

Risk Factors Comparison 2024-03-15 to 2023-03-17 Form: 10-K

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The risks described below could, in ways we may or may not be able to accurately predict, materially and adversely affect our business, results of operations, financial position and liquidity. Our business operations could also be affected by additional factors that apply to all companies operating in the U. S. and globally. The following risk factors do not identify all risks that we may face. Strategic Risks Failure to successfully execute our omni- channel strategy and the cost of our investments in eCommerce and technology may materially adversely affect our market position, net sales and financial performance. The retail business continues to rapidly evolve and consumers increasingly embrace digital shopping. As a result, the portion of total consumer expenditures with retailers and wholesale clubs occurring through digital platforms is increasing and the pace of this increase could continue to accelerate. Our strategy, which includes investments in eCommerce, technology, **including the use of artificial intelligence technology,** talent, supply chain automation, acquisitions, joint ventures, store remodels and other customer initiatives ~~;~~ may not adequately or effectively allow us to continue to grow our eCommerce business, increase comparable sales, maintain or grow our overall market position or otherwise offset the impact on the growth of our business of a moderated pace of new store and club openings **and sustain the current pace of remodels**. The success of this strategy will depend in large measure on our ability to continue building and delivering a seamless omni- channel shopping experience and interconnected ecosystem for our customers that deepens and maintains our relationships with our customers across our various businesses and partnerships and reinforces our overall enterprise strategy. The success of this strategy is further subject to the related risks discussed in this Item 1A. With the interconnected components of this enterprise strategy and an increasing allocation of capital expenditures focused on these initiatives, changes in customer or member perceptions about our reputation or our failure to successfully execute on individual components of this strategy may adversely affect our market position, net sales and financial performance **,** which could also result in impairment charges to intangible assets or other long- lived assets. In addition, a greater concentration of eCommerce sales, including increasing online grocery sales, could result in a reduction in the amount of traffic in our stores and clubs, which would, in turn, reduce the opportunities for cross- store or cross- club sales of merchandise that such traffic creates and could reduce our sales within our stores and clubs and materially adversely affect our financial performance. Furthermore, the cost of certain investments in eCommerce, technology, talent ~~;~~ **and** automation, including any operating losses incurred **for those initiatives**, will adversely impact our financial performance in the short- term and failure to realize the benefits of these investments may adversely impact our financial performance over the longer term. If we do not timely identify or effectively respond to consumer trends or preferences, it could negatively affect our relationship with our customers, demand for the products and services we sell, our market share and the growth of our business. It is difficult to predict consistently and successfully the products and services our customers will demand and changes in their shopping patterns **,** **tastes and preferences**. The success of our business depends in part on how accurately we predict consumer demand, availability of merchandise, the related impact on the demand for existing products and services and the competitive environment. **Our business is dependent on our ability to make critical decisions and predictions with respect to merchandise categories that quickly respond to changing consumer spending patterns, tastes and preferences, any incorrect calculations by us may result in lower sales, spoilage and inventory markdowns, which could adversely impact our results of operations. Our ability to predict and adapt to changing tastes and preferences depends on many factors, including obtaining accurate and relevant data on customer preferences, emphasizing relevant merchandise categories, effectively managing our inventory levels, and implementing competitive and effective pricing and promotion strategies.** Price transparency, assortment of products, customer experience, convenience, ease and the speed and cost of shipping are of primary importance to customers and continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products. ~~Our failure to~~ **We must continue** to adequately ~~preserve or our reputation~~ effectively respond to changing consumer tastes, preferences ~~which is impacted based on public perceptions. It may be difficult to address negative publicity across media channels, regardless of whether it is accurate. Negative incidents involving us, our workforce (including those-- the related to ESG issues loss of merchandise as a result of shrink or theft) or others with whom we do business could quickly erode trust and shopping confidence in our business and could result in consumer boycotts, workforce unrest and government investigations. Negative reputational incidents or negative perceptions of us could adversely impact our business and results of operations, including through lower sales, the termination of business relationships and associate retention and recruiting efforts. Moreover, failure to adequately predict customer demand and consumer spending patterns ~~;~~ or otherwise optimize and operate ~~or our distribution and fulfillment centers could result in excess or insufficient inventory, service interruptions and increased costs, any of which could significantly harm other failure on our part to timely identify or our business. As we~~ **continue to add new fulfillment centers, our fulfillment and technology networks become increasingly complex and operating them becomes more challenging. There can be no assurance that we will be able to operate our networks** effectively respond to changing consumer tastes, preferences and shopping patterns could negatively affect our reputation and relationship with our customers, the demand for the products we sell or services we offer, our market share and the growth of ~~our business~~. We face strong competition from other retailers, wholesale club operators, omni- channel retailers ~~;~~ and other businesses which could materially adversely affect our financial performance. Each of our segments competes for customers, employees, digital prominence, products and services and in other important aspects of its business with many other local, regional, national and global physical, eCommerce and omni- channel retailers, social commerce platforms, wholesale club~~

operators and retail intermediaries, as well as companies that offer services in digital advertising, fulfillment and delivery services, health and wellness, and financial services. The omni-channel retail landscape is highly competitive and rapidly evolving, and the entry of new, well-funded competitors may increase competitive pressures. In addition, for eCommerce and other internet-based businesses, newer or smaller businesses may be better able to innovate and compete with us. We compete in a variety of ways, including the prices at which we sell our merchandise, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities, the shopping convenience and overall shopping experience we offer, the attractiveness and ease of use of our digital platforms, cost and speed of and options for delivery to customers of merchandise purchased through our digital platforms or through our omni-channel integration of our physical and digital operations. A failure to respond effectively to competitive pressures and changes in the retail and other markets in which we operate, omni-channel innovations and omni-channel ecosystems developed by our competitors or delays or failure in execution of our strategy could materially adversely affect our financial performance. See "Item 1. Business" above for additional discussion of the competitive situation of each of our reportable segments. Certain segments of the retail industry are undergoing consolidation or substantially reducing operations, whether due to bankruptcy, consolidation or other factors. Such consolidation, or other business combinations or alliances, competitive omni-channel ecosystems, or reductions in operations may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration and other improvements in their competitive positions. Such business combinations or alliances could allow these companies to provide a wider variety of products and services at competitive prices, which could adversely affect our financial performance. General or macro-economic factors, both domestically and internationally, may materially adversely affect our financial performance. General economic conditions and other economic factors, globally or in one or more of the markets we serve, may adversely affect our financial performance. Higher interest rates, lower or higher prices of petroleum products, including crude oil, natural gas, gasoline, and diesel fuel, higher costs for electricity and other energy, weakness in the housing market, inflation, deflation, increased costs of essential services, such as medical care and utilities, higher levels of unemployment, decreases in consumer disposable income, unavailability of consumer credit, higher consumer debt levels, changes in consumer spending and shopping patterns, fluctuations in currency exchange rates, higher tax rates, imposition of new taxes or other changes in tax laws, changes in healthcare laws, other regulatory changes, the imposition of tariffs or other measures that create barriers to or increase the costs associated with international trade, overall economic slowdown or recession and other economic factors in the U. S. , or in any of the other markets in which we operate , could adversely affect consumer demand for the products and services we sell in the U. S. or such other markets, change the mix of products we sell to one with a lower average gross margin, cause a slowdown in discretionary purchases of goods, adversely affect our net sales , **growth rates, operating income** and result in slower inventory turnover and greater markdowns of inventory, or otherwise materially adversely affect our operations and operating results and could result in impairment charges to intangible assets, goodwill or other long-lived assets. In addition, the economic factors listed above, any other economic factors or circumstances resulting in higher transportation, labor, insurance or healthcare costs or commodity prices, including energy prices, and other economic factors in the U. S. and other countries in which we operate can increase our cost of sales and operating, selling, general and administrative expenses and otherwise materially adversely affect our operations and operating results. The economic factors that affect our operations may also adversely affect the operations of our suppliers, which can result in an increase in the cost to us of the goods we sell to our customers or, in more extreme cases, in certain suppliers not producing goods in the volume typically available to us for sale , **or adversely impact product margins due to higher labor and material costs of our suppliers that we are unable, or choose not, to pass on to our customers** . The performance of strategic alliances and other business relationships to support the expansion of our business could materially adversely affect our financial performance. We may enter into strategic alliances and other business relationships in the countries in which we have existing operations or in other markets to expand our business. These arrangements (such as ONE, our fintech joint-venture, and our healthcare initiative with UnitedHealth Group) may not generate the level of sales **or profitability** we anticipate when entering into the arrangement or may otherwise adversely impact our business and competitive position relative to the results we could have achieved in the absence of such alliance. In addition, any investment we make in connection with a strategic alliance, business relationship or in certain of our ~~recently~~ divested markets, could materially adversely affect our financial performance. Operational Risks Global or regional health pandemics or epidemics , ~~including COVID-19, could negatively impact our business, financial position and results of operations.~~ The emergence, severity, magnitude and duration of global or regional pandemics or epidemics are uncertain and difficult to predict. ~~A pandemic, such as COVID-19, could negatively impact our business, financial position and results of operations.~~ **The emergence, severity, magnitude and duration of global or regional pandemics, epidemics or other health crises are uncertain and difficult to predict. A pandemic, such as COVID-19, or other epidemic or contagious disease outbreak** could impact our business operations, demand for our products and services, in-stock positions, costs of doing business, access to inventory, supply chain operations, the extent and duration of measures to try to contain the spread of a virus or other disease (such as travel bans and restrictions, quarantines, shelter-in-place orders, **limitations on large gatherings,** business and government shutdowns, and other restrictions on retailers), our ability to predict future performance, exposure to litigation, and our financial performance, among other things. ~~Customer behaviors changed rapidly during the course of the COVID-19 pandemic.~~ In the event of **any global resurgence of infections or regional health crisis** future mutations, variants or related strains of the virus become prevalent, customer demand for certain products may fluctuate and, customer behaviors may change **and consumer disposable income could be negatively impacted** , which may challenge our ability to anticipate and / or adjust inventory levels to meet that demand . ~~These factors may result in higher demand for certain products and less demand for others, as well as out-of-stock positions in certain products, along with delays in delivering those products (due to supply chain and transportation issues) and could impact inventory levels in the future.~~ Other factors and uncertainties may include, but are not limited to: the severity and duration of the pandemic **pandemics , epidemics or other health crises** , including

disease whether there are additional outbreaks or spikes in the number of cases, future mutations or related strains of the virus in areas in which we and our suppliers operate; further increased operational costs; evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures; unknown consequences on our business performance and initiatives stemming from the substantial investment of time, capital and other resources to ~~the a~~ **the a pandemic or other health crisis** response; the effectiveness and extent of administration of vaccinations and medical treatments, ~~including for any variants~~; the pace of recovery when ~~the any such~~ **pandemic or other health crisis** subsides; and the long- term impact of ~~the a~~ **pandemic or epidemic- other health crisis** on our business, including consumer behaviors. These risks and their impacts are difficult to predict and could otherwise disrupt and adversely affect our operations and our financial performance. To the extent that ~~the COVID-19 pandemic continues to adversely affect the U. S. and the global economy, or~~ a future pandemic or epidemic occurs, such events may also heighten other risks described in this section, including but not limited to those related to consumer behavior and expectations, competition, our reputation, implementation of strategic initiatives, cybersecurity threats, payment- related risks, technology systems disruption, supply chain disruptions, labor availability and cost, litigation, and regulatory requirements. Natural disasters, climate change, geopolitical events, ~~global health epidemics or pandemics,~~ catastrophic and other events could materially adversely affect our financial performance. The occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, fires, earthquakes, tsunamis, cyclones, typhoons; weather conditions such as major or extended winter storms, droughts and tornadoes, whether as a result of climate change or otherwise; geopolitical tensions or events; ~~regional or global health epidemics or pandemics or other contagious outbreaks (such as COVID-19);~~ and catastrophic and other events, such as war, civil unrest (including theft, looting or vandalism), terrorist attacks or other acts of violence, including active shooter situations (such as those that have occurred in our U. S. stores), or the loss of merchandise as a result of shrink or theft in countries in which we operate, in which our suppliers are located **or regions goods are transported from or through**, or in other areas of the world (such as in Ukraine ~~and Israel~~ where ~~a war wars~~ currently exists- exist, ~~between Ukraine and Russia~~ **armed hostilities in the Red Sea and surrounding areas through which ocean carrier vessels travel to the Suez Canal**) could adversely affect our operations and financial performance. Such events could result in physical damage to, or the complete loss of, one or more of our properties, the closure of one or more stores, clubs and distribution or fulfillment centers, limitations on store or club operating hours, the lack of an adequate work force in a market, the inability of customers and associates to reach or have transportation to our stores and clubs affected by such events, the evacuation of the populace from areas in which our stores, clubs and distribution and fulfillment centers are located, the unavailability of our digital platforms to our customers, changes in the purchasing patterns of consumers (including the frequency of visits by consumers to physical retail locations, whether as a result of limitations on large gatherings, travel and movement limitations or otherwise), **such as Hurricane Otis that impacted our stores and operations around Acapulco, Mexico in fiscal 2024, although not material to our consolidated financial performance. Moreover, these disasters and events can negatively impact** consumers' disposable income, the temporary or long- term disruption in the supply of products from some suppliers, the disruption in the transport of goods from overseas, the disruption or delay in the delivery of goods to our distribution and fulfillment centers or stores within a country in which we are operating, the reduction in the availability of products in our stores, increases in the costs of procuring products as a result of either reduced availability or economic sanctions, increased transportation costs (whether due to fuel prices, fuel supply, or otherwise), the disruption (whether directly or indirectly) of critical infrastructure systems, banking systems, utility services or energy availability to our stores, clubs and our facilities, and the disruption in our communications with our stores, clubs and our other facilities. Furthermore, the long- term impacts of climate change, whether involving physical risks (such as extreme weather conditions, drought, or rising sea levels) or transition risks (such as regulatory or technology changes) are expected to be widespread and unpredictable. Certain impacts of physical risk may include: temperature changes that increase the heating and cooling costs at stores, clubs, and distribution or fulfillment centers; extreme weather patterns that affect the production or sourcing of certain commodities; flooding and extreme storms that damage or destroy our buildings and inventory; and heat and extreme weather events that cause long- term disruption or threats to the habitability of the communities in which ~~Walmart we operates-~~ **operate**. Relative to transition risk, certain impacts may include: changes in energy and commodity prices driven by climate- related weather events; prolonged climate- related events affecting macroeconomic conditions with related effects on consumer spending and confidence; stakeholder perception of our engagement in climate- related policies; and new regulatory requirements resulting in higher compliance risk and operational costs. We bear the risk of losses incurred as a result of physical damage to, or destruction of, any stores, clubs and distribution or fulfillment centers; theft, loss or spoilage of inventory; and business interruption caused by such events. These events and their impacts could otherwise disrupt and adversely affect our operations and could materially adversely affect our financial performance. Moreover, our operations in the U. S. comprise a significant portion of our financial and operational performance. Therefore, any of the above matters that uniquely impact or are specifically concentrated in the U. S. could materially adversely affect our financial and operational performance. Risks associated with our suppliers could materially adversely affect our financial performance. The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including labor, safety, anti- corruption and environmental laws, and to otherwise meet our required supplier standards of conduct. Our ability to find qualified suppliers who uphold our standards, and to access products in a timely and efficient manner and in the large volumes we may demand, is a significant challenge, especially with respect to suppliers located and goods sourced outside the U. S. Political and economic instability, as well as other impactful events and circumstances **(such as pandemic recovery related challenges, including supply chain disruption and production, labor shortages and increases in labor costs)** in the countries in which our suppliers and their manufacturers are located **or regions goods are transported from or through** (such as the COVID-19 pandemic), the financial instability of suppliers, **suppliers not having the financial ability or capacity to fulfill their indemnification obligations to us if called**

upon, thereby exposing us to the full cost of risks and claims, suppliers' failure to meet our terms and conditions or our supplier standards (including our responsible sourcing standards), labor problems experienced by our suppliers and their manufacturers, the availability of raw materials to suppliers, merchandise safety and quality issues, disruption or delay in the transportation of merchandise from the suppliers and manufacturers to our stores, clubs and other facilities, including as a result of labor slowdowns at any port at which a material amount of merchandise we purchase enters into the markets in which we operate, currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control (such as, for example, the factors that occurred with respect to the availability of supply for baby formula during the prior fiscal year). In addition, U. S. and international trade policies, tariffs and other restrictions on the exportation and importation of goods, trade sanctions imposed between certain countries and entities, the limitation on the exportation or importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our operations and financial performance. If the **quality or safety of** products we sell **in stores** are not safe or otherwise **online fail fails** to meet our customers' expectations or **regulatory standards**, we could lose customers, incur liability for any injuries suffered **caused** by customers using or consuming a product we sell or otherwise experience a material impact to our brand, reputation and financial performance. We are also subject to reputational and other risks related to third-party sales on our digital platforms. Our customers count on us to provide them with **safe quality** products **at**. Concerns regarding the safety of food and **an non-food affordable price**. **Occasionally, the quality of** products that we source from our suppliers **fails to meet customer expectations. In many cases, these products are subject to regulatory action or recall.** or For that we prepare and general merchandise, this could be because ~~then~~ **the sell product fails to meet safety standards. For food products, it could be because the product is a source of foodborne illness. For health and wellness products, it could be because the product does not produce the expected result for the customer or harms the customer. Any of these factors** could cause customers to avoid purchasing certain products from us, or to **choose to buy products from a different retailer** seek alternative sources of supply for all of their food and non-food needs, even if the **quality issue** basis for the concern is outside of our control. Any lost confidence on the part of our customers would be difficult and costly to reestablish. **When a product we sell does not meet quality or safety standards, there is and an such increased risk of liability for harm the product may cause our customers. While we rely on our suppliers to meet our safety and quality expectations, and to indemnify us if their products also do not, certain suppliers may not have the financial capacity or ability to fulfill their indemnification obligations. In that case, we are expose exposed us to product the full cost of** liability or food safety claims. **Any** As such, any issue regarding the **quality or safety of products** any food or non-food items we sell, regardless of the cause, could adversely affect our brand, reputation and financial performance. **In addition, If the quality or safety of products offered for sale on our third-party marketplace fails to meet our customers' expectations or regulatory standards, we could be held directly liable, lose customers, become subject to regulatory enforcement or otherwise experience reputational harm. Some of the products customers buy from our website are sold by third parties sell goods on some of our digital platforms, which we refer to as marketplace transactions. Whether laws related to While that transaction ultimately occurs between these-- the third-party seller and the customer, some regulators and courts have taken a view that the retailer is responsible for marketplace transactions ; including, but not limited to, that occur on a retailer's digital platform. Unsettled law on whether a retailer is responsible for intellectual property and or products- product liability claims related laws, apply to us is currently unsettled and any marketplace transactions creates additional risk. Any unfavorable changes or legal interpretations could further expose us to liability . In addition , poor quality or safety of third-party products offered for sale on our platforms could erode customer trust, leading to loss of sales, reduction in transactions and deterioration of our competitive position. In addition, we may face reputational, financial and other risks, including liability, for third-party products offered for sales- sale of goods on our platform that are controversial, counterfeit, pirated, or stolen, or that infringe otherwise fail to comply with applicable law or the proprietary intellectual property rights of others . We may not be able to collect sufficient damages for these types of breaches from third-party sellers. Furthermore, a regulator may view us as having responsibility for regulatory compliance of the third-party products offered for sale on our platform . Although we have marketplace compliance controls in place and impose contractual terms on sellers to prohibit sales of certain type of non-compliant products, we may not be able to detect certain prevent sellers from offering prohibited items for sale , enforce such terms, or collect sufficient damages for breaches fully protect against regulatory risk . Any of these events could have a material adverse impact on our business and results of operations and impede the execution of our eCommerce growth and enterprise strategy. We rely extensively on information and financial systems to process transactions, summarize results and manage our business. Disruptions in our systems could harm our ability to conduct our operations. Given the number of individual transactions we have each year, it is crucial that we maintain uninterrupted operation of our business-critical information systems. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security incidents and breaches (from a variety of threat actors, including both through cyberattacks, which may be from cybercriminals or sophisticated and nation state-sponsored threat actors), catastrophic events such as fires, major or extended winter storms, tornadoes, earthquakes and hurricanes, usage errors by our associates or contractors, civil or political unrest, or armed hostilities. Our The availability of our information systems and the integrity of data are essential to our business operations, including the processing of transactions, management of our associates, facilities, logistics, inventories, physical stores and clubs and our online operations. Our information systems are not fully redundant and our disaster recovery planning cannot account for all eventualities. If our systems are damaged, breached, attacked, interrupted, or otherwise cease to function properly, we may have to make a significant investment to repair or replace them, and may experience loss or corruption of critical data as well as suffer**

interruptions in our business operations in the interim. Any interruption to **the availability of** our information systems **or corruption of our data** may have a material adverse effect on our business or results of operations. **In addition, the cost of securing our systems against failure or attack is considerable, and increases in these costs, particularly in the wake of a breach or failure, could be significant**. In addition, we frequently update our information technology hardware, software, processes and systems. The risk of system disruption is increased when significant system changes are undertaken. If we fail to timely or successfully integrate and update our information systems and processes, we may fail to realize the cost savings or operational benefits anticipated to be derived from these initiatives. For example, during the first quarter of **the** fiscal year **ending ended** January 31, 2024, we initiated an upgrade to our existing financial system, including our general ledger and other applications. If we are unable to implement this upgrade as planned, the effectiveness of our internal control over financial reporting could be adversely affected; our ability to assess those controls adequately could be delayed; and our reputation, business, results of operations, financial condition and cash flows could be negatively impacted. If the technology-based systems that give our customers the ability to shop with us online and enable us to deliver products and services do not function effectively, our operating results, as well as our ability to grow our omni-channel business globally, could be materially adversely affected. Increasingly, customers are using computers, tablets and smart phones to shop with us and with our competitors and to do comparison shopping. We use social media, online advertising and email to interact with our customers and as a means to enhance their shopping experience. As a part of our omni-channel sales strategy, we offer various pickup, delivery and shipping programs including options where many products available for purchase online can be picked up by the customer or member at a local Walmart store or Sam's Club, which provides additional customer traffic at such stores and clubs. Omni-channel retailing is a rapidly evolving part of the retail industry and of our operations around the world, and we continue to make investments in supply chain automation to support our omni-channel strategy. We must anticipate and meet our customers' changing expectations while adjusting for technology investments and developments in our competitors' operations through focusing on the building and delivery of a seamless shopping experience across all channels by each operating segment. Moreover, some of the various technology systems and services on which we rely are provided and managed by third-party service providers. To the extent either our or such other third-party systems and services do not perform or function as anticipated, whether because of an inherent flaw in the technology **or**, a faulty implementation **or a cybersecurity incident**, such failure can significantly interfere with our ability to meet our customers' changing expectations. Any disruption or failure on our part to provide attractive, user-friendly and secure digital platforms that offer a wide assortment of merchandise and services at competitive prices and with low cost and rapid delivery options and that continually meet the changing expectations of online shoppers and developments in online and digital platform merchandising and related technology in a cost-efficient manner could place us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with customers, have a material adverse impact on the growth of our eCommerce business globally and have a material adverse impact on our business and results of operations. **Our digital platforms, which are increasingly..... for the growth of our business.** Any failure to maintain the privacy or security of the information relating to our company, customers, members, associates, business partners and vendors, whether as a result of cyberattacks on our information systems or otherwise, could damage our reputation, result in litigation or other legal actions against us, result in fines, penalties, and liability, cause us to incur substantial additional costs and materially adversely affect our business and operating results. Like most retailers, we **process receive and store** in our information systems personal information and / or payment information about our customers and members, and we also **process receive and store** information concerning our associates and vendors. In addition, our health and wellness business operations, the Walmart Health locations, and third-party service providers who handle information on our behalf, store and maintain personal health information. Some of this information is stored digitally in connection with the digital platforms and technologies that we use to conduct and facilitate our various businesses. We utilize third-party service providers for a variety of reasons, including, without limitation, for digital storage technology, **compute capacity**, content delivery to customers and members, back-office support and other functions. Such providers may have access to information we hold about our customers, members, associates, business partners or vendors. In addition, our eCommerce operations depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments. Cyber threats are rapidly evolving and those threats and the means for **disrupting or obtaining access to information systems or information stored** in digital and other storage media are becoming increasingly sophisticated and frequent, **and in some cases, they may lead to successful Attacks-attacks . Unauthorized activities directed** against information systems and devices, whether our own or those of our third-party service providers **and vendors**, **create risk of have resulted in** cybersecurity incidents, including **malware, ransomware, malware, denial of service attacks** or phishing incidents. We expect **to that our information systems and those of our third-party service providers, vendors and suppliers will** continue to experience such attempted attacks in the future, **which could include disruptions to our supply chain system**. Cyberattacks and threat actors can be sponsored by particular **countries-nation-states, or be the work of sophisticated criminal organizations, insiders (including or our be the work of hackers-associates or contractors) or third parties, each** with a wide range of motives and expertise. We and the businesses with which we interact have experienced and continue to experience **incidents and threats to data and information systems**, **. These incidents and threats have included and are likely to continue to including include both** by perpetrators of random **or and** targeted **malicious** cyberattacks, computer viruses, phishing incidents, worms, bot attacks, ransomware or other destructive or disruptive software and attempts to misappropriate customer information, including credit card and payment information, and cause system failures and disruptions. **Mitigation and remediation recommendations continue to evolve, and addressing vulnerabilities is a priority for us.** The increased use of remote work infrastructure in recent years has also increased the possible attack surfaces **to be exploited**. **Some of Our logging capabilities, our or the logging capabilities of third parties, are also not always complete or sufficiently detailed, affecting our ability to fully investigate and understand the scope of security events. As noted above, some of**

our information systems and **those of our** third- party service providers' systems have experienced security **cybersecurity** incidents or breaches and, although **to date** they have not had a material adverse effect on our operating results, there can be no assurance of a similar result in the future. Our digital platforms, which are increasingly important to our business and continue to grow in complexity and scope, and the systems on which they run, including those applications and systems used in **our legacy operations and** acquired eCommerce, technology or other businesses, are regularly subject to cyberattacks. Those attacks involve attempts to ~~impede the operations of our system or~~ gain unauthorized access to our eCommerce websites (including marketplace platforms) or mobile commerce applications to obtain and misuse customers' or members' information including personal information and / or payment information and related risks discussed in this Item 1A. Such attacks, if successful, ~~may result in~~ **addition to** potential data misuse and / or loss and, ~~may also~~ create denials of service or otherwise disable, degrade or sabotage ~~the information systems that enable or support~~ one or more of our digital platforms or otherwise significantly disrupt our customers' and members' shopping experience, our supply chain integrity and continuity, ~~and our ability to efficiently operate our business.~~ If we are unable to maintain the security of ~~the information systems that enable or support~~ our digital platforms and keep them operating within acceptable parameters, we could suffer loss of sales, reductions in transactions, reputational damage and deterioration of our competitive position and incur liability for any damage to customers, members or others whose personal or confidential information is unlawfully obtained and misused, any of which events could have a material adverse impact **on our business and results of operations and impede the execution of our strategy for the growth of our business.** Associate error or malfeasance, faulty password management, social engineering or other vulnerabilities and irregularities may also result in a defeat of our **security measures** or **those of** our third- party service providers' ~~security measures~~ and a compromise or breach of our or their information systems. Moreover, ~~the~~ hardware, software or applications ~~we use~~ **that comprise our information system and networked environment** may have ~~inherent~~ vulnerabilities or defects of design, **coding**, manufacture or operations ~~or that~~ could be **intentionally exploited or** inadvertently or ~~intentionally implemented or~~ used in a manner that could compromise information security. **Given the age, size and complexity of these information systems and our networked environment, patches for certain vulnerabilities may not exist and, even where patches or other risk-mitigating activities are available, the deployment of patches or execution of risk- mitigating actions may not occur before an underlying vulnerability is exploited by threat actors or inadvertently results in the compromise of our information systems or data.** Any compromise of our ~~information data security~~ systems or of those of businesses with which we interact, which results in **regulated data or** confidential information being accessed, obtained, damaged, disclosed, destroyed, modified, lost or used by unauthorized persons could harm our reputation and expose us to regulatory actions (including, with respect to health information, liability under the Health Insurance Portability and Accountability Act of 1996, or "HIPAA"), customer attrition, remediation expenses ~~and~~ claims from customers, members, associates, vendors, financial institutions, payment card networks and other persons, any of which could materially and adversely affect our business operations, financial position and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems **or data** change frequently and may not immediately produce signs of a compromise, we may be unable to anticipate these techniques or to implement adequate preventative measures ~~and,~~ **or detect the activities of a threat actor. Even if we or our third- party service providers detect a cybersecurity incident, the nature and extent of that cybersecurity incident** may not discover any security event, breach, vulnerability ~~be immediately clear.~~ **Based on the sophistication of the threat actors and the size and complexity of or our compromise of information for systems and networked environment, among other factors, an investigation into a cybersecurity incident could take a significant period amount** of time ~~after the~~ to complete. We may not understand or appreciate that what is detected and treated as **multiple individual security- cybersecurity incidents or events may be associated with the coordinated actions of a single threat actor. In addition, while our investigation of a cybersecurity incident occurs is ongoing, we may not know the full extent of the harm caused by a threat actor, and such harm may spread both internally and to certain customers, vendors, or other third parties. These factors may inhibit our ability to provide rapid, complete and reliable information about the cybersecurity incident to customers, counterparties and regulators, as well as the public. It may also not be clear how best to contain and remediate any harm caused by the cybersecurity incident, and certain errors or actions could be repeated or compounded before they are discovered and remediated. Any or all of these factors could further increase the costs and consequences of a cybersecurity incident on our business operations, financial position and results of operations.** To the extent that any cyberattack, ransomware or incursion in our or one of our third- party service provider' s information systems results in the loss, damage, misappropriation or other compromise of information, we may be materially adversely affected by claims from customers, members, financial institutions, regulatory authorities, payment card networks and others. Our compliance programs, information technology ~~and~~ enterprise risk management efforts cannot eliminate all systemic risk. Disruptions in our systems caused by **associate error or malfeasance**, security incidents, breaches or cyberattacks – including attacks on those parties we do business with (such as strategic partners, suppliers, banks ~~and~~ or utility companies) – could harm our ability to conduct our operations, which may have a material effect on us, may result in losses that could have a material adverse effect on our financial position or results of operations, or may have a cascading effect that adversely impacts our partners, third- party service providers, customers, members, financial services firms ~~and~~ other third parties that we interact with on a regular basis. Our reputation with our customers and members is important to the success of our enterprise strategy, which combines traditional retail, membership models, marketplaces, financial services, healthcare, and other customer and business services into a series of interconnected assets to make it seamless for customers to interact with us. Security- related events could be widely publicized and could materially adversely affect our reputation with our customers, members, associates, vendors and shareholders, could harm our competitive position particularly with respect to our eCommerce operations, and could result in a material reduction in our net sales in our eCommerce operations, as well as in our stores thereby materially adversely affecting our operations, net sales, **growth rates, operating income,** results of operations, financial

position, cash flows and liquidity. Such events could also result in the release to the public of confidential information about our operations and financial position and performance and could result in litigation or other legal actions against us or the imposition of penalties, fines, fees or liabilities, which may not be covered by our insurance policies. Moreover, a security compromise or **operationally impactful malware event, such as** ransomware event, could require us to devote significant management resources to address the problems created by the issue and to expend significant additional resources to upgrade further the security measures we employ to guard personal and confidential information against cyberattacks and other attempts to access or otherwise compromise such information and could result in a disruption of our operations, particularly our digital operations. We accept payments using a variety of methods, including cash, checks, credit and debit cards, electronic benefits transfer (EBT) cards, mobile payments and our private label credit cards and gift cards, and we may offer new payment options over time, which may have information security risk implications. As a retailer accepting debit and credit cards for payment, we are subject to various industry data protection standards and protocols, such as payment network security operating guidelines and the Payment Card Industry Data Security Standard. We cannot be certain that the security measures we **or our third-party suppliers** maintain to protect all of our information technology systems are able to **detect**, prevent, or contain or detect cyberattacks, cyberterrorism, security incidents, breaches or other compromises from ~~known~~ malware or, ransomware or other threats that **are known or** may be developed in the future. In certain circumstances, our contracts with payment card processors and payment card networks (such as Visa, Mastercard, American Express and Discover) generally require us to adhere to payment card network rules which could make us liable to payment card issuers and others if information in connection with payment cards and payment card transactions that we process is compromised, which liabilities could be substantial. Additionally, through various financial service partners and our ONE fintech ~~joint~~ venture, we offer various services such as money transfers, digital payment platforms, bill payment, money orders, check cashing, prepaid access, co-branded credits cards, installment lending and earned wage access. These products and services require us to comply with legal and regulatory requirements, including **those related to** privacy, **information security authentication and tokenization**, global anti-money laundering and sanctions **regimes and consumer protection, under both U. S. state and federal** laws and regulations, as well as **those of certain other countries** international, federal and state consumer financial laws and regulations. Failure to comply with these laws and regulations could result in fines, sanctions, penalties and harm to our reputation. ~~We The Company~~ **also has** **have** compliance obligations associated with privacy laws enacted to protect and regulate the collection, use, retention, disclosure and transfer of personal information, which include liability for security and privacy breaches. Among other obligations, breaches may trigger obligations under ~~international, U. S.~~ federal and state laws **and those in certain other countries** to notify affected individuals, government agencies and the media. Consequently, cybersecurity ~~attacks incidents~~ **that cause result in** a data breach could subject us to fines, sanctions and other legal liability and harm our reputation. Changes in **third-party reimbursements and contracts**, type or scope of offerings of our health and wellness business or the Walmart Health business could adversely affect our overall results of operations, cash flows and liquidity. ~~Walmart has~~ **We have** retail pharmacy operations in our Walmart U. S. and Sam's Club segments across the U. S. and in various of our international markets such as Canada and Mexico. We also provide management services to Walmart Health centers that offer medical, dental, behavioral health and other health services in a number of states, as well as a national telehealth service provider. In addition, ~~our Walmart's~~ 10-year collaboration with UnitedHealth Group includes agreements for Walmart Health to provide value-based care to patients in certain areas of the U. S., among other initiatives. A large majority of our retail pharmacy net sales are generated by filling prescriptions for which we receive payment through established contractual relationships with third-party payers and payment administrators, such as private insurers, governmental agencies and pharmacy benefit managers ("PBMs"). Our retail pharmacy operations are subject to numerous risks, including: reductions in the third-party reimbursement rates for drugs; changes in our payer mix (i. e., shifts in the relative distribution of our pharmacy customers across drug insurance plans and programs toward plans and programs with less favorable reimbursement terms); changes in third-party payer drug formularies (i. e., the schedule of prescription drugs approved for reimbursement or which otherwise receive preferential coverage treatment); growth in, and our participation in or exclusion from, pharmacy payer network arrangements, including exclusive and preferred pharmacy network arrangements operated by PBMs and / or any insurance plan or program; increases in the prices we pay for brand name and generic prescription drugs we sell; increases in the administrative burdens associated with seeking third-party reimbursement; changes in the frequency with which new brand name pharmaceuticals become available to consumers; introduction of lower cost generic drugs as substitutes for existing brand name drugs for which there was no prior generic drug competition; changes in drug mix (i. e., the relative distribution of drugs customers purchase at our pharmacies between brands and generics); changes in the health insurance market generally; changes in the scope of or the elimination of Medicare Part D or Medicaid drug programs; increased competition from other retail pharmacy operations including competitors offering online retail pharmacy options and / or home delivery options; further consolidation and strategic alliances among third-party payers, PBMs or purchasers of drugs; overall economic conditions and the ability of our pharmacy customers to pay for drugs prescribed for them to the extent the costs are not reimbursed by a third-party; failure to meet any performance or incentive thresholds to which our level of third-party reimbursement may be subject; changes in laws or regulations or the practices of third-party payers and PBMs related to the use of third-party financial assistance to assist our pharmacy customers with paying for drugs prescribed for them; and any additional changes in the state or federal regulatory environment for the retail pharmacy industry and the pharmaceutical industry, including as a result of health reform efforts, and other changes to or novel interpretations of existing state or federal laws, rules and regulations that affect our retail pharmacy business. If the supply of certain pharmaceuticals provided by one or more of our vendors were to be disrupted for any reason, our pharmacy operations could be severely affected until at least such time as we could obtain a new supplier for such pharmaceuticals. Any such disruption could cause reputational damage and result in a significant number of our pharmacy customers transferring their prescriptions to other pharmacies. Walmart Health clinical operations are also subject to numerous risks, including but not

limited to: reductions in the third- party reimbursement rates for services; changes in our payer mix; changes in the health insurance market generally; our inability to retain and negotiate favorable contracts with private third- party payers, including managed care plans; competition for patients from other healthcare providers, including those that offer telehealth services; changes to healthcare provider utilization practices and treatment methodologies; trends toward value- based purchasing and price transparency; overall economic conditions and the ability of patients to pay for services; staffing challenges, including retention of a sufficient number and quality of healthcare professionals; compliance with the complex and extensive laws and regulations governing the healthcare industry; changes in laws and regulations, including as a result of health reform efforts; and healthcare technology initiatives, including those related to patient data and interoperability; and public health conditions. One or a combination of the factors above may adversely affect the volumes of brand name and generic pharmaceuticals we sell, our cost of sales associated with our retail pharmacy operations, and the net sales and gross margin of those operations or result in the loss of cross- store or cross- club selling opportunities. In addition, these and other factors may adversely affect the type, volume and mix of services we provide, the reimbursement we receive for health and wellness services rendered, and the scope and pace of expansion of Walmart Health and related offerings. Any of these developments could, in turn, adversely affect our overall net sales, other results of operations, cash flows and liquidity. Our failure to attract and retain qualified associates, increases in wage and benefit costs, changes in laws and other labor issues could materially adversely affect our financial performance. Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified associates globally. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant at our existing stores, clubs, distribution and fulfillment centers and corporate offices, while controlling our associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. Additionally, our ability to successfully execute organizational changes, including our enterprise strategy and management transitions within **our the Company's** senior leadership, and to effectively motivate and retain associates are critical to our business success. We compete for talent with other retail and non-retail businesses, including, for example, technology, health and wellness **and** fintech businesses, and invest significant resources in training and motivating our associates. Increased competition among potential employers at all levels, including senior management and executive levels, could result in increased associate costs or make it more difficult to recruit and retain associates. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected. In addition, if our costs of labor or related costs increase for other reasons or if new, revised **or** novel interpretations of existing labor laws, rules or regulations or healthcare laws **, including those related to worker classification,** are adopted or implemented that further increase our labor costs, our financial performance could be materially adversely affected. Financial Risks Failure to meet market expectations for our financial performance could adversely affect the market price and volatility of our stock. We believe that the price of our stock generally reflects high market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including our consolidated net sales, consolidated operating income, **growth rates, eCommerce growth rates, advertising and other higher- margin initiatives (which is expected to help drive our operating income growth at a rate faster than net sales over the long term),** capital expenditures, comparable store and club sales growth rates **, eCommerce growth rates, gross margin,** or earnings and adjusted earnings per share could cause the market price of our stock to decline, as could changes in our dividend or stock repurchase programs or policies, changes in our effective tax rates, changes in our financial estimates and recommendations by securities analysts or, failure of **our Walmart's** performance to compare favorably to that of other retailers may have a negative effect on the price of our stock. Fluctuations in foreign exchange rates may materially adversely affect our financial performance and our reported results of operations. Our operations in countries other than the U. S. are conducted primarily in the local currencies of those countries. Our Consolidated Financial Statements are denominated in U. S. dollars, and to prepare those financial statements we must translate the amounts of the assets, liabilities, net sales, other revenues and expenses of our operations outside of the U. S. from local currencies into U. S. dollars using exchange rates for the current period. In recent years, fluctuations in currency exchange rates that were unfavorable have had adverse effects on our reported results of operations. As a result of such translations, fluctuations in currency exchange rates from period- to- period that are unfavorable to us may also result in our Consolidated Financial Statements reflecting significant adverse period- over- period changes in our financial performance or reflecting a period- over- period improvement in our financial performance that is not as robust as it would be without such fluctuations in the currency exchange rates. Such unfavorable currency exchange rate fluctuations will adversely affect the reported performance of our Walmart International operating segment and have a corresponding adverse effect on our reported consolidated results of operations. We may pay for products we purchase for sale in our stores **and,** clubs **and eCommerce platforms** around the world with a currency other than the local currency of the country in which the goods will be sold. When we must acquire the currency to pay for such products and the exchange rates for the payment currency fluctuate in a manner unfavorable to us, our cost of sales may increase and we may be unable or unwilling to change the prices at which we sell those goods to address that increase in our costs, with a corresponding adverse effect on our gross profit. Consequently, unfavorable fluctuations in currency exchange rates have **adversely affected,** and may continue to adversely affect **,** our results of operations. Legal, Tax, Regulatory, Compliance, Reputational and Other Risks Our international operations subject us to legislative, judicial, accounting, legal, regulatory, tax, political and economic risks and conditions specific to the countries or regions in which we operate, which could materially adversely affect our business or financial performance. In addition to our U. S. operations, we operate retail and eCommerce businesses in Africa, Canada, Central America, Chile, China, India and Mexico. During fiscal **2023-2024,** our Walmart International operations generated approximately **17-18%** of our consolidated net sales. Walmart

International's operations in various countries also source goods and services from other countries. Our future operating results in these countries could be negatively affected by a variety of factors, most of which are beyond our control. These factors include political conditions, including political instability, local and global economic conditions, legal and regulatory constraints (such as regulation of product and service offerings including regulatory restrictions (such as foreign ownership restrictions) on eCommerce and retail operations in international markets, such as India), restrictive governmental actions (such as trade protection measures or nationalization), antitrust and competition law regulatory matters (such as ~~the those~~ **competition investigations currently underway in Canada, Mexico related to our subsidiary Wal-Mart de Mexico, in Canada related to our subsidiary Wal-Mart Canada and competition proceedings in India related (relating to our Flipkart subsidiary)), local product safety and environmental laws, tax regulations, local labor laws, anti-money laundering laws and regulations, trade policies, foreign exchange or currency regulations, laws and regulations regarding consumer and data protection, and other matters in any of the countries or regions in which we operate, now or in the future. **Changing our operations in accordance with new or changed restrictions on international trade or newly imposed sanctions can be expensive, time-consuming and disruptive to our operations, and such restrictions can be announced with little or no advance notice and we may not be able to effectively mitigate all adverse impacts from such measures. In addition, tensions between nation-state governments and conflicts of laws may lead to challenges for our operations. If disputes and conflicts further escalate in the future, actions by governments in response could be significantly more severe and restrictive and could adversely affect our business or financial performance and our reputation. Political uncertainty surrounding trade and other international disputes could also have a negative effect on consumer confidence and spending, which could also adversely affect our business or financial performance and our reputation.** The economies of some of the countries in which we have operations have in the past suffered from high rates of inflation and currency devaluations, which, if they ~~recur~~ **occurred again**, could adversely affect our financial performance. Other factors which may impact our international operations include foreign trade, monetary and fiscal policies of the U. S. and of other countries, laws, regulations and other activities of foreign governments, agencies and similar organizations, and risks associated with having numerous facilities located in countries that have historically been less stable than the U. S. Additional risks inherent in our international operations generally include, among others, the costs and difficulties of managing international operations, adverse tax consequences and greater difficulty in enforcing intellectual property rights in countries other than the U. S. The various risks inherent in doing business in the U. S. generally also exist when doing business outside of the U. S., and may be exaggerated by the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, geopolitical tensions or events, laws and regulations. In foreign countries in which we have operations, a risk exists that our associates, contractors or agents could, in contravention of our policies, engage in business practices prohibited by U. S. laws and regulations applicable to us, such as the Foreign Corrupt Practices Act or **U. S. sanctions laws and regulations or** the laws and regulations of other countries. We maintain a global ~~policy prohibiting policies which appropriately regulate~~ **anti-corruption compliance program programs** designed to ensure compliance with these laws and regulations. Nevertheless, we remain subject to the risk that one or more of our associates, contractors or agents, including those based in or from countries where practices that violate such U. S. laws and regulations or the laws and regulations of other countries may be customary, will engage in business practices that are ~~prohibited~~ **appropriately regulated** by our policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could **subject us to fines and penalties and** adversely affect our business or financial performance and our reputation. Changes in tax and trade laws ~~and~~, **regulations and interpretations** could materially adversely affect our financial performance. In fiscal ~~2023~~ **2024**, our Walmart U. S. and Sam's Club operating segments generated approximately ~~83~~ **82** % of our consolidated net sales. Significant changes in tax and trade policies, including tariffs and government regulations affecting trade between the U. S. and other countries where we source many of the products we sell in our stores and clubs could have an adverse effect on our business and financial performance. A significant portion of the general merchandise we sell in our U. S. stores and clubs is manufactured in other countries. Any such actions including the imposition of further tariffs on imports could increase the cost to us of such merchandise (whether imported directly or indirectly) and cause increases in the prices at which we sell such merchandise to our customers, which could materially adversely affect the financial performance of our U. S. and international operations as well as our business. We are subject to income taxes ~~and~~, other taxes **and tax collection and reporting obligations** in both the U. S. and the foreign jurisdictions in which we currently operate or have historically operated. The determination of our worldwide provision for income taxes and current and deferred tax assets and liabilities requires judgment and estimation. Our ~~income~~ taxes could be materially adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in worldwide tax laws, tax rates, regulations or accounting principles **and the interpretations of those rules. In addition, we also may not have sufficient notice to enable us to build systems and adopt processes to properly comply with new reporting or collection obligations by the effective date of those obligations.** We are also exposed to future tax legislation, as well as the issuance of future regulations and changes in administrative interpretations of existing tax laws, **and changes in transfer pricing arrangements with our subsidiaries**, any of which can impact our ~~or our subsidiaries~~ **current and future years' tax provision.** The effect of such changes in tax law, **changes in administrative interpretations of existing tax laws or changes in transfer pricing arrangements** could also have a material effect on our business, financial position and results of operations. In the U. S., the Tax Cuts and Jobs Act of 2017 (the "Tax Act") significantly changed federal income tax laws that affect U. S. corporations. As further guidance is issued by the U. S. Treasury Department, the **IRS-Internal Revenue Service**, and other standard-setting bodies, any resulting changes in our estimates will be treated in accordance with the relevant accounting guidance. Compliance with the Tax Act and any other new tax rules, regulations, guidance, and interpretations, including collecting information not**

regularly produced by ~~us the Company~~ or unexpected changes in our estimates, may require us to incur additional costs and could affect our results of operations. In addition, legislatures and taxing authorities in many jurisdictions in which we operate may enact changes to or seek to enforce novel interpretations of their tax rules. These changes could include modifications that have temporary effect and more permanent changes. For example, the Organization for Economic Cooperation and Development (the "OECD"), the European Union and other countries (including countries in which we operate) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed. In particular, the OECD's Pillar Two initiative introduces a 15 % global minimum tax applied on a country-by-country basis, ~~and for which~~ **became effective in** many jurisdictions **in which we operate** ~~have now committed to an effective enactment date~~ starting January 1, 2024. The impact of these potential new rules as well as any other changes in domestic and international tax rules and regulations could have a material effect on our effective tax rate. Furthermore, we are subject to regular review and audit by both domestic and foreign tax authorities as well as subject to the prospective and retrospective effects of changing tax regulations ~~and~~, **legislation and interpretations**. Although we believe our tax estimates are reasonable, the ultimate tax outcome may materially differ from the tax amounts recorded in our Consolidated Financial Statements and may materially affect our income tax provision, net income, ~~or~~ cash flows in the period or periods for which such determination and settlement is made. Changes in and / or failure to comply with other laws, regulations, ~~and~~ interpretations of such laws and regulations specific to the businesses and jurisdictions in which we operate could materially adversely affect our reputation, market position, ~~or~~ our business and financial performance. We operate in complex regulated environments in the U. S. and in other countries in which we operate and could be materially adversely affected by changes to existing legal requirements including the related interpretations and enforcement practices, new legal requirements and / or any failure to comply with applicable regulations. In addition, the degree of regulatory, political, and media scrutiny we face increases the likelihood that our efforts to adhere our practices and procedures to comply with these laws and legal requirements may be subject to frequent or increasing challenges. Our health and wellness operations in the U. S. and the operations of the Walmart Health locations are subject to numerous federal, state and local laws and regulations including, but not limited to, those related to: licensing, reimbursement arrangements, ~~and~~ other requirements and restrictions; registration and regulation of pharmacies; dispensing and sale of controlled substances and products containing pseudoephedrine; governmental ~~and commercial reimbursement~~ **and commercial reimbursement**; data privacy and security and the sharing and interoperability of data, including obligations and restrictions related to health information (such as those imposed under HIPAA); billing and coding for healthcare services and properly handling overpayments; debt collection; necessity and adequacy of healthcare services; relationships with referral sources and referral recipients and other fraud and abuse issues, such as those addressed by anti-kickback and false claims laws and patient inducement regulations; qualification of healthcare practitioners; quality and standards of medical services and equipment; and the practice of the professions of pharmacy, medical, dental, ~~and~~ behavioral healthcare services, including limitations on the corporate practice of medicine in certain states. Health-related legislation at the federal and state level may have an adverse effect on our business or require us to modify certain aspects of our operations. For example, in the U. S., the Drug Enforcement Administration ("DEA") and various other regulatory authorities regulate the purchase, distribution, maintenance and dispensing of pharmaceuticals and controlled substances. We are required to hold valid DEA and state-level licenses, meet various security and operating standards and comply with the federal and various state-controlled substance acts and related regulations governing the sale, dispensing, disposal and holding of controlled substances. The DEA, the U. S. Food and Drug Administration and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations. In addition, there has been recent heightened governmental and public scrutiny of pharmaceutical product pricing, which has resulted in federal and state legislation and regulations, executive orders and other initiatives and proposals designed to increase transparency in pharmaceutical product pricing and reform government program reimbursement methodologies (for example, the Inflation Reduction Act, which includes, among other matters, policies designed to impact drug prices and reduce drug spending by the federal government). Other health reform efforts at the federal and state levels may also impact our business or require us to modify certain aspects of our operations. We may not be able to predict the nature or success of reform initiatives, and the resulting uncertainties may have an adverse effect on our business. We are also governed by foreign, national and state laws and regulations of general applicability, including laws and regulations related to competition and antitrust matters; protection of the environment and health and safety matters, including exposure to, and the management and disposal of, hazardous substances; food and drug safety, including drug supply chain security requirements; trade, consumer protection, and safety, including the availability, sale, price label accuracy, advertisement, ~~and~~ promotion of products we sell and the financial services we offer (including through our digital channels, stores and clubs, ~~as well as our ONE fintech joint-venture~~); anti-money laundering prohibitions; consumer financial protection laws; economic, trade, ~~and~~ other sanctions matters; licensure, certification, ~~and~~ enrollment with government programs; data privacy and ~~security~~ **cybersecurity** and the sharing and interoperability of data; working conditions, **workplace** health and safety, equal employment opportunity, **worker classification**, employee benefit and other labor and employment matters; and health and wellness related regulations for our pharmacy operations outside of the U. S. In addition, certain financial services we offer or make available are subject to **U. S. and international** legal and regulatory requirements, including those intended to help detect and prevent money laundering, fraud and other illicit activity, ~~as well as consumer financial protections~~ **and sanctions** laws. **Failure to meet these requirements could affect the profitability of our business activities; limit our ability to pursue business opportunities or conduct business in certain jurisdictions; require changes to business practices or governance or alter our relationships with our customers, partners and other third parties, including our ability to continue certain relationships in Mexico, India or other international jurisdictions; result in increased costs related to regulatory oversight and compliance, litigation-related settlements, judgments or expenses,**

restitution to customers or the imposition of fines or monetary penalties. Increased U. S. sanctions regulation of non-bank financial institutions may also result in additional requirements and scrutiny of certain financial services we offer. Increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting diligence, and disclosure topics such as climate change, sustainability (including with respect to our supply chain), natural resources, waste reduction, energy, human capital, and risk oversight could expand the nature, scope, and complexity of matters that we are required to control, assess, and report. ~~Moreover, we are also subject to data~~ **Data** privacy and protection laws **or customer expectations** ~~regulating~~ **relating to** the collection, use, retention, disclosure, transfer and processing of personal information **continue to undergo a rapid transformation in the U. S. and in non- U. S. jurisdictions. Recently enacted state laws**, such as the California Consumer Privacy Act (" CCPA"), ~~which was significantly modified by the California Privacy Rights Act (" CPRA"), new comprehensive privacy legislation passed in~~ **a number** Connecticut (the Connecticut Data Protection Act), Colorado (the Colorado Privacy Act), Utah (the Utah Privacy Act) and Virginia (the Consumer Data Protection Act), each of which go into **states that have become effect effective in 2023, as or well will as soon be effective, have created a substantially more complex regulatory regime associated with data- handling practices.** **Moreover**, other laws and regulations **related to data- handling and privacy that apply to our business**, such as the Illinois Biometric Information Privacy Act, the European Union's General Data Protection Regulation (" GDPR"), the United Kingdom's General Data Protection Regulation (which implements the GDPR into U. K. law), China's Personal Information Protection Act ("**PIPL**"), and similar legislation in Quebec **Canada further increases** (An Act to modernize legislative provisions as regards the protection **compliance obligations** of our business personal information, SQ 2021, c 25). **Certain** The potential effects of these laws **have** are far-reaching, continue to evolve, and may require **required** us to modify our data processing practices and policies and to incur substantial costs and expenses to comply, **which we anticipate will continue in the future**. These and other privacy and cybersecurity laws may carry significant potential **damages and civil** penalties for noncompliance. For example, in the case of non- compliance with a material provision of the GDPR (such as non- adherence to the core principles of processing personal data), regulators have the authority to levy a fine in an amount that is up to the greater of € 20 million or 4 % of global annual turnover (**i. e., revenue**) in the prior year. These administrative fines are discretionary and based, in each case, on a multi- factored approach. **Further, PIPL took effect in China in November 2021. PIPL raises the protection requirements for processing personal information and requires government approval to either allow the access of personal information in China by someone outside of China or conduct personal data transfers outside of China. Fines for PIPL violations range from approximately RMB 50 million to up to 5 % of the infringing company' s previous year' s revenues generated from within China. We have made changes, and we may in the future make additional adjustments to our business practices, to comply with the personal information protection laws and regulations in China as they evolve.** Residents in jurisdictions with comprehensive privacy laws have ~~expanded~~ rights to access, correct and require deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. ~~Laws such as those in California, Connecticut, Colorado, Illinois, Utah, and Virginia may~~ **have** allow civil penalties for violations, and CCPA and CPRA provide a private right of action for data breaches. Furthermore, our marketing and customer engagement activities are subject to communications privacy laws such as the Telephone Consumer Protection Act. We may be subjected to penalties and other consequences for noncompliance, including changing some portions of our business. Even an unsuccessful challenge by customer or regulatory authorities of our activities could result in adverse publicity, impact our reputation and could require a costly response from and defense by us. The impact of new laws, regulations and policies and the related interpretations, as well as changes in enforcement practices or regulatory scrutiny as to existing laws and regulations (including, but not limited to, in the U. S., shifting enforcement priorities for existing antitrust, competition, and pricing laws, as well as proposed new rules and regulations) generally cannot be predicted, and changes in applicable laws, regulations and policies and the related interpretations and enforcement practices of existing laws and regulations may require extensive system and operational changes, be difficult to implement, increase our operating costs, require significant capital expenditures, or adversely impact the cost or attractiveness of the products or services we offer, or result in adverse publicity and harm our reputation. If we fail to predict or respond adequately to changes, including by implementing strategic and operational initiatives, or do not respond as effectively as our competitors, our business, operations, and financial performance may be adversely affected. In addition, we may face audits or investigations by one or more government agencies relating to our compliance with applicable laws and regulations. The regulatory, political, and media scrutiny we face, which may continue, amplifies these risks. To the extent a regulator or court disagrees with our interpretation of these laws and determines that our practices are not in compliance with applicable laws and regulations, we could be subject to civil and criminal penalties that could adversely affect the continued operation of our businesses, including: suspension of payments from government programs; loss of required licenses and certifications; loss of authorizations to participate in or exclusion from government programs, including the Medicare and Medicaid programs in the U. S.; termination from contractual relationships, including those with our drug suppliers and third- party payers; and significant fines or monetary damages. Failure to comply with applicable legal or regulatory requirements in the U. S. or in any of the countries in which we operate could result in significant legal and financial exposure, damage to our reputation, and have a material adverse effect on our business operations, financial position and results of operations. We are subject to risks related to litigation and other legal proceedings that may materially adversely affect our results of operations, financial position and liquidity. We operate in a highly regulated and litigious environment. We are involved in legal proceedings, including litigation, arbitration and other claims, and investigations, inspections, audits, claims, inquiries and similar actions by pharmacy, healthcare, tax, environmental and other governmental authorities. We may also have indemnification obligations for legal commitments of certain businesses we have divested. Legal proceedings, in general, and securities, derivative action and class action and multi- district litigation, in particular, can be expensive and disruptive. Some of these suits may purport or may be determined to be class actions and / or

involve parties seeking large and / or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. For example, we are currently a defendant in a number of cases containing class or collective-action allegations, or both, in which the plaintiffs have brought claims under federal and state wage and hour laws, as well as a number of cases containing class-action allegations in which the plaintiffs have brought claims under federal and state consumer laws. **We have** The Company has been responding to subpoenas, information requests and investigations from governmental entities related to nationwide controlled substance dispensing and distribution practices involving opioids **and**. **We are** also is a defendant in numerous litigation proceedings related to opioids, including the consolidated multidistrict litigation entitled In re National Prescription Opiate Litigation (MDL No. 2804) currently pending in the U. S. District Court for the Northern District of Ohio **and a lawsuit filed against us by the United States Department of Justice in the District of Delaware in 2020**. Similar cases that name **us** the Company also have been filed in state courts by state, local and tribal governments, healthcare providers and other plaintiffs. Plaintiffs **in these cases** are seeking compensatory and punitive damages, as well as injunctive relief including abatement. **The Company We have entered into a settlement framework to resolve certain of these matters and accrued a liability for approximately \$ 3.3 billion, almost all of which was paid in fiscal 2024. We** cannot predict the **ultimate** number of **such opioids-related** claims that may be filed **, or their outcomes** and cannot reasonably estimate any loss or range of loss that may arise from **opioids- such claims and the related opioid** matters. In addition, in July 2021, the Directorate of Enforcement in India issued a show cause notice to Flipkart and other parties requesting the recipients show cause as to why further proceedings under India's Foreign Direct Investment rules and regulations should not be initiated against them based on alleged violations that related to a period prior to **our** the Company's acquisition of a majority stake in Flipkart in 2018. **The Company Also, in October 2023, the main Mexican operating subsidiary of Wal- Mart de México was notified of the initiation of a quasi- judicial administrative process against it for alleged relative monopolistic practices in connection with the supply and wholesale distribution of certain consumer goods, retail marketing practices of such consumer goods and related services. Because this process is at an early stage, we cannot provide any assurance as to the scope and outcome of this matter, and cannot reasonably estimate any loss or range of loss that may arise from this matter. We** can provide no assurance as to the scope or outcome of any proceeding that might result from the notice, the amount of proceeds **we** the Company may receive in indemnification, and can provide no assurance as to whether there will be a material adverse effect to **its our** business or **its consolidated- Consolidated financial Financial statements Statements**. **We are** The Company is also a defendant in litigation with the Federal Trade Commission regarding **our** the Company's money transfer agent services and is also cooperating with and responding to subpoenas issued by the U. S. Attorney's Office for the Middle District of Pennsylvania on behalf of the U. S. Department of Justice regarding **our** the Company's consumer fraud prevention program and anti- money laundering compliance related to **our** the Company's money transfer services, where **Walmart is we are** an agent. **We are** The Company is unable to predict the outcome of the litigation or investigations or any other related actions by governmental entities regarding these matters and can provide no assurance as to the scope and outcome of these matters and whether **its our** business, financial position, results of operations or cash flows will not be materially adversely affected. We discuss in more detail these cases and other litigation to which we are party below under the caption " Item 3. Legal Proceedings" and in Note 10 in the " Notes to our Consolidated Financial Statements," which are part of this Annual Report on Form 10- K. Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could increase the costs for our shareholders to bring claims, discourage our shareholders from bringing claims, or limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, associates or shareholders in such capacity. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for claims, including derivative claims that are based upon a violation of a duty by a current or former director, officer, associate or shareholder in such capacity or as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery. The exclusive forum provision may increase the costs for a shareholder to bring a claim or limit a shareholder's ability to bring a claim in a judicial forum that the shareholder finds favorable for disputes with us or our directors, officers, associates or shareholders in such capacity, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, the claims as to which they are intended to apply, then we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial position or results of operations. While the exclusive forum provision applies to state and federal law claims, our shareholders will not be deemed to have waived our compliance with, and the exclusive forum provision will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for actions brought under, the federal securities laws, including the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. Our reputation may be adversely affected if we are not able to **achieve- satisfy varied stakeholder expectations with respect to** our ESG goals. We strive to deliver shared value through our business and our diverse stakeholders expect us to make significant progress in certain ESG priority issue areas. **From time Stakeholder expectations regarding ESG matters continue to time evolve and are not uniform. We have established , and may continue to establish, various goals and initiatives on these matters, including with respect to climate change initiatives. We cannot guarantee that we will achieve these announce certain aspirations and goals relevant to and initiatives. Any failure, our- or priority ESG issues- perceived failure, by us to achieve these goals and initiatives or to otherwise meet evolving and varied stakeholder expectations could adversely affect our reputation**. We periodically publish information about our ESG priorities, strategies **-and** progress on our corporate website and update our ESG reporting from time to time. Achievement of these aspirations and goals is subject to risks and uncertainties, many of which are outside of our control, and it is possible that we may fail, or be perceived to have failed, in the achievement of our ESG goals or that certain

of our customers, associates, shareholders, investors, suppliers, business partners, government agencies, and non-governmental organizations might not be satisfied with our goals or our efforts toward achieving those goals. Certain challenges we face in the achievement of our ESG objectives are also captured within our ESG reporting, which is not incorporated by reference into and does not form any part of this Annual Report on Form 10-K. A failure or perceived failure to meet our goals could adversely affect public perception of our business, associate morale or customer or shareholder support.