list-style-type: none"> Higher costs to operate during the COVID-19 pandemic and additional investments in customer experience 	<p>Decrease</p> <ul style="list-style-type: none"> Temporary property tax relief from government stimulus
Operating income	Increase	Decrease	Decrease	Increase

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

Sam's Club - 3Q FY21

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



With Fuel

Net sales

\$15.8

+8.3%

eCommerce net sales growth

+41%

- Strong direct-to-home performance and growing curbside contribution

Gross profit rate

+79 bps

- Higher fuel margins, reduced tobacco sales and better fresh sell through were partially offset by higher eCommerce fulfillment costs

Operating income

\$0.4

+31.8%

Comparable sales¹

+7.9%

- Comparable sales strengthened throughout the quarter with contribution from both increased transactions and average ticket
- Broad strength across categories, led by food and consumables
- Tobacco negatively affected comp sales

Membership income

+10.4%

- Improvement in total number of members, overall renewal rates, Plus renewal rates and Plus penetration rate
- Highest quarterly increase in more than 5 years
- New member count increased approximately 28%

Operating expense rate

+30 bps

- Incremental COVID-19 costs and lower tobacco and fuel sales weighed on operating expense leverage
- Incremental COVID-19 costs of ~\$80 mil. negatively affected expense leverage by about 50 bps

Inventory

\$5.0

-8.5%

- Decline primarily driven by higher sales volume
- Overall in-stock continues to improve from Q2 levels

¹ Comp sales for the 13-week period ended October 30, 2020 compared to the 13-week period ended October 25, 2019.

Sam's Club - 3Q FY21

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



Without Fuel

Net sales \$14.6 +11.6%	Gross profit rate +41 bps	Comparable sales ^{1, 2} +11.1%	eCommerce contribution ~230 bps
Operating expense rate -5 bps	Operating income \$0.4 +30.7%	Comparable transactions +6.8%	Average comparable ticket +4.0%

¹ Comp sales for the 13-week period ended October 30, 2020 compared to the 13-week period ended October 25, 2019, and excludes fuel.

² Tobacco negatively affected comp sales by 420 basis points.

Sam's Club - quarterly financial highlights



Category	Comp sales	Details
Fresh / Freezer / Cooler	+ high teens	<ul style="list-style-type: none">Fresh meat, frozen and produce performed well
Grocery and beverage	+ mid teens	<ul style="list-style-type: none">Dry grocery, juice, snacks and soda performed well
Consumables	+ low 20%	<ul style="list-style-type: none">Broad-based strength, including laundry, paper goods and beauty aids
Home and apparel	+ low double-digit	<ul style="list-style-type: none">Kitchen, apparel and toys performed well
Technology, office and entertainment	+ mid single-digit	<ul style="list-style-type: none">TVs and office electronics performed well
Health and wellness	+ high teens	<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 8.2 percent and 6.3 percent for the trailing twelve months ended October 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 loss on sale of Walmart Argentina. ROI was flat at 13.7 percent for each of the trailing twelve month periods ended October 31, 2020 and 2019.

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 October 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			
		Trailing Twelve Months				Trailing Twelve Months	
		Ended	October 31,			Ended	October 31,
(Dollars in millions)		2020	2019	(Dollars in millions)		2020	2019
Numerator				Numerator			
Consolidated net income		\$ 20,008	\$ 14,720	Operating income		\$ 22,383	\$ 21,313
Denominator				+ Interest income		132	212
Average total assets ¹		\$ 245,347	\$ 233,207	+ Depreciation and amortization		11,161	10,889
Return on assets (ROA)		8.2 %	6.3 %	+ Rent		2,646	2,733
				ROI operating income		\$ 36,322	\$ 35,147
				Denominator			
		October 31,		Average total assets ^{1,2}		\$ 245,347	\$ 240,261
Certain Balance Sheet Data		2020	2019	+ Average accumulated depreciation and amortization ^{1,2}		95,637	87,982
Total assets		\$ 250,863	\$ 239,830	- Average accounts payable ¹		51,951	49,740
Leased assets, net		NP	21,099	- Average accrued liabilities ¹		22,984	21,884
Total assets without leased assets, net		NP	218,731	Average invested capital		\$ 266,049	\$ 256,619
Accumulated depreciation and amortization		99,576	91,697	Return on investment (ROI)		13.7 %	13.7 %
Accumulated amortization on leased assets		NP	4,140				
Accumulated depreciation and amortization, without leased assets		NP	87,557				
Accounts payable		54,152	49,750				
Accrued liabilities		24,995	20,973				

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 October 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 October 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 October 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 \$22.9 billion for the nine months ended October 31, 2020, which increased when compared to \$14.5 billion for the nine months ended October 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 \$16.4 billion for the nine months ended October 31, 2020, which increased when compared to \$6.8 billion for the nine months ended October 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)	Nine Months Ended October 31, 2020	
	2020	2019
Net cash provided by operating activities	\$ 22,880	\$ 14,539
Payments for property and equipment (capital expenditures)	(6,438)	(7,765)
Free cash flow	\$ 16,442	\$ 6,774
Net cash used in investing activities ¹	\$ (6,507)	\$ (6,285)
Net cash used in financing activities	(11,340)	(7,213)

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 nine months ended October 31, 2020.

	Three Months Ended October 31, 2020				Nine Months Ended October 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	\$ 29,835	1.2 %	\$ 134,708	5.2 %	\$ 87,293	-0.8 %	\$ 407,072	6.5 %
Currency exchange rate fluctuations	1,075	N/A	1,075	N/A	4,801	N/A	4,801	N/A
Constant currency total revenues	\$ 30,910	4.8 %	\$ 135,783	6.1 %	\$ 92,094	4.6 %	\$ 411,873	7.7 %
Net sales:								
As reported	\$ 29,554	1.3 %	\$ 133,752	5.3 %	\$ 86,487	-0.7 %	\$ 404,248	6.6 %
Currency exchange rate fluctuations	1,067	N/A	1,067	N/A	4,766	N/A	4,766	N/A
Constant currency net sales	\$ 30,621	5.0 %	\$ 134,819	6.2 %	\$ 91,253	4.8 %	\$ 409,014	7.8 %
Operating income:								
As reported	\$ 1,078	70.0 %	\$ 5,778	22.5 %	\$ 2,696	19.0 %	\$ 17,061	11.9 %
Currency exchange rate fluctuations	57	N/A	57	N/A	193	N/A	193	N/A
Constant currency operating income	\$ 1,135	79.0 %	\$ 5,835	23.7 %	\$ 2,889	27.5 %	\$ 17,254	13.2 %

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 nine months ended October 31, 2020.

	Three Months Ended October 31,				Nine Months Ended October 31,					
	Walmart International		Consolidated		Walmart US		Walmart International		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income:										
Operating income, as reported	1,078	634	5,778	4,718	13,948	12,977	2,696	2,265	17,061	15,246
Business restructuring charge ¹	—	293	—	293	380	—	—	293	380	293
Discrete tax item	—	—	—	—	—	—	77	—	77	—
Adjusted operating income	1,078	927	5,778	5,011	14,328	12,977	2,773	2,558	17,518	15,539
Percent change ²	16.3 %	NP	15.3 %	NP	10.4 %	NP	8.4 %	NP	12.7 %	NP
Currency exchange rate fluctuations	57	—	57	—	—	—	211	—	211	—
Adjusted operating income, constant currency	1,135	927	5,835	5,011	14,328	12,977	2,984	2,558	17,729	15,539
Percent change ²	22.4 %	NP	16.4 %	NP	10.4 %	NP	16.7 %	NP	14.1 %	NP

¹ Includes a business restructuring charge resulting from changes to Walmart U.S. support teams to better support its omni-channel strategy recorded in the second quarter of fiscal 2021 as well as a non-cash impairment charge on the Jabong.com trade name recorded in the third quarter of fiscal 2020.

² Change versus prior year comparable period.

NP - not provided

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 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 nine months ended October 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investments and (2) the loss on sale of Walmart Argentina classified as held for sale as of October 31, 2020. For the nine months ended October 31, 2020 we also adjusted EPS for (3) a business restructuring charge resulting from changes to corporate support teams to better support the Walmart U.S. omni-channel support strategy and (4) a discrete tax item.

Non-GAAP measures - adjusted EPS (cont.)



	Three Months Ended October 31, 2020				Percent Change ¹	Nine Months Ended October 31, 2020 ⁵				Percent Change ¹
Diluted earnings per share:										
Reported EPS	\$ 1.80				56.5%	\$ 5.48				46.5%
Adjustments:	Pre-Tax Impact	Tax Impact ^{2,3}	NCI Impact ⁴	Net Impact		Pre-Tax Impact	Tax Impact ^{2,3}	NCI Impact ⁴	Net Impact	
Unrealized (gains) and losses on equity investments	\$ (1.01)	\$ 0.21	\$ —	\$ (0.80)		\$ (2.42)	\$ 0.50	\$ —	\$ (1.92)	
Loss on sale of Walmart Argentina	0.34	—	—	0.34		0.34	—	—	\$ 0.34	
Business restructuring charge	—	—	—	—		0.13	(0.03)	—	\$ 0.10	
Discrete tax item	—	—	—	—		0.06	0.05	(0.03)	0.08	
Net adjustments	\$ (0.46)					\$ (1.40)				
Adjusted EPS	\$ 1.34				15.5%	\$ 4.08				14.9%

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. The loss on sale of Walmart Argentina provided minimal realizable tax benefit.

³ The reported effective tax rate was 26.9% and 25.7% for the three and nine months ended October 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 25.2% and 25.0% for the three and nine months ended October 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 third quarter ended October 31, 2019 press release, we have calculated Adjusted EPS for the three and nine months ended October 31, 2019 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investment in JD.com and (2) a non-cash impairment charge related to the Jabong.com trade name.

	Three Months Ended October 31, 2019				Nine Months Ended October 31, 2019 ³			
Diluted earnings per share:								
Reported EPS	\$ 1.15				\$ 3.74			
Adjustments:	Pre-Tax Impact	Tax Impact ¹	NCI Impact ²	Net Impact	Pre-Tax Impact	Tax Impact ¹	NCI Impact ²	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.06)	\$ 0.01	\$ —	\$ (0.05)	\$ (0.32)	\$ 0.07	\$ —	\$ (0.25)
Non-cash impairment charge on Jabong.com trade name	0.10	(0.03)	(0.01)	0.06	0.10	(0.03)	(0.01)	0.06
Net Adjustments	\$ 0.01				\$ (0.19)			
Adjusted EPS	\$ 1.16				\$ 3.55			

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

² Calculated based on the ownership percentages of the noncontrolling interest at Flipkart.

³ Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

Additional resources at stock.walmart.com



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

