

future settlement, the inclusion of a full year of Flipkart operations, and the timing of vendor payments. Free cash flow for fiscal 2020 declined when compared to fiscal 2019 due to the same reasons as the decline in net cash provided by operating activities, as well as \$0.4 billion in increased capital expenditures.

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 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.

(Amounts in millions)	Fiscal Years Ended January 31,		
	2021	2020	2019
Net cash provided by operating activities	\$ 36,074	\$ 25,255	\$ 27,753
Payments for property and equipment	(10,264)	(10,705)	(10,344)
<b>Free cash flow</b>	<b>\$ 25,810</b>	<b>\$ 14,550</b>	<b>\$ 17,409</b>
Net cash used in investing activities <sup>(1)</sup>	\$ (10,071)	\$ (9,128)	\$ (24,036)
Net cash used in financing activities	(16,117)	(14,299)	(2,537)

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

## Results of Operations

### Consolidated Results of Operations

(Amounts in millions, except unit counts)	Fiscal Years Ended January 31,		
	2021	2020	2019
Total revenues	\$ 559,151	\$ 523,964	\$ 514,405
Percentage change from comparable period	6.7 %	1.9 %	2.8 %
Net sales	\$ 555,233	\$ 519,926	\$ 510,329
Percentage change from comparable period	6.8 %	1.9 %	2.9 %
Total U.S. calendar comparable sales increase	8.7 %	2.7 %	4.0 %
Gross profit rate	24.3 %	24.1 %	24.5 %
Operating income	\$ 22,548	\$ 20,568	\$ 21,957
Operating income as a percentage of net sales	4.1 %	4.0 %	4.3 %
Consolidated net income	\$ 13,706	\$ 15,201	\$ 7,179
Unit counts at period end <sup>(1)</sup>	11,443	11,501	11,361
<b>Retail square feet at period end<sup>(1)</sup></b>	<b>1,121</b>	<b>1,129</b>	<b>1,129</b>

(1) Unit counts and associated retail square feet are presented for stores and clubs generally open as of period end, and includes stores associated with operations classified as held for sale as of January 31, 2021. Permanently closed locations are not included.

Our total revenues, which includes net sales and membership and other income, increased \$35.2 billion or 6.7% and \$9.6 billion or 1.9% for fiscal 2021 and 2020, respectively, when compared to the previous fiscal year. These increases in revenues were due to increases in net sales, which increased \$35.3 billion or 6.8% and \$9.6 billion or 1.9% for fiscal 2021 and 2020, respectively, when compared to the previous fiscal year. For fiscal 2021, the increase was primarily due to strong positive comparable sales for the Walmart U.S. and Sam's Club segments as well as positive comparable sales in the majority of our international markets resulting from increased demand stemming from the COVID-19 pandemic. Overall net sales growth was strong despite certain operating limitations in several international markets in the second quarter of fiscal 2021 due to government regulations and precautionary measures taken as a result of the COVID-19 pandemic. The net sales increase was partially offset by negative fluctuations in currency exchange rates of \$5.0 billion. For fiscal 2020, net sales were positively impacted by overall positive comparable sales for Walmart U.S. and Sam's Club segments, along with the addition of net sales from Flipkart, which we acquired in August 2018, and positive comparable sales in the majority of our international markets. These increases were partially offset by \$4.1 billion of negative impact from fluctuations in currency exchange rates in fiscal 2020 and our sale of the majority stake in Walmart Brazil in August 2018.

Our gross profit rate increased 20 basis points and decreased 40 basis points for fiscal 2021 and 2020, respectively, when compared to the previous fiscal year. For fiscal 2021, the increase was primarily due to strategic sourcing initiatives, strong sales in higher margin categories, and fewer markdowns. This was partially offset in the Walmart U.S. segment by carryover of prior year price investment as well as the temporary closure of our Auto Care Centers and Vision Centers in response to the

In addition to currency swaps, we also hedge a portion of our foreign currency risk by designating foreign-currency-denominated long-term debt as nonderivative hedges of net investments of certain of our foreign operations. We had outstanding long-term debt of £1.7 billion as of January 31, 2021 and January 31, 2020 that was designated as a hedge of our net investment in the U.K. As of January 31, 2021, a hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the British pound would have resulted in a change in the value of the debt of \$210 million. In addition, we had outstanding long-term debt of ¥100 billion as of January 31, 2021 and ¥180 billion as of January 31, 2020 that was designated as a hedge of our net investment in Japan. As of January 31, 2021, a hypothetical 10% change in value of the U.S. dollar relative to the Japanese yen would have resulted in a change in the value of the debt of \$87 million. As of January 31, 2021, the Company's operations in the U.K. and Japan are classified as held for sale, and subsequently closed in February 2021 and March 2021, respectively. Refer to [Note 12](#) to our Consolidated Financial Statements.

In certain countries, we also enter into immaterial foreign currency forward contracts to hedge the purchase and payment of purchase commitments denominated in non-functional currencies.

#### *Investment Risk*

We are exposed to changes in the stock price of our equity investments with readily determinable fair values. The change in fair value is recorded within other gains and losses and resulted in a gain of \$8.7 billion in fiscal 2021 due to net increases in the stock price of those equity investments. As of January 31, 2021, the fair value of our equity investments with readily determinable fair values was \$14.4 billion. As of January 31, 2021, a hypothetical 10% change in the stock price of such investments would have changed the fair value of such investments by approximately \$1.4 billion.

**Walmart Inc.**  
**Consolidated Statements of Income**

	Fiscal Years Ended January 31,		
	2021	2020	2019
<i>(Amounts in millions, except per share data)</i>			
<b>Revenues:</b>			
Net sales	\$ 555,233	\$ 519,926	\$ 510,329
Membership and other income	3,918	4,038	4,076
Total revenues	559,151	523,964	514,405
<b>Costs and expenses:</b>			
Cost of sales	420,315	394,605	385,301
Operating, selling, general and administrative expenses	116,288	108,791	107,147
<b>Operating income</b>	<b>22,548</b>	<b>20,568</b>	<b>21,957</b>
<b>Interest:</b>			
Debt	1,976	2,262	1,975
Finance, capital lease and financing obligations	339	337	371
Interest income	(121)	(189)	(217)
Interest, net	2,194	2,410	2,129
Other (gains) and losses	(210)	(1,958)	8,368
<b>Income before income taxes</b>	<b>20,564</b>	<b>20,116</b>	<b>11,460</b>
Provision for income taxes	6,858	4,915	4,281
<b>Consolidated net income</b>	<b>13,706</b>	<b>15,201</b>	<b>7,179</b>
Consolidated net income attributable to noncontrolling interest	(196)	(320)	(509)
<b>Consolidated net income attributable to Walmart</b>	<b>\$ 13,510</b>	<b>\$ 14,881</b>	<b>\$ 6,670</b>
<b>Net income per common share:</b>			
Basic net income per common share attributable to Walmart	\$ 4.77	\$ 5.22	\$ 2.28
Diluted net income per common share attributable to Walmart	4.75	5.19	2.26
<b>Weighted-average common shares outstanding:</b>			
Basic	2,831	2,850	2,929
Diluted	2,847	2,868	2,945
<b>Dividends declared per common share</b>	<b>\$ 2.16</b>	<b>\$ 2.12</b>	<b>\$ 2.08</b>

See accompanying notes.

**Walmart Inc.**  
**Consolidated Balance Sheets**

(Amounts in millions)	As of January 31,	
	2021	2020
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 17,741	\$ 9,465
Receivables, net	6,516	6,284
Inventories	44,949	44,435
Prepaid expenses and other	20,861	1,622
Total current assets	90,067	61,806
Property and equipment, net	92,201	105,208
Operating lease right-of-use assets	13,642	17,424
Finance lease right-of-use assets, net	4,005	4,417
Goodwill	28,983	31,073
Other long-term assets	23,598	16,567
<b>Total assets</b>	<b>\$ 252,496</b>	<b>\$ 236,495</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 224	\$ 575
Accounts payable	49,141	46,973
Accrued liabilities	37,966	22,296
Accrued income taxes	242	280
Long-term debt due within one year	3,115	5,362
Operating lease obligations due within one year	1,466	1,793
Finance lease obligations due within one year	491	511
Total current liabilities	92,645	77,790
Long-term debt	41,194	43,714
Long-term operating lease obligations	12,909	16,171
Long-term finance lease obligations	3,847	4,307
Deferred income taxes and other	14,370	12,961
Commitments and contingencies		
<b>Equity:</b>		
Common stock	282	284
Capital in excess of par value	3,646	3,247
Retained earnings	88,763	83,943
Accumulated other comprehensive loss	(11,766)	(12,805)
Total Walmart shareholders' equity	80,925	74,669
Noncontrolling interest	6,606	6,883
Total equity	87,531	81,552
<b>Total liabilities and equity</b>	<b>\$ 252,496</b>	<b>\$ 236,495</b>

See accompanying notes.

**Walmart Inc.**  
**Consolidated Statements of Cash Flows**

(Amounts in millions)	Fiscal Years Ended January 31,		
	2021	2020	2019
<b>Cash flows from operating activities:</b>			
Consolidated net income	\$ 13,706	\$ 15,201	\$ 7,179
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	11,152	10,987	10,678
Net unrealized and realized (gains) and losses	(8,589)	(1,886)	3,516
Losses on disposal of business operations	8,401	15	4,850
Asda pension contribution	—	(1,036)	—
Deferred income taxes	1,911	320	(499)
Other operating activities	1,521	1,981	1,734
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:			
Receivables, net	(1,086)	154	(368)
Inventories	(2,395)	(300)	(1,311)
Accounts payable	6,966	(274)	1,831
Accrued liabilities	4,623	186	183
Accrued income taxes	(136)	(93)	(40)
Net cash provided by operating activities	36,074	25,255	27,753
<b>Cash flows from investing activities:</b>			
Payments for property and equipment	(10,264)	(10,705)	(10,344)
Proceeds from the disposal of property and equipment	215	321	519
Proceeds from the disposal of certain operations	56	833	876
Payments for business acquisitions, net of cash acquired	(180)	(56)	(14,656)
Other investing activities	102	479	(431)
Net cash used in investing activities	(10,071)	(9,128)	(24,036)
<b>Cash flows from financing activities:</b>			
Net change in short-term borrowings	(324)	(4,656)	(53)
Proceeds from issuance of long-term debt	—	5,492	15,872
Repayments of long-term debt	(5,382)	(1,907)	(3,784)
Dividends paid	(6,116)	(6,048)	(6,102)
Purchase of Company stock	(2,625)	(5,717)	(7,410)
Dividends paid to noncontrolling interest	(434)	(555)	(431)
Other financing activities	(1,236)	(908)	(629)
Net cash used in financing activities	(16,117)	(14,299)	(2,537)
Effect of exchange rates on cash, cash equivalents and restricted cash	235	(69)	(438)
Net increase in cash, cash equivalents and restricted cash	10,121	1,759	742
Cash and cash equivalents reclassified as assets held for sale	(1,848)	—	—
Cash, cash equivalents and restricted cash at beginning of year	9,515	7,756	7,014
Cash, cash equivalents and restricted cash at end of year	\$ 17,788	\$ 9,515	\$ 7,756
<b>Supplemental disclosure of cash flow information:</b>			
Income taxes paid	\$ 5,271	\$ 3,616	\$ 3,982
Interest paid	2,216	2,464	2,348

See accompanying notes.

## Note 6. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of commercial paper and lines of credit. Short-term borrowings as of January 31, 2021 and 2020 were \$0.2 billion and \$0.6 billion, respectively, with weighted-average interest rates of 1.9% and 5.0%, respectively. Short-term borrowings as of January 31, 2020 were primarily outside of the U.S.

The Company has various committed lines of credit in the U.S. to support its commercial paper program and are summarized in the following table:

(Amounts in millions)	January 31, 2021			January 31, 2020		
	Available	Drawn	Undrawn	Available	Drawn	Undrawn
Five-year credit facility	\$ 5,000	\$ —	\$ 5,000	\$ 5,000	\$ —	\$ 5,000
364-day revolving credit facility <sup>(1)</sup>	10,000	—	10,000	10,000	—	10,000
<b>Total</b>	<b>\$ 15,000</b>	<b>\$ —</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ —</b>	<b>\$ 15,000</b>

(1) In April 2020, the Company renewed and extended its existing 364-day revolving credit facility.

The committed lines of credit in the table above mature at various times between April 2021 and May 2024, carry interest rates generally ranging between LIBOR plus 10 basis points and LIBOR plus 75 basis points, and incur commitment fees ranging between 1.5 and 4.0 basis points. In conjunction with the committed lines of credit listed in the table above, the Company has agreed to observe certain covenants, the most restrictive of which relates to the maximum amount of secured debt. Additionally, the Company has syndicated and fronted letters of credit available which totaled \$1.8 billion as of January 31, 2021 and 2020, of which \$1.8 billion and \$1.6 billion was drawn as of January 31, 2021 and 2020, respectively.

The Company's long-term debt, which includes the fair value instruments further discussed in Note 8, consists of the following as of January 31, 2021 and 2020:

(Amounts in millions)	January 31, 2021			January 31, 2020	
	Maturity Dates By Fiscal Year	Amount	Average Rate <sup>(1)</sup>	Amount	Average Rate <sup>(1)</sup>
<b>Unsecured debt</b>					
Fixed	2022 - 2050	\$ 35,216	3.9%	\$ 39,752	3.8%
Variable	2022	750	0.5%	1,500	2.1%
<b>Total U.S. dollar denominated</b>		35,966		41,252	
Fixed	2023 - 2030	3,034	3.3%	2,758	3.3%
Variable		—		—	
<b>Total Euro denominated</b>		3,034		2,758	
Fixed	2031 - 2039	3,682	5.4%	3,518	5.4%
Variable		—		—	
<b>Total Sterling denominated</b>		3,682		3,518	
Fixed	2023-2028	1,624	0.3%	1,652	0.4%
Variable		—		—	
<b>Total Yen denominated</b>		1,624		1,652	
<b>Total unsecured debt</b>		44,306		49,180	
<b>Total other<sup>(2)</sup></b>		3		(104)	
<b>Total debt</b>		44,309		49,076	
Less amounts due within one year		(3,115)		(5,362)	
<b>Long-term debt</b>		<b>\$ 41,194</b>		<b>\$ 43,714</b>	

(1) The average rate represents the weighted-average stated rate for each corresponding debt category, based on year-end balances and year-end interest rates.

(2) Includes deferred loan costs, discounts, fair value hedges, foreign-held debt and secured debt.

Annual maturities of long-term debt during the next five years and thereafter are as follows:

(Amounts in millions)	Annual Maturities
<b>Fiscal Year</b>	
2022	\$ 3,115
2023	3,014
2024	4,721
2025	4,360
2026	1,480
Thereafter	27,619
<b>Total</b>	<b>\$ 44,309</b>