Dear Associates and Shareholders,

Our purpose – helping people save money and live better – has been at our core since our founding 62 years ago. It starts with a commitment to provide everyday low prices and extends to creating better outcomes for people, communities and our planet. Our purpose answers the question about why we do what we do. How we do it is shaped by our values of respecting the individual, acting with integrity, serving our customers and members, and striving for excellence.

While our purpose and values are constants, the way we deliver our purpose is always changing. Today, we're a people-led, tech-powered omnichannel retailer dedicated to helping people save money and live better. This dual focus on our people and culture together with building and using today's technologies is fueling our progress.

We finished another year with strong results. We outlined a financial framework last year that includes growing operating income faster than sales, and we're delivering. For fiscal year 2024, net sales grew more than six percent, and profit grew even faster. This includes more than $100 billion in eCommerce sales with a bottom line that's improving. Operating cash flow was $36 billion, and returns were up more than 200 basis points. Inventory and in-stock levels ended in a great spot, and the nine percent increase in the dividend we announced for the current fiscal year is the largest increase in more than 10 years.

It's our associates who drove this strong performance, and it's my job and the job of all our leaders to support them and create opportunities for them to thrive. We've made important investments in our associates that include, and go beyond, wage increases. The average hourly associate wage rate in the U.S. has increased by nearly 30 percent over the past five years. We continue to invest in healthcare and other benefits, including educational opportunities. Our goal is to connect associates to higher-paying jobs based on in-demand skills. We've committed to invest $1 billion in career-driven training and development by 2026. And to help us move quickly on our goals, we've more than doubled the number of skills certificates paid for through our Live Better U education benefit. We want to do more than create jobs. We want to enable careers and help people build wealth. Making Walmart stock more affordable is one of the reasons we decided to split the stock 3-for-1 earlier this year. It just feels better to purchase a whole share of stock at a time. At the time of the split, more than 400,000 associates were participating in the company's stock purchase plan, in which Walmart contributes 15 percent on top for the first $1,800 purchased. We're also proud that we've added annual share grants to our compensation plans for U.S. store, club and supply chain facility leaders.

Just as we invest in our people, we also invest in technology. We have thousands of associates working in tech roles around the world. They're innovating to bring new experiences to life, unlocking insights from data to enable our decisions, and intelligently automating our operations with technologies like generative AI, computer vision and automated storage and retrieval systems in our distribution and fulfillment centers. We've launched innovative capabilities such as generative AI-driven product search allowing customers to shop more intuitively, new exit technology at Sam's Club U.S. that allows our members to quickly leave once they've paid, and Shop with Friends that enables the social aspect of shopping.

Our team is building a more connected, intelligent and automated supply chain. As of now, 13 of our 42 regional distribution centers in the U.S. have been equipped with some level of automated storage and retrieval systems. We have about 1,500 stores receiving palletized freight from these distribution centers today.

As we drive our digital businesses, we're reshaping the business model. Think about it as a combination of a traditional retail P&L, coupled with a newer version that starts with our digital businesses. The newer version includes eCommerce, both for the inventory we own and the marketplaces we operate, as well as membership, advertising, fulfillment as a service, and data monetization. Last year, advertising grew to be a $3.4 billion business for us, and membership income grew by 20 percent. We're driving improvements in both P&Ls and when we add them together, along with what we're doing to automate our supply chain in the U.S., the collective benefits help us grow more efficiently over time and create a better business mix along the way.

In addition to technology and supply chain, we're making investments to remodel our stores and clubs and build new units where we see an opportunity. We'll remodel more than 900 stores and clubs globally over the next year, including 650 stores in the U.S. We're building 30 new Sam's Clubs over the next several years, and we'll add more than 150 Supercenters and Neighborhood Markets over the next five years. Outside the U.S., we'll open around 230 stores and clubs next year.

From delivering value and convenience to doing our part for the planet and the communities we serve; we've worked hard to build trust. Our aspiration is to become a regenerative company meaning people, places and the planet are all better off because we got involved, and we're making progress. We're powered by an estimated 47 percent renewable energy and are working hard to make more sustainable products the everyday choice for our customers. This also extends to packaging, where we believe more than 60 percent of our global private-brand packaging is designed for recycling, reuse, or composting.

Our business is strong, and we're making it even stronger by empowering our people to be advocates for our customers, members and shareholders. I want to thank our teams for everything they do. We'll continue to grow, improve operating margins, and push returns higher. Thank you for your interest in Walmart.

With gratitude,

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