Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Finance

Master's Thesis

Assessment of the Financial Position and Performance of the Chosen Companies in the Food Retail Industry

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Bc. Viktoriia Sharkova

Economics and Management

Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies in the Food Retail Industry

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Objectives of thesis

The aim of this diploma thesis is to assess and compare the financial position and performance of the chosen companies operating in the food retail by analyzing the companies´ financial statements with focus on the representation and changes of the reported assets, liabilities, expenses, revenues and cash-flow for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit from the companies and the industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

70-80

Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, food retail industry

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Declaration

I declare that I have worked on my master's thesis titled "Assessment of the Financial Position and Performance of the Chosen Companies in the Food Retail Industry" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2024 ______________________________

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I would like to thank Ing. Enikö Lörinczová, Ph.D for advices and homogenous support during the work on this diploma thesis. I would like to thank my parents and family for their support and all opportunities they gave to me. I would like to thank my friends who gave me enough free space to work on the thesis and did not distract me from my goal and threated the situation with understanding. And I would like to thank myself for never giving up.

Assessment of the Financial Position and Performance of the Chosen Companies in the Food Retail Industry

Abstract

This master's thesis is based on the analysis of the enterprises operating in the food retail industry in Russian Federation as a home country of the author in a comparison with the two other companies – one from the European Union and one from the United States for the five years (2018-2022). The aim of this work is to assess performance of the different companies in different countries based on the accounting principles and published annual reports. Master's Thesis is divided into two main parts which are – Literature review and Practical part. The aim of the theoretical part is to provide information of the industry as a whole, including the history and to describe the main financial statements that are used in the practical part for calculations and assessment. At the same time, first part of the work includes literature review supporting progress of the work and description of the companies chosen for the current work, which are X5 Group in Russian Federation, Ahold Delhaize Group in European Union, and Walmart in United States. Practical part of the work is based on the main financial statements of the analysed companies such as: statement of financial position of the company, statement of financial performance of the company, statement of shareholders' equity, cash flow statement and notes to the financial statements.

Keywords: financial statement, assets, liabilities, equity, cash-flow, income statement, balance sheet, financial ratios, accounting, horizontal analysis, assessment, expenses, revenues, profit, food retail, supermarket chain.

Posouzení finanční situace a výkonnosti vybraných společností v potravinářském maloobchodu

Abstrakt

Tato diplomová práce je založena na analýze podniků působících v potravinářském maloobchodu v Ruské federaci jako domovské zemi autora ve srovnání se dvěma dalšími společnostmi – jednou z Evropy a jednou ze Spojených států pro pět let (2018-2022). Cílem této práce je zhodnotit výkonnost jednotlivých společností v různých zemích na základě účetních zásad a zveřejněných výročních zpráv. Diplomová práce je rozdělena do dvou hlavních částí, kterými jsou literární rešerše a Praktická část. Cílem teoretické části je poskytnout informace o odvětví jako celku, včetně historie a popsat hlavní účetní závěrky, které jsou v praktické části použity pro výpočty a hodnocení. Zároveň první část práce obsahuje literární rešerši podporující postup práce a popis společností vybraných pro současnou práci, kterými jsou X5 Group v Ruské federaci, Ahold Delhaize Group v Evropské unii a Walmart ve Spojených státech. Praktická část práce obsahuje hlavní účetní závěrku analyzovaných společností, jako jsou: výkaz finanční situace společnosti, výkaz finanční výkonnosti společnosti, výkaz vlastního kapitálu, výkaz peněžních toků a poznámky k účetní závěrce.

Klíčová slova: finanční výkaz, aktiva, pasiva, vlastní kapitál, peněžní tok, výkaz zisku a ztráty, rozvaha, finanční poměry, účetnictví, horizontální analýza, hodnocení, výdaje, výnosy, zisk, Maloobchod s potravinami, řetězec supermarketů.

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1 Introduction

The food retail industry playing a significant role in the distribution of essential goods to consumers. This sector is a vital and extremely competitive in the world economy. The companies operating in supermarket chain sector in food retail industry occupy crucial parts in the retail field and they additionally serve as significant economic entities with complicated financial structures. Assessment of the financial position and performance of the companies operating in this industry is fundamental for stakeholders and investors for better understanding the condition and success of the entity. Understanding a company's financial status and performance is crucial when it comes to the retail food industry. In order to give understanding on the operational effectiveness, profitability, and general financial well-being of a few chosen food retail industry companies, this thesis sets out to assess their financial performance and health.

Businesses in this sector face many opportunities and challenges in maintaining profits and growing as customer preferences change and competition increases. One of the most important tools available to stakeholders for analysing the competitive positioning, strengths, and weaknesses of food retail companies is the assessment of financial position and performance (E. F. Brigham, 2019). Stakeholders obtain insights into these companies' capital efficiency, liquidity management, profitability drivers, and risk mitigation strategies by analysing important financial data, ratios, and performance indicators.

Companies chosen for this Diploma Thesis are from the Russian Federation, European Union, and The United States of America. Each company represents the major player in the food retail sector in every mentioned region. The purpose of the work is to find out the differences between companies operating in the same sector and to highlight the main factors influencing their profits as well as to compare the risks for the companies and their performance comparing with the average industry results.

2 Objectives and Methodology

2.1 Objectives

This master's thesis is based on the analysis of the companies operating in the food retail industry in the Russian Federation (X5 Group) as the home country of the author in a comparison with the two other companies – one from European Union (Ahold Delhaize Group) and one from the United States (Walmart). The aim of this work is to assess the performance of the chosen companies in different countries for the period 2018-2022 years based on the accounting principles and published annual reports by analysing changes in assets, liabilities, expenses, revenues, profit, and cash-flow to identify the potential financial problems and the most significant factors influencing the profit; to assess the results of analysis and identify the most significant costs influencing the profit of the companies; to identify the risks and potential financial problems for the companies; to make a conclusion and answer the research questions. Main research questions for achieving goals of the work are:

- Which company is the best throughout the analyzing five years based on the profitability ratios (ROA, ROE), liquidity ratios (current ratio, operating cash-flow ratio), leverage financial ratio (debt ratio)?

- Which are the most significant costs influencing the profit of the companies?

- Which risks can companies face?

- How can companies avoid risks and improve their operations?

2.2 Methodology

The methodology for the literature review of the thesis is represented by the collection of data from the relevant legal framework, specialized publications, and other online and written publicly available sources.

The practical part of the work is based on the analysis of annual reports of the companies for the 2018-2022 years retrieved from the companies' websites. The chosen companies are X5 Group (Russian Federation), Ahold Delhaize Group (European Union), and Walmart (United States). Annual reports are the only sources of the data. Methods used in the analysis of financial statements in this diploma thesis are represented by the horizontal analysis - It is expressed as percentage increase or decrease over the same line item in the chosen period comparing to the previous period; Ratios analysis - mathematical comparisons of the components of financial statements. Ratios chosen for analysis in this diploma thesis are ROA, ROE (profitability ratios); current ratio, operating cash-flow ratio (liquidity ratios); debt ratio (leverage financial ratio). The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

3 Literature Review

3.1 Food Retail Industry and its History

The Food retail industry is a pillar of today's retail, influencing every aspect of life on a global basis. The development of supermarket chains, which have their origins in the late 19th century, has been an indicator to the changing structure of customer behaviour, innovation in technology, and competition in the market. At its basis, the supermarket chain industry is a chain of stores that provide a wide variety of goods, from food to electronic devices under one roof. By putting convenience, wide range of products, and competitive prices first in order to meet a wide variety of customer needs, these chains have completely redesigned the buying process.

The size of the supermarket chains varies from small businesses such as family run firms to international companies. All these enterprises always try to integrate innovations to adapt to changes in law, regulations, and market fluctuations in a rival condition within the industry. Huge businesses within the industry are significantly influence market fluctuations in the consumer trends, logistics and economies. They implement improved innovations, distribution processes and analytic tools to streamline processes and adjust consumer service. The supermarket chain industry also reflects as an economic indicator that shows the dynamic of the market, customer spendings as well as reflects changes in inflation rate. Its stable position in times of economic crises and uncertainty highlights its relevance and ability to adapt.

Chain grocery retailing was a phenomenon that took off around the beginning of the twentieth century in the United States, with the Great Atlantic and Pacific Tea Company (1859) and other small, regional players. Grocery stores of this era tended to be small (generally less than a thousand square feet) and also focused on only one aspect of food retailing. (Groceteria, 2022).

The 1930 opening of the first King Kullen supermarket marked the start of redefining what a grocery market experience could be. Instead of the usual offering of dry good groceries, King Kullen offered the convenience of thousands of products, not only in one location but under one roof. For the first time, a grocery store offered a bakery department with fresh-baked bread, a meat department with an on-staff butcher, and an expansive produce department—all available for purchase through one checkout line. (Trinidad, 2020).

After the 1930s, the industry faced a substantial growth. It was affected by the economic growth in the post-war period and suburbanization. Stores such as Kroger and Safeway introduced self-service and frozen goods. The 1980s and 1990s brought technological progress and the 21st century became an era of digital transformation and globalization. The customer demand for health and sustainability pushed supermarkets to adapt and spread worldwide. Nowadays, supermarkets continue to experience different challenges but implementing new technologies and differentiating allow them to stay competitive in a changing market.

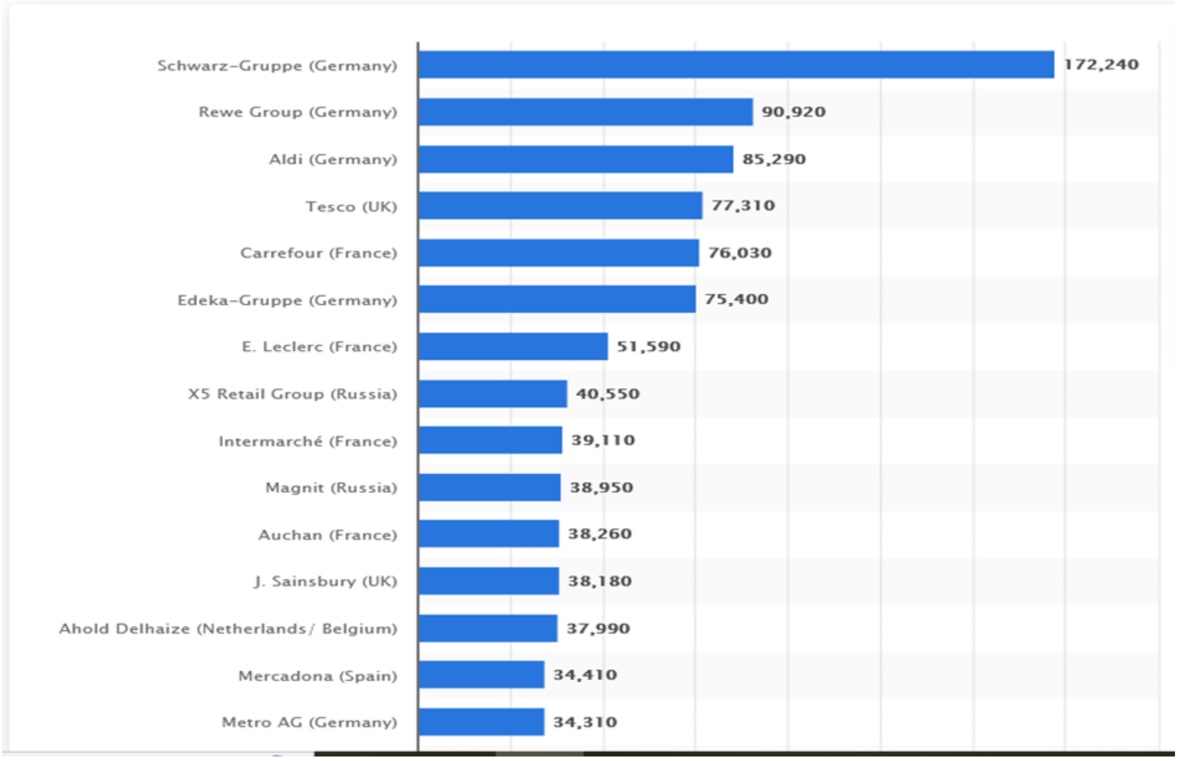
3.2 Food retail in Russia, Europe and USA

Traditional trade is the most popular sales channel for food shopping in Russia, followed by discounters. The X5 Retail Group, which includes Pyaterochka, Perekrestok, and Karusel brands, had the largest share in the Russian food retail market at over 13 percent in 2022. Magnit is the second-leading food retailer in Russia, accounted for a 10.6-percent share in the country’s food retail market. X5 Retail Group is the largest food retailer countrywide, in offline and online segments (Melkadze, 2023). Picture 1 shows that by revenues in the food retail sector in Europe in 2023, X5 Retail Group was the eight of the leading companies.

The three leading companies in food retail by sales in Europe in 2023 are the Schwarz-Gruppe (Germany), the Rewe Group (Germany) and Aldi (Germany). Ahold Delhaize (Netherlands/Belgium) is the 13th by revenues as shown in picture 1.

The food retail industry in the United States comprises foods sold at grocery stores, convenience stores, drug stores, mass merchandisers, and foodservice facilities. Shoppers in the United States tend to favour supermarkets as their go-to source for everyday food and products. Major players in the industry include Walmart, Kroger, and Walgreens (Ozbun, 2024).

Picture 1: Revenues of the leading companies in the food retail sector in Europe in 2023 (in million euros)



Source: Statista, 2024

3.3 Financial Statements

Financial Statements are summaries of the operating, financing, and investing activities of a business. Financial Statements should provide information useful to both investors and creditors in making credit, investment, and other business decisions. And this usefulness means that investors and creditors can use these statements to predict, compare, and evaluate the amount, timing, and uncertainty of future cash flows. In other words, financial statements provide the information needed to assess a company's future earnings and, therefore, the cash flows expected to result from those earnings. (Pamela Peterson Drake, 2012). Financial Statements are the formal records for providing a comprehensive overview of a company within the certain period.

They can be prepared for different periods, more often yearly or quarterly, and they play a crucial role in assessing the health, profitability, and wellbeing of an entrepreneur. Financial Statements should be prepared in accordance with GAAP (Generally Accepted Accounting Principles) or IFRS (International Financial Reporting Standards). It should be followed by the companies when preparing their accounting reports to align with comparability, transparency, and consistency in financial reporting. There main financial statements are balance sheet, income Statement, cash-flow statement, and statement of shareholders equity.

3.3.1 Balance Sheet (Statement of Financial Position of the Company)

The balance sheet is a statement of financial position of the company. The elements directly related to the measurement of financial position are assets, liabilities and equity (MELVILLE, 2017). The statement of financial position (also called the balance sheet) shows the resources a business has (assets), the claims against those resources (liabilities) and the residual ownership interest (capital) at a particular point in time (MAYNARD, 2017). The balance sheet reflects the financial position at a precise moment in the recent past. The term “balance sheet” is derived from the equation:

$$Total\ Assets = Total\ Liabilities + Total\ Equity$$

The financing of assets occurs in two basic forms: liabilities and shareholders’ equity (YOUNG, 2019).

These are the three main components of the statement of financial position of the company:

- Assets are resources that the company owns, and they have a potential to be used for achieving benefits in the future.
- Liabilities are the company’s debts or obligations toward other entities or organizations from the past operations or deals that supposed to be covered or paid with services or assets.
- Equity can be referred as the part of the company’s assets remained after the deduction of its liabilities. Equity represents the ownership interest of the shareholders in the business.

Moreover, the assets and liabilities have two groups each. The main difference is the expected time of converting whether assets or liabilities into cash or settlement. Current or short-term (are assets that can be converted into cash or used up withing 1 year; or liabilities which are debts or obligations that should be paid or due withing the year), and non-current or long term (which are assets which do not have to be used up or converted into cash withing one year; or liabilities that do not have to be due or paid withing one year respectively).

3.3.2 Income Statement (Statement of Financial Performance of the Company)

The Income Statement or Statement of Financial Performance reflects the company's generated net profit or loss within the reporting period, usually one year or quarter. The elements directly related to the measurement of financial performance are income and expenses. The term "income" encompasses both revenue which arises in the course of an entity´s ordinary activities and gains (MELVILLE, 2017). The income statement reports on a company´s profits, or revenues less expenses, during the accounting period (YOUNG, 2019). The main components of the Income Statement are revenues, expenses, gains, and losses, and profit or loss of the company during the analysed period.

- Revenues – or Income/Sales, is the whole amount of money made by the main operational activities of the business.
- Expenses – are costs of the company needed for daily operations of the business and for the income generation purposes. Expenses are the cost of assets consumed (sold, used) or services used in the process of earning revenue. Revenues generally result from selling merchandise, performing services, renting property (WEYGANDT, 2018).
- Gains – are company's earnings made from activities not related to the main business operations. It can include sales of property, plant, or equipment of the company for example.
- Losses – are company's costs or decline in value made from activities not related to the main business operations. It can be sales of property, plant, or equipment of the company at unfavourable price.

- Profit or Loss – or Net Profit/Net Loss is the total amount of money of company's revenue remained after the deduction of all expenses, losses as well as taxes. When the result is positive value – it relates to the company's profit and reflects the amount of revenue higher that the amount of expenses. When the value is negative – it represents the company's loss.

3.3.3 Statement of Cash-Flow

The Cash-Flow Statement represents the inflow and outflow of cash and its equivalents withing the analysed period of time by taking into consideration operating, financing, and investing activities of the company.

- Operating Cash-Flow – is the cash-flow from the operating activities of the company and it indicates the company's condition to get cash from the core business activities.

- Investing cash flow – is a part of cash flow statement in which records how much money has been used in or generated from investments in a certain period. It may be purchases of long-term assets (such as Property, Plant and Equipment), investments in stock, bonds, acquisitions of other businesses, etc. Negative Investing cash flow can be negative caused by significant amounts of cash invested in long-term health of the company. For example, for research and development.

- Financing cash flow – is represented by net flows of cash, which is used in funding the company and its capital. A company's cash flow statement showing an increase in financing cash flow usually means that the company has received more cash from external sources than it has used for dividend payments or debt repayment. The cash exchanges that take place between a business and its creditors and investors are represented by financing cash flow.

3.3.4 Statement of Shareholders Equity

The Statement of Shareholders Equity gives the overview about the changes of equity position in the company over the time and the procedures or decisions affected those changes. It shows the company's financial performance, distribution of earnings among shareholders and structure of capital which is essential for creditors, investors, and other internal and external users.

3.4 Techniques for Assessment of Financial Statements

Assessment of Financial Statements is a crucial part, which helps investors and analysts to get the overview of the company, to evaluate its financial health, stability, and performance. It can have an effect to the decisions about investing to the company. Companies are trying to achieve better results to engage potential investors. There are several tools for evaluating different Financial Statements. The are some major metrics for analyzing the financial statements of the company.

3.4.1 Vertical Analysis

Vertical analysis is a tool that expresses each line item as a percentage of a base value. In other words, this is the proportion of one item on a fixed one. It helps to determine which items have more shares out of 100%. For instance, when analyzing the balance sheet, each asset is represented as a percentage of the total assets.

3.4.2 Horizontal Analysis

Horizontal analysis is used for comparing the same line items over different periods to identify the percentage changes in items from one period to another. The main purpose of this metrics is to find out the significant changes in items over the analyzed periods.

3.4.3 Ratio Analysis

Financial Ratios are indicators that help to evaluate the company's health, performance, potential risks etc. Financial ratios can be very useful tools in measuring and evaluation business performance as presented in the financial statements. Ratios can be used as tools in understanding profitability, asset utilization, liquidity and operating performance (ALEXANDER, 2018). They are represented by different formulas, which includes information gained from the financial statements such as income statement, balance sheet, cash-flow statement. The value is calculated by dividing one financial data by another in order to get the result, which is used for evaluating. There are different financial ratios that divided among some categories.

- Efficiency Ratios – are ratios that represents the ability of the company to proper use its resources to generate profit. Among these ratios are asset turnover ratio; inventory turnover ratio; receivables turnover ratio; days sales in inventory ratio.

- Profitability Ratios – evaluate the ability of the enterprise to generate profit in relation to its assets, equity, and revenue. These ratios are gross margin ratio; operating margin ratio; return on assets ratio; return on equity ratio.

- Liquidity Ratios – assesses company's ability to cover all its short-term liabilities. These ratios include current ratio; acid-test ratio; cash ratio; operating cash flow ratio.
- Solvency Ratios – evaluate the level of company's debt levels and the ability of the enterprise to repay its long-term obligations. Among them are debt ratio; debt to equity ratio; interest coverage ratio; debt service coverage ratio.

- Market Value Ratios - assess a company's performance and valuation according to the market. They include book value per share ratio; dividend yield ratio; earnings per share ratio; price-earnings ratio.

3.4.4 Benchmarking and Industry Comparison

Benchmarking is a process of comparing company's financial ratios with the average values of these ratios for the industry where business operates. Different industries have different ranges for financial ratios. It is explained by each industry's specifics, so that there is no one common financial ratios norm for all industries together. This is an important tool that helps to evaluate company's performance and highlight areas for improvement and innovations. It is essential to use benchmarking table in analysis of the companies because commonly used ranges for financial ratios are different from the ranges for financial ratios in each specific industry. It is not enough to evaluate the results based on the ranges for financial ratios without the industry specification.

The financial ratios chosen for this work are current ratio, operating cash-flow ratio, debt ratio, ROA ratio, and ROE ratio.

Current ratio shows the ability of the company to pay off its short-term liabilities with short-term assets. The result between 1,2 and 2 for current ratio usually considered as good. However, in some industries, it could be usual to see current ratios less than 1. Supermarkets are typically run at current ratios less than one because of their high trade payables, low trade receivables, and strict cash management procedures. The higher result of this ratio is always better for all industries because it indicates the better use of the company's assets to cover its liabilities.

Operating cash-flow ratio measures the number of times accompany can pay off current liabilities with the cash generated in a given period. Higher result for this ratio means that the company has more operating cash flow relative to its current liabilities. This suggests better financial health and liquidity. Usually, the result which is greater than 1 indicates good output and means that company can cover its debts without additional sources. While the low result for operating cash-flow ratio indicates potential liquidity problems in the company and may lead to decrease in company's credit rating.

Debt ratio shows the assets of the company that are provided from debt. The acceptable result for this ratio is usually measured between 0,4 or lower (as a good result) and 0,6 and higher (as worse result because it makes more difficult to borrow money). Underlying the information above, the lower debt ratio is better.

Return on assets ratio indicates how efficiently the company uses its assets to generate profit. For different industries this ratio can be different. For this work the ROA ratio is analyzed for the retail industry and its average value is 4,5%. It can be explained by the fact that retail industry requires less investment in assets comparing for example with the banking industry (FasterCapital, n.d.). As higher result a company has for the ROA ratio as better the enterprise uses its assets and makes higher profit.

Return on equity ratio measures how efficiently the company uses its equity to generate profit. The average result for ROE ratio is between 15% and 20% considered as good and lower results considered as worse results and indicate that the company does not use its equity properly to generate profit.

3.5 Overview of the Companies

3.5.1 Overview of the X5 Group Company

X5 Retail Group is one of the largest retail operators in Russia, focusing primarily on the food retail segment. The business operates under multiple retail brands that serve various segments of the market. Among the major brands in the X5 Group are: Pyaterochka; Perekrestok; Karusel; Express and Smart.

X5 Group was established over 25 years ago, having developed from its beginnings as an entrepreneurial initiative to become a top Russian retailer following the international best practices. In 1995, the first Perekrestok opened, and in 1999, the first Pyaterochka. Even though X5 is still the number one choice in the food market, it has remained true to its entrepreneurial roots and is dedicated to generating value for society and its investors by utilizing technology and increasing its competitiveness (Group, 2023).

- In order to increase its footprint, the company adopted a strategy of both strategic acquisitions and organic growth. Establishing retail chains and launching new outlets under current brands are examples of this.

- X5 has demonstrated a dedication to utilizing innovation and technology in its business practices. This covers projects aimed at improving the consumer shopping experience, supply chain optimization, and digital transformation.

- Similar to numerous multinational corporations, the retail industry has placed a growing focus on sustainability. The X5 Group has also been addressing social and environmental responsibilities in its operations by implementing initiatives.

3.5.2 Overview of the Ahold Delhaize Group Company

One of the biggest companies in the worldwide retail sector is Ahold Delhaize Group, which was established in 2016 as a result of the merger of Ahold and Delhaize Group. Both Ahold and Delhaize Group, which have roots in the late 19th century, established significant retailing legacies in their respective areas prior to their merger (Delhaize, n.d.).

Albert Heijn established Ahold in the Netherlands in 1887, marking the beginning of the company's history (Delhaize, 2016). Ahold grew over time and emerged as a major force in the European retail industry. In the same way, the 1867-founded Delhaize Group in Belgium saw notable development and awareness that built up its place in the world of retail. Ahold Delhaize Group serves a wide range of customer needs through the operation of a comprehensive portfolio of retail formats. Among the well-known retailers that fall under the Ahold Delhaize brand are Albert; Albert Heijn; Delhaize; Food Lion; Gall & Gall; Giant; Hannaford; Maxi; Mega Image; Stop & Shop etc.

Sustainability, ethical retailing, and community involvement are all very important to Ahold Delhaize Group. Through a number of programs and partnerships, the company is committed to decrease its effect on the environment, improving diversity and inclusion, and supporting local communities. Ahold Delhaize Group is dedicated to sustainability, but it also places a high priority on technological advancement and digitalization to improve customer satisfaction and improve productivity. To maintain its competitiveness in the changing retail market, the company makes investments in technology-driven solutions such as supply chain optimization systems, digital loyalty programs, and online grocery platforms. (Delhaize, n.d.)

The steady financial performance of Ahold Delhaize Group highlights its flexibility and commitment in the constantly changing retail sector. As it continues to navigate obstacles and use opportunities, giving value to clients, investors, and stakeholders globally, the company maintains steady increase in profits along with stable revenue generation.

3.5.3 Overview of the Walmart Company

One of the cornerstones of the today's retail industry is the multinational retail titan Walmart. Founded by Sam Walton in 1962, Walmart has expanded to become the most significant private employer in the world as well as the leading retailer in the world according to sales (Walmart, n.d.). Walmart has changed the retail sector with its conceptual organizational procedures and customer-focused mindset. It is a global company with a wide variety of retail formats.

Walmart's first discount store opened in Rogers, Arkansas, USA, marking the start of the company's journey. The foundation of Walmart's success was Sam Walton's idea to offer customers high-quality goods at consistently low prices. Walmart developed a global footprint which covers continents as it grew throughout time, first expanding domestic markets and then spreading internationally. (Walmart, n.d.)

Walmart serves a wide range of consumer needs and preferences while operating under multiple retail brands nowadays. Walmart offers a number of well-known stores, such as: Walmart Supercenter; Walmart Discount Store; Walmart Neighborhood Market (Walmart, n.d.).

Walmart's success in the retail sector can be attributed in large part to its dedication to technological development and innovation. To improve customer satisfaction and improve efficiency in operations, the company has made significant investments in digital technology, electronic commerce, and supply chain optimizing. In order to meet the changing needs of nowadays customers, Walmart's online platform provides a wide range of products, appropriate delivery options, and modern services including self-pickup and same-day delivery (Walmart, n.d.).

Along with the sales activities, Walmart promotes sustainability and social responsibility for its businesses. The enterprise pays attention to community involvement, diversity and inclusion, and supporting the environment (Walmart, n.d.). Walmart intends to have a positive social impact and promotes the welfare of people and nature through a variety of programs and partnership agreements.

Walmart is a major player in the retail industry, as seen by its financial results. Walmart maintains its success in the changing retail industry thanks to its stable revenues and agile organizational structure that adapts to customer needs and market dynamics.

3.6 Accounting Legislation in Chosen Countries

3.6.1 Accounting Legislation in Russia

Accounting legislation in Russia serves as the cornerstone for financial reporting practices, ensuring transparency, accuracy, and accountability in corporate financial disclosures. Enacted on December 6, 2011, the Federal Law "On Accounting" No. 402-FZ serves as the main legislative framework that regulates accounting practices in Russia. With a focus on financial reporting's timeliness, transparency, completeness, reliability, and comparability, this law creates the fundamental guidelines and standards for accounting practices (Federation, 2011).

The main accounting standards used in Russia for financial reporting are Russian Accounting Standards (RAS). However, some companies may also prepare financial statements in accordance with International Financial Reporting Standards (IFRS) Although there are many areas where RAS and International Financial Reporting Standards (IFRS) differ significantly, some of these areas include revenue recognition, inventory valuation, and lease accounting (Petrov V., 2020)

In Russia, financial statements that are compliant with RAS are used for tax reporting. These financial statements are used by the tax authorities to evaluate and confirm the accuracy of tax declarations that businesses record. Consequently, in order to guarantee accurate tax reporting and adherence to tax laws and regulations, compliance with accounting standards is essential.

Companies in Russia must comply with auditing rules in addition to financial reporting requirements. Independent auditors are mandated to conduct yearly audits of the financial statements of specific entities. The requirements for the audit differ depending on the company's industry, size, and legal structure (Sidorova E., 2019)

The Russian Federation's Ministry of Finance is in charge of directing the application and enforcement of accounting standards in the country. It provides rules, directives, and explanations to guarantee adherence to accounting laws (Smirnov D., 2017). In Russia, the accounting period, which runs from January 1 to December 31st, usually corresponds with the calendar year. Businesses may choose to use a different accounting period, as long as it doesn't extend above a year.

The integrity of corporate financial disclosures and the development of financial reporting practices are significantly influenced by accounting legislation in Russia. Companies may improve transparency, reliability, and regulatory compliance in their financial operations by following the established reporting guidelines and accounting standards.

3.6.2 Accounting Legislation in European Union

The European Union's (EU) accounting laws provide a comprehensive framework that aims to guarantee consistency, dependability, and transparency in financial reporting across member states. Harmonizing accounting standards and practices among member states is the primary objective of the EU's Accounting Harmonization Directive (Council, 2013).

In order to encourage uniformity and comparability in financial reporting practices, the EU adopted International Financial Reporting Standards (IFRS) as the common accounting standards for listed companies (Comission, 2020). A common framework for financial reporting is provided by IFRS, which promotes capital flows and foreign investment.

According to EU financial reporting regulations, financial statements must be prepared and disclosed in line with specified accounting standards. These financial statements usually consist of the cash flow statement, balance sheet, income statement, statement of changes in equity, and notes to financial statements.

The purpose of European Union auditing regulations, which are overseen by the Audit Directive 2014/56/EU and Regulation (EU) No 537/2014, is to improve the accuracy and legitimacy of financial statements. The requirements for statutory audits, auditor independence, and audit firm supervision are outlined in these regulations. In member states, financial statements prepared in compliance with EU accounting standards are used for tax reporting. These financial statements are used by tax authorities to evaluate and confirm the accuracy of tax declarations that businesses record.

The European Union's accounting legislation is essential for encouraging reliability, comparability, and transparency in financial reporting procedures. Companies can promote investor confidence, simplicity cross-border investment, and maintain the integrity of the EU financial markets by following the set of accounting standards and regulations. In the European Union, the accounting period runs from January 1st to December 31st and usually aligns with the calendar year. This makes financial reporting more consistent and comparable and is in line with widespread practices across numerous different countries.

Member states may, however, choose different accounting periods as long as they don't go beyond 12 months, according to the EU Accounting Directive (Directive 2013/34/EU). Accounting periods can be selected by businesses based on what best fits their needs; examples of such periods include fiscal years that correspond to industry standards or operational cycles.

3.6.3 Accounting Legislation in United States

The United States' accounting legislation is a comprehensive framework designed to ensure accountability, accuracy, and transparency in financial reporting practices across a range of industries and sectors.

Among the cornerstones of US accounting law is the Securities Act of 1933. Mainly governing the issuance and distribution of securities by corporations, this act is enforced by the Securities and Exchange Commission (SEC). In an effort to safeguard investors by guaranteeing they are provided with adequate and correct information regarding investment opportunities, it requires thorough financial disclosures in registration statements and prospectuses (Congress, 1934).

Another significant piece of legislation that the SEC oversees is the Securities Exchange Act of 1934, which regulates secondary trading of securities in the American markets. Companies whose securities are listed on national exchanges are required by this act to submit periodic reports on a regular basis that include financial and other investor-relevant information. The Securities Exchange Act of 1934 requires both quarterly and annual reporting periods. Quarterly reports are normally due 45 days resulting from the last day of each quarter, and annual reports are due 90 days resulting from the last day of the fiscal year (University, 1934)

The Sarbanes-Oxley Act of 2002 was passed in reaction to accounting scandals like those involving Enron and WorldCom. Its goals were to improve financial reporting transparency, internal controls, and corporate governance. This law places strict obligations on publicly traded companies, such as the creation and evaluation of internal control frameworks, management certification of financial statements, and external auditor independence. The Sarbanes-Oxley Act of 2002 established quarterly and annual reporting cycles, with the quarterly reports being due 35 days from the last day of each quarter and the annual reports being due 60 days from the last day of the fiscal year (Congress, 2002).

In the US, the Financial Accounting Standards Board (FASB) is largely responsible for creating and implementing accounting standards. The basis of financial reporting is the generally accepted accounting principles (GAAP), which give enterprises a common framework for preparing their financial statements. Quarterly and annual reporting cycles are common reporting periods that conform to GAAP, guaranteeing consistency and comparability among financial statements (Staff Writers, 2023).

In the United States, the reporting period typically aligns with the end of the fiscal year for most companies. While many American businesses end their fiscal year on

December 31st, it's crucial to remember that some businesses may have a different fiscal year-end due to factors such as business cycles, industry specifics, or strategic considerations. Consequently, each company's reporting period may be different.

4 Practical Part

The period chosen for evaluation of the companies' financial statements is 5 years (2018-2022). All calculations in the following tables are made by the author based on the official annual reports of the companies from the official websites. The original data from the annual reports included in the appendices part of this Diploma Thesis.

4.1 X5 Group (Russian Food Retail Company)

4.1.1 Horizontal Analysis of the Statement of Financial Position

The Tables 1, 2, 3 and 4 represent information about the comparison of the Balance Sheet items of X5 Group for 2018-2022 years. All values in table 1 and 3 are given in millions of Russian Rubles, all values in table 2 and 4 are given in %.

Table 1, X5 Group's assets (in mil. RUB)

Assets	**2018**	**2019**	**2020**	**2021**	**2022**
Non-current assets	**439,959**	**894,576**	**966,945**	**1,010,270**	**1,011,630**
Property, plant and equipment	303,802	315,257	322,707	332,144	315,612
Right-of-use assets	-	428,166	480,511	502,325	508,543
Investment property	6,173	5,564	4,502	4,461	4,573
Goodwill	94,627	101,927	104,890	105,028	112,929
Other intangible assets	22,126	24,338	30,757	39,006	38,327
Investments in associates and joint ventures	203	200	-	50	-
Other non-current assets	8,015	2,646	3,120	4,209	4,164
Deferred tax assets	5,013	16,478	20,458	23,047	27,482
Current assets	**170,840**	**179,754**	**206,284**	**276,478**	**340,385**
Inventories	115,990	127,462	144,393	166,840	208,661
Indemnification asset	-	140	171	435	6,391
Trade, other accounts receivable and prepayments	14,172	15,853	19,277	20,190	21,382
Current income tax receivable	6,167	5,631	12,119	4,057	1,622

VAT and other taxes receivable	10,143	12,066	10,316	8,802	9,007
Short-term financial investments	-	-	-	50,092	50,067
Cash and cash equivalents	24,368	18,602	20,008	26,062	43,255
TOTAL ASSETS	**610,799**	**1,074,330**	**1,173,229**	**1,286,748**	**1,352,015**

Source: Author's calculations based on the official annual reports of X5 Group

Table 2, Horizontal analysis of X5 Group's assets (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Non-current assets	**103.33**	**8.09**	**4.48**	**0.13**
Property, plant and equipment	3.77	2.36	2.92	-4.98
Right-of-use assets	-	12.23	4.54	1.24
Investment property	-9.87	-19.09	-0.91	2.51
Goodwill	7.71	2.91	0.13	7.52
Other intangible assets	10.00	26.37	26.82	-1.74
Investments in associates and joint ventures	-1.48	-	-	-
Other non-current assets	-66.99	17.91	34.90	-1.07
Deferred tax assets	228.71	24.15	12.66	19.24
Current assets	**5.22**	**14.76**	**34.03**	**23.11**
Inventories	9.89	13.28	15.55	25.07
Indemnification asset	-	22.14	154.39	1369.20
Trade, other accounts receivable and prepayments	11.86	21.60	4.74	5.90
Current income tax receivable	-8.69	115.22	-66.52	-60.02
VAT and other taxes receivable	18.96	-14.50	-14.68	2.33
Short-term financial investments	-	-	-	-0.05
Cash and cash equivalents	-23.66	7.56	30.26	65.97
TOTAL ASSETS	**75.89**	**9.21**	**9.68**	**5.07**

Source: Author's calculations based on the official annual reports of X5 Group

Table 3, X5 Group's liabilities and equity (in mil. RUB)

	2018	2019	2020	2021	2022
Total equity	**165,475**	**116,556**	**94,842**	**87,629**	**133,142**
Share capital	2,458	2,458	2,458	2,458	2,458
Share premium	46,192	46,150	46,086	46,127	46,127
Retained earnings	116,707	67,843	46,194	38,926	84,125
Share-based payment reserve	118	105	104	118	-
Total liabilities	**445,324**	**957,774**	**1,078,387**	**1,199,119**	**1,218,873**
Non-current liabilities	**154,121**	**589,201**	**669,703**	**716,268**	**679,863**
Long-term borrowings	147,329	153,178	184,921	206,571	147,386
Long-term lease liabilities	-	427,173	480,059	507,099	519,317
Deferred tax liabilities	6,166	5,501	2,769	928	6,954
Other non-current liabilities	626	3,349	1,954	1,670	6,206
Current liabilities	**291,203**	**368,573**	**408,684**	**482,851**	**539,010**
Trade accounts payable	154,873	160,434	170,909	212,949	238,641
Short-term borrowings	60,435	74,755	77,026	87,767	87,146
Interest accrued	1,770	1,734	1,380	1,792	1,143
Short-term lease liabilities	-	57,622	68,442	70,264	71,843
Short-term contract liabilities	1,664	2,206	2,198	2,392	3,767
Current income tax payable	725	750	2,753	3,014	6,020
Provisions and other liabilities	71,736	71,072	85,976	104,673	130,450
TOTAL EQUITY AND LIABILITIES	**610,799**	**1,074,330**	**1,173,229**	**1,286,748**	**1,352,015**

Source: Author's calculations based on the official annual reports of X5 Group

Table 4, Horizontal analysis of X5 Group's liabilities and equity (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Total equity	**-29.56**	**-18.63**	**-7.61**	**51.94**
Share capital	0.00	0.00	0.00	0.00

Share premium	-0.09	-0.14	0.09	0.00
Retained earnings	-41.87	-31.91	-15.73	116.12
Share-based payment reserve	-11.02	-0.95	13.46	-
Total liabilities	**115.07**	**12.59**	**11.20**	**1.65**
Non-current liabilities	**282.30**	**13.66**	**6.95**	**-5.08**
Long-term borrowings	3.97	20.72	11.71	-28.65
Long-term lease liabilities	-	12.38	5.63	2.41
Deferred tax liabilities	-10.78	-49.66	-66.49	649.35
Other non-current liabilities	434.98	-41.65	-14.53	271.62
Current liabilities	**26.57**	**10.88**	**18.15**	**11.63**
Trade accounts payable	3.59	6.53	24.60	12.06
Short-term borrowings	23.69	3.04	13.94	-0.71
Interest accrued	-2.03	-20.42	29.86	-36.22
Short-term lease liabilities	-	18.78	2.66	2.25
Short-term contract liabilities	32.57	-0.36	8.83	57.48
Current income tax payable	3.45	267.07	9.48	99.73
Provisions and other liabilities	-0.93	20.97	21.75	24.63
TOTAL EQUITY AND LIABILITIES	**75.89**	**9.21**	**9.68**	**5.07**

Source: Author's calculations based on the official annual reports of X5 Group

From Tables 1, 2, 3 and 4, it can be seen that the company had a high increase in assets in the year 2019 compared to 2018, this change is 75,89% (463 531 million RUB). When going deeper into the details, the increase was mainly caused by the non-current assets by 103,33% (454 617 million RUB), especially by the increase in the item "Right-of-use assets", which was not included in the previous years. This item represents the rise in the lessee enters into the lease agreement for a property, equipment, or other assets. In the other years there was every year increase in the total assets but not that high as it was in 2019 year. In the year 2019 there was an increase in non-current liabilities by 282,30%, and it was mainly caused by the item "Long-term lease liabilities".

When going to the equity part, it is visible that the company had a decrease in "Retained earnings" item every year until 2022 year (where there was an increase in retained earnings by 116,12%). The decrease in Retained earnings means that the company's expenses and other costs exceed its revenues.

4.1.2 Horizontal Analysis of the Statement of Financial Performance

Table 5 and 6 represents information about the comparison of the income statement items of X5 Group for 2018-2022 years. All values in table 5 are given in millions of Russian Rubles, all values in table 6 are given in %.

Table 5, X5 Group's income statements (in mil. RUB)

	2018	**2019**	**2020**	**2021**	**2022**
Revenue	1,532,537	1,734,347	1,978,026	2,204,819	2,605,232
Cost of sales	-1,162,817	-1,301,868	-1,483,406	-1,643,502	-1,970,036
Gross profit	**369,720**	**432,479**	**494,620**	**561,317**	**635,196**
Selling, general and administrative expenses	-323,358	-356,890	-406,389	-467,468	-519,757
Net impairment losses on financial assets	-501	-215	-251	-154	-346
Lease/sublease and other income	12,293	14,024	17,737	23,877	23,025
Operating profit	**58,154**	**89,398**	**105,717**	**117,572**	**138,118**
Finance costs	-18,846	-56,957	-56,686	-57,815	-73,727
Finance income	179	54	50	586	5,310
Share of loss of associates and joint ventures	-	-	-20	-	-
Net foreign exchange (loss)/gain	-447	2,203	-3,391	399	-2,032
Profit before tax	**39,040**	**34,698**	**45,670**	**60,742**	**67,669**
Income tax expense	-10,398	-15,191	-17,326	-18,004	-22,481
Profit for the year	**28,642**	**19,507**	**28,344**	**42,738**	**45,188**
EPS	421.87	287.33	417.52	629.54	665.78

Source: Author's calculations based on the official annual reports of X5 Group

Table 6, Horizontal analysis of X5 Group's income statements (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Revenue	13.17	14.05	11.47	18.16
Cost of sales	11.96	13.94	10.79	19.87
Gross profit	**16.97**	**14.37**	**13.48**	**13.16**
Selling, general and administrative expenses	10.37	13.87	15.03	11.19
Net impairment losses on financial assets	-57.09	16.74	-38.65	124.68
Lease/sublease and other income	14.08	26.48	34.62	-3.57
Operating profit	**53.73**	**18.25**	**11.21**	**17.48**
Finance costs	202.22	-0.48	1.99	27.52
Finance income	-69.83	-7.41	1072.00	806.14
Share of loss of associates and joint ventures	-	-	-	-
Net foreign exchange (loss)/gain	-592.84	-253.93	-111.77	-609.27
Profit before tax	**-11.12**	**31.62**	**33.00**	**11.40**
Income tax expense	46.10	14.05	3.91	24.87
Profit for the year	**-31.89**	**45.30**	**50.78**	**5.73**
EPS	-31.89	45.31	50.78	5.76

Source: Author's calculations based on the official annual reports of X5 Group

Table 6 shows the horizontal analysis of the income statement that helps to understand the profitability of the company by looking at more important items. Revenue of the company increases each analyzed year, as seen from the table above. The increase from 2018 to 2019 year is equal to 13,17%, which is 201 810 million RUB. Increase from 2019 to 2020 years is even higher than the previous year's change and it is equal to 14,05% (234 679 million RUB). The biggest increase in Revenue is in the year 2022 by 18,16% (400 413 million RUB) compared to the year 2021. Cost of Sales also increases every year because to make more revenue, the company needs to sell more goods, which require more costs.

The changes in profit for the year are positive every year except the year 2019, where the decrease was by 31,89% (9 135 million RUB). This decrease was mainly caused by the increase in finance costs by 202,22%. The appearance of Interest expense on lease liabilities in 2019 year effected the finance costs by 38 759 millions of Russian Rubbles. This item represents the lease liabilities of the company obtained as part of acquisition of business.

Last but not least, there is one important item of the income statement that shows the profitability of the company. Earnings per share indicates the amount of money company makes from each share of its stock and it is the metric that used for estimating corporate value. EPS decreased in the year 2019 but then it was increased every year by 45,32% in 2020, 50,78% in 2021, 5,75% in 2022. As higher a company's EPS as more profitable the company is.

4.1.3 Horizontal Analysis of the Statement of the Cash-Flow Statement

Table 7 represents information about the comparison of Cash-Flow Statement items of X5 Group for 2018-2022 years. All values are given in millions of Russian Rubles and horizontal analysis is given in % representing the change from one year to another.

Table 7, Horizontal analysis of the Cash-Flow statement of X5 Group

	2018	2019	2020	2021	2022
Net cash flows from operating activities	98,034	130,463	159,560	227,462	220,924
Net cash flows used in investing activities	-92,760	-81,151	-84,314	-139,435	-75,978
Net cash flows (used in)/from financing activities	-8,436	-55,139	-73,805	-81,890	-127,655
Operating Cash Flow – Horizontal analysis (in %)	-	33.08	22.30	42.56	-2.87
Investing Cash Flow – Horizontal analysis (in %)	-	-12.52	3.90	65.38	-45.51
Financing Cash Flow – Horizontal analysis (in %)	-	553.62	33.85	10.95	55.89

Source: Author's calculations based on the official annual reports of X5 Group

Operating cash flow indicates the company's condition of the core business activities. From the table above, it is visible, that there is an increase in operating cash flow in 2019 year comparing to the 2018 year. This increase equals to 32 429 million RUB and it is 33,08%. This change reflects the thriving of the company and shows profitability potential of the X5 Group. In the following years 2020 and 2021 there is also an increase by 22,30% and 42,56% which is good for the company since it shows the potential profitability. So that even the small decrease in operating cash-flow in the year 2022 by 2,87% indicates the decrease in company's potential profitability.

Investing cash flow is a part of cash flow statement in which records how much money has been used in or generated from investments in a certain period. It may be purchases of long-term assets (such as Property, Plant and Equipment), investments in stock, bonds, acquisitions of other businesses, etc. Negative investing cash flow can be due to significant amounts of cash, which are invested in long-term health of the company. For example, for research and development. In the year 2019 and 2022 there was a decrease in investing cash-flow which is caused by whether the purchasing PP&E by the company or investments. In the year 2020 and 2021 there was an increase in investing cash flow by 3,9% and 65,38%. Increase in investing cash flow in both analyzed periods is affected by the proceeds from sale of PP&E.

Financing cash flow is represented by net flows of cash, which is used in funding the company and its capital. Transactions used in financing activities of X5 Group are proceeds from loans, repayment of loans, purchase of treasury shares, payments of principal portion of lease liabilities, dividends paid to equity holders of the parent. Financing cash-flow of the company increased every year by 553,62%, 33,85%,10,95% and 55,89% in the years 2019, 2020, 2021 and 2022 accordingly. A company's cash flow statement showing an increase in financing cash flow usually means that the company has received more cash from external sources than it has used for dividend payments or debt repayment. The cash exchanges that take place between a business and its creditors and investors are represented by financing cash flow.

4.1.4 Financial Ratio Analysis

Table 8 represents analysis of Financial Ratios of the X5 Group for 2018-2022 years.

Table 8, Analysis of Financial Ratios of X5 Group

Financial Ratio	Formula	2018	2019	2020	2021	2022
Current ratio (liquidity ratio)	Current assets/Current liabilities	**0.59**	**0.49**	**0.50**	**0.57**	**0.63**
Operating cash-flow ratio (liquidity ratio)	Operating cash-flow/Current liabilities	**0.34**	**0.35**	**0.39**	**0.47**	**0.41**
Debt ratio (leverage financial ratio)	Total liabilities/Total assets	**73%**	**89%**	**92%**	**93%**	**90%**
Return on assets ratio (profitability ratio)	Net income/Total assets	**5%**	**2%**	**2%**	**3%**	**3%**
Return on equity ratio (profitability ratio)	Net income/ Shareholder's equity	**17%**	**17%**	**30%**	**49%**	**34%**

Source: Author's calculations based on the official annual reports of X5 Group

- Current ratio:

Company's current ratio is below 1 for each analyzed year which means that the company has potential liquidity issues, but it is visible from the above table that the current ratio increases every year from 2019, which is a good sign reflecting to the fact that company is approaching to 1.

- Operating cash-flow ratio:

From the table 5, operating cash-flow ratio is positive in every analyzed year which means that the company can cover all its short-term liabilities with operating cash-flow.

- Debt ratio:

Debt ratio norms may vary in different sectors. When taking into consideration the average debt ratio's norms for all sectors, the ratio below one is considered as good one but as lower the ratio is as lower financial risks company has. From the above table, debt ratio is below 1 for each of the years but at the same time is close to 1 which is not so good. Company has to approach to the lower value of the debt ratio to avoid financial risks and attract the investors.

- ROA ratio:

As well as in the previous debt ratio, ROA ratio's norm may vary from sector to sector. Overall, ROA ratio above 5% (0,05) is good for the company and indicates its profitability, while the ratio below 5% is considered as harmful. From the table it is visible that the company's ROA ratio was 5% in the year 2018 but in the following year it decreased to 2% in 2019 and 2020 years and 3% in 2021 and 2022 years, which is bad sign for the company as well as for investors.

- ROE ratio:

ROE ratio of 15-20% is considered as good. As higher ROE ratio as more effective company uses its equity capital to generate the profit. From the table it is visible that ROE ratio of the X5 Group company in 2018 and 2019 years was 17% (0,17) and increased in the year 2020 (30%), 2021 (49%). In the year 2022 it was a bit lower in comparison with 2021 but still it was 34%. It indicates that company uses its equity capital very effectively to generate profit and may be attracting for investors.

The proper analysis of financial ratios is in the section "Benchmarking table", where the industry specific norms for financial ratios has been taken into consideration.

4.1.5 Analysis of Risks

- Currency risk***:*** The Group faces foreign exchange risk due to assets and liabilities denominated in foreign currencies, particularly USD and EUR, mainly related to import purchases and lease liabilities. As of December 31, 2022, the Group had trade accounts payable amounting to RUB 8,140 in USD, RUB 2,307 in EUR, and RUB 354 in CNY (compared to December 31, 2021, with RUB 7,351 in USD and RUB 2,101 in EUR). Additionally, lease liabilities were RUB 4,523 in USD and RUB 2,532 in EUR (compared to RUB 7,028 in USD and RUB 3,506 in EUR on December 31, 2021). No other significant assets or liabilities were denominated in foreign currency as of December 31, 2022, and the Group's exposure was deemed insignificant (From the Notes to the financial statements 2022).

- Credit risk: The majority of the financial assets, which could be exposed to credit risk, are cash and cash equivalents, short-term investments located in banks, trade, and other receivables. The Group's primary business was retail sales to individual clients, thus there was no appreciable concentration of credit risk. Money was deposited in financial institutions that were thought to have a low default risk at the time of the deposit. The Group's treasury policies and exposure management practices mandated that counterparty credit exposure limits be regularly monitored, with no individual exposure assessed significant (Group, 2022).

- Liquidity risk: The risk that an entity will have trouble fulfilling its financial liabilities' obligations is known as liquidity risk. The Group uses both long- and short-term debt in addition to cash flows from operations to cover its operations. The goal is to guarantee funding continuity at the most favourable market conditions. The organization is keeping a close eye on its liquidity profile by extending its current credit facilities, acquiring new credit lines, and optimizing funding costs and drawdown periods within revolving credit facilities. After reviewing the Group's current liquidity position, management believes that the credit lines that are available and the anticipated cash flows more than cover the Group's current operational costs.

4.2 Ahold Delhaize Group (European Food Retail Company)

4.2.1 Horizontal Analysis of the Statement of Financial Position

Tables 9, 10, 11 and 12 below represent information about the comparison of the Balance Sheet items of Ahold Delhaize Group for 2018-2022 years. All values in table 9 and 11 are given in millions of Euros, all values in table 10 and 12 are given in %.

Table 9, Ahold Delhaize Group's assets (in mil. EUR)

	2018	2019	2020	2021	2022
Non-current assets	**30,912**	**31,920**	**31,764**	**36,128**	**37,737**
Property, plant and equipment	10,046	10,519	10,696	11,838	12,482
Right-of-use asset	7,027	7,308	7,455	9,010	9,607
Intangible assets	11,813	12,060	11,565	12,770	13,174
Investment property	963	883	739	708	661
Other non-current financial assets	636	661	705	1,193	1,193
Investments in associates and joint ventures	213	229	227	244	262
Other non-current assets	48	49	53	76	116
Deferred tax assets	166	213	323	289	242
Current assets	**8,918**	**9,570**	**8,928**	**9,584**	**10,818**
Inventories	3,196	3,347	3,245	3,728	4,611
Assets held for sale	23	67	19	18	26
Receivables	1,748	1,905	1,975	2,058	2,391
Other current financial assets	559	317	360	356	373
Income taxes receivable	53	39	58	45	35
Prepaid expenses and other current assets	217	178	337	387	301
Cash and cash equivalents	3,122	3,717	2,933	2,993	3,082
TOTAL ASSETS	**39,830**	**41,490**	**40,692**	**45,712**	**48,555**

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Table 10, Horizontal analysis of Ahold Delhaize Group's assets (in %)

	Changes in %			
	18/19	19/20	20/21	21/22
Non-current assets	**3.26**	**-0.49**	**13.74**	**4.45**
Property, plant and equipment	4.71	1.68	10.68	5.44
Right-of-use asset	4.00	2.01	20.86	6.63
Intangible assets	2.09	-4.10	10.42	3.16
Investment property	-8.31	-16.31	-4.19	-6.64
Other non-current financial assets	3.93	6.66	69.22	0.00
Investments in associates and joint ventures	7.51	-0.87	7.49	7.38
Other non-current assets	2.08	8.16	43.40	52.63
Deferred tax assets	28.31	51.64	-10.53	-16.26
Current assets	**7.31**	**-6.71**	**7.35**	**12.88**
Inventories	4.72	-3.05	14.88	23.69
Assets held for sale	191.30	-71.64	-5.26	44.44
Receivables	8.98	3.67	4.20	16.18
Other current financial assets	-43.29	13.56	-1.11	4.78
Income taxes receivable	-26.42	48.72	-22.41	-22.22
Prepaid expenses and other current assets	-17.97	89.33	14.84	-22.22
Cash and cash equivalents	19.06	-21.09	2.05	2.97
TOTAL ASSETS	**4.17**	**-1.92**	**12.34**	**6.22**

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Table 11, Ahold Delhaize Group's liabilities and equity (in mil. EUR)

	2018	2019	2020	2021	2022
Total equity	**14,205**	**14,083**	**12,432**	**13,721**	**15,405**
Total liabilities	**25,625**	**27,408**	**28,260**	**31,991**	**33,150**
Non-current liabilities	**14,682**	**14,818**	**15,448**	**17,812**	**18,068**
Loans	3,683	3,841	3,863	4,678	4,527

Other non-current financial liabilities	8,946	8,716	8,905	10,473	11,055
Pensions and other post-employment benefits	532	677	1,235	1,107	696
Deferred tax liabilities	682	786	664	746	1,005
Provisions	751	724	718	746	742
Other non-current liabilities	88	74	63	62	44
Current liabilities	**10,943**	**12,590**	**12,812**	**14,179**	**15,082**
Accounts payable	5,815	6,311	6,795	7,563	8,191
Other current financial liabilities	2,227	3,257	2,386	2,552	2,689
Income taxes payable	110	82	128	96	230
Provisions	312	349	378	484	377
Other current liabilities	2,479	2,591	3,125	3,483	3,595
TOTAL EQUITY AND LIABILITIES	**39,830**	**41,490**	**40,692**	**45,712**	**48,555**

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Table 12, Horizontal analysis of Ahold Delhaize Group's liabilities and equity (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Total equity	**-0.86**	**-11.72**	**10.37**	**12.27**
Total liabilities	**6.96**	**3.11**	**13.20**	**3.62**
Non-current liabilities	**0.93**	**4.25**	**15.30**	**1.44**
Loans	4.29	0.57	21.10	-3.23
Other non-current financial liabilities	-2.57	2.17	17.61	5.56
Pensions and other post-employment benefits	27.26	82.42	-10.36	-37.13
Deferred tax liabilities	15.25	-15.52	12.35	34.72
Provisions	-3.60	-0.83	3.90	-0.54
Other non-current liabilities	-15.91	-14.86	-1.59	-29.03
Current liabilities	**15.05**	**1.76**	**10.67**	**6.37**
Accounts payable	8.53	7.67	11.30	8.30

Other current financial liabilities	46.25	-26.74	6.96	5.37
Income taxes payable	-25.45	56.10	-25.00	139.58
Provisions	11.86	8.31	28.04	-22.11
Other current liabilities	4.52	20.61	11.46	3.22
TOTAL EQUITY AND LIABILITIES	**4.17**	**-1.92**	**12.34**	**6.22**

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Based on the results from the tables introduced earlier related to Ahold Delhaize Group, it is possible to highlight a relatively positive period of development in the period preceding the COVID-19 pandemic, notably in 18-19, while the situation has worsened significantly during the period 20-21, which led to the overall negative situation in the dynamic, based on the results of the horizontal analysis. Alternatively, the periods that followed resulted in the gradual recovery from the pandemic, while it can be said that the negative effect of the pandemic was overcome by the end of the fiscal year 22. Overall, the situation with the financial position of Ahold Delhaize Group seems somewhat favorable.

4.2.2 Horizontal Analysis of the Statement of Financial Performance

The table 13 and 14 below represent information about the comparison of the Income Statement items of Ahold Delhaize Group for 2018-2022 years. All values in table 13 are given in millions of euros, all values in table 14 are given in %.

Table 13, The income statement of Ahold Delhaize Group (in mil. EUR)

	2018	2019	2020	2021	2022
Revenue	62,791	66,260	74,736	75,601	86,984
Cost of sales	-45,838	-48,200	-54,160	-54,916	-63,689
Gross profit	**16,953**	**18,060**	**20,575**	**20,685**	**23,295**
Other income	-	-	470	531	663
Selling expenses	-12,030	-13,021	-14,620	-14,929	-16,989
General and administrative expenses	-2,300	-2,377	-4,235	-2,967	-3,201

Total operating expenses	**-14,330**	**-15,397**	**-18,385**	**-17,365**	**-19,527**
Operating profit	**2,623**	**2,662**	**2,191**	**3,320**	**3,768**
Interest income	85	65	35	29	69
Interest expense	-211	-175	-138	-181	-248
Net interest expense on defined benefit pension plans	-19	-18	-16	-17	-17
Interest accretion to lease liability	-355	-366	-357	-337	-356
Other financial income (expense)	13	-35	-9	-10	-
Net financial expenses	-487	-528	-485	-517	-552
Profit before tax	**2,136**	**2,134**	**1,706**	**2,803**	**3,216**
Income taxes	-373	-417	-331	-591	-714
Share in income of joint ventures	34	50	22	33	44
Income from continuing operations	**1,797**	**1,767**	**1,397**	**2,246**	**2,546**
Income (loss) from discontinued operations	**-17**	**-1**	**-**	**-**	**-**
Net income attributable to common shareholders	**1,780**	**1,766**	**1,397**	**2,246**	**2,546**
EPS	1.51	1.60	1.31	2.18	2.56

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Table 14, Horizontal analysis of the income statement of Ahold Delhaize Group (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Revenue	5.52	12.79	1.16	15.06
Cost of sales	5.15	12.37	1.40	15.98
Gross profit	**6.53**	**13.93**	**0.53**	**12.62**
Other income	-	-	12.98	24.86

Selling expenses	8.24	12.28	2.11	13.80
General and administrative expenses	3.35	78.17	-29.94	7.89
Total operating expenses	**7.45**	**19.41**	**-5.55**	**12.45**
Operating profit	**1.49**	**-17.69**	**51.53**	**13.49**
Interest income	-23.53	-46.15	-17.14	137.93
Interest expense	-17.06	-21.14	31.16	37.02
Net interest expense on defined benefit pension plans	-5.26	-11.11	6.25	0.00
Interest accretion to lease liability	3.10	-2.46	-5.60	5.64
Other financial income (expense)	-369.23	-74.29	11.11	-
Net financial expenses	8.42	-8.14	6.60	6.77
Profit before tax	**-0.09**	**-20.06**	**64.30**	**14.73**
Income taxes	11.80	-20.62	78.55	20.81
Share in income of joint ventures	47.06	-56.00	50.00	33.33
Income from continuing operations	**-1.67**	**-20.94**	**60.77**	**13.36**
Income (loss) from discontinued operations	-94.12	-	-	-
Net income attributable to common shareholders	**-0.79**	**-20.89**	**60.77**	**13.36**
EPS	5.96	-18.13	66.41	17.43

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

Similar dynamic is also viewed in the income statement with respect to the effect of the COVID-19 on the performance of the company. Yet, another important aspect that is worth mentioning is the fact that the period before the pandemic was not profitable for the company, considering the negative net income of the company. The pandemic significantly worsened the situation, when the net loss accounted for 20.89 million EUR. On the other hand, the following period eventually led to serious growth in net profitability, which helped the company to offset the loss of the previous periods. The latter period also returned a positive net income, but a significantly lower than the one recorded earlier.

4.2.3 Horizontal Analysis of the Cash-Flow Statement

Table 15 presents information about the comparison of cash-flow statement items of Ahold Delhaize Group for 2018-2022 years. All values are given in millions of euros and horizontal analysis is given in % representing the change from one year to another.

Table 15, Horizontal Analysis of the cash-Flow statement of Ahold Delhaize Group

	2018	2019	2020	2021	2022
Net cash flows from operating activities	5,358	5,449	6,343	5,468	6,110
Net cash flows used in investing activities	-1,812	-1,687	-2,475	-2,634	-2,014
Net cash flows (used in)/from financing activities	-5,133	-3,227	-4,251	-3,052	-4,188
Operating Cash Flow – Horizontal analysis (in %)	-	1.70	16.41	-13.79	11.74
Investing Cash Flow – Horizontal analysis (in %)	-	-6.90	46.71	6.42	-23.54
Financing Cash Flow – Horizontal analysis (in %)	-	-37.13	31.73	-28.21	37.22

Source: Author’s calculations based on the official annual reports of Ahold Delhaize Group

The conditions of the company’s main business activities are represented by the operating cash flow. From Table 15, there is an increase in operating cash flow in 2020 year comparing to the 2019 year. This increase equals to 894 million EUR and it is 16,41%. The increase indicates the potential profitability of the company, and it is a good sign. The Ahold Delhaize Group also has an increase in the year 2022 compared to 2021 year. The increase equals to 11,74%, which is 642 mil EUR. However, there was a decrease in the company's operating cash flow in the year 2021 by 13,79% (875 mil EUR). The decrease in operating cash flow means suggesting that the company's primary business operations are producing less cash. This could be the result of declining sales, higher costs, or ineffective control of expenses.

Investing cash flow shows the amount of money that has been used in or generated from investments in a certain period. It may be purchases of long-term assets (such as PPE), different investments, acquisitions of other businesses, etc. The significant amounts of cash invested in long-term health of the company such as research and development can influence the investing cash flow by making its result negative. In the year 2019 and 2022 there was a decrease in investing cash-flow which was caused by whether the purchasing PPE by the company or investments in stocks/bonds. In the year 2020 and 2021 there was an increase in investing cash flow by 46,71% and 6,42%. Increase in investing cash flow in both analyzed periods is affected by the purchasing of non-current assets and acquisition of businesses as from the annual report of the Ahold Delhaize Group.

Net flows of cash used in funding the company and its capital represent the financing cash flow. Transactions used in financing activities of Ahold Delhaize Group are proceeds from long-term debt, interest paid, repayments of loans, changes in short-term loans, repayment of lease liabilities, dividends paid on common shares etc. In the year 2019 there was a decrease in financing cash flow by 37,13%, it was mainly influenced by decrease in share buyback and changes in short-term loan. Financing cash-flow of the company increased in the year 2020 by 31,73%, it was caused by the changes in short-term loan. The decrease in financing cash flow in 2021 year was affected by changes in short-term loan and decrease in dividends paid on common shares. The main effect on increase in the financing cash flow in 2022 year was from increase in repayment of lease liabilities, increase in dividends paid on common shares and changes in short-term loans.

4.2.4 Financial Ratio Analysis

Table 16 represents analysis of Financial Ratios of the Ahold Delhaize Group for 2018-2022 years.

Table 16, Analysis of Financial Ratios of Ahold Delhaize Group

Financial Ratio	Formula	2018	2019	2020	2021	2022
Current ratio (liquidity ratio)	Current assets/Current liabilities	**0.81**	**0.76**	**0.70**	**0.68**	**0.72**
Operating cash-flow ratio (liquidity ratio)	Operating cash-flow/Current liabilities	**0.49**	**0.43**	**0.50**	**0.39**	**0.41**
Debt ratio (leverage financial ratio)	Total liabilities/Total assets	**64%**	**66%**	**69%**	**70%**	**68%**
Return on assets ratio (profitability ratio)	Net income/Total assets	**4%**	**4%**	**3%**	**5%**	**5%**
Return on equity ratio (profitability ratio)	Net income/ Shareholder's equity	**13%**	**13%**	**11%**	**16%**	**17%**

Source: Author's calculations based on the official annual reports of Ahold Delhaize Group

- Current ratio:

Current ratio of Ahold Delhaize Group company is below 1 for all analysed years meaning that the company can face liquidity issues, but the values of the current ratio are quite close to 1in every year, which means that the company is trying to keep it approaching to 1.

- Operating cash-flow ratio:

From the table above, the result for operating cash-flow ratio is positive for every year analysed which indicates the ability of the company to cover all its short-term liabilities with operating cash-flow.

- Debt ratio:

Debt ratio may be different by sectors. The average debt ratio's results for all sectors below one is considered as good one but with the lower debt ratio the company has lower chance to face financial risks. From the table 10, debt ratio of the company is below 1 for each of the years but at the same time is still above 0,6 which is not so good. It is better for the company to approach to the lower result for the debt ratio to avoid financial risks and become more attractive for the investors.

- ROA ratio:

ROA ratio's norm may vary in different industries. ROA ratio above 5% (0,05) considered as good for the company and indicates its profitability, while the ratio below 5% is considered as harmful. It is seen from the above table that the company's ROA ratio was 4% in the years 2018 and 2019 but in the following year it decreased to 3% in 2020 but in the years 2022 the ratio increased to 5%, which is good sign showing the company's approach to increase the ROA ratio and attract the investors.

- ROE ratio:

ROE ratio of 15-20% for all industries is considered as good. The higher ROE ratio indicates that company uses its equity capital to generate the profit in the more effective way. From the above table, ROE ratio of the Ahold Delhaize Group company in 2018 and 2019 years was 13% (0,13) when in 2020 year it decreased to 11% (0,11), in 2021 and 2022 the ratio rose to 16% (0,16) and 17% (0,17) accordingly. It indicates that company uses its equity capital effectively to generate profit in the last two years and may be attracting for investors.

The proper analysis of financial ratios is in the section "Benchmarking table", where the industry specific norms for financial ratios has been taken into consideration.

4.2.5 Analysis of Risks

- **Currency risk**

Due to its global operations, Ahold Delhaize is subject to foreign exchange risk from its currency exposures, particularly those involving the US dollar. Ahold Delhaize's subsidiaries buy and sell primarily in local currencies, so the company's exposure to fluctuations in exchange rates during business transactions is low. Due to fluctuations in exchange rates associated with the conversion of the income, assets, and liabilities of its overseas subsidiaries into euros for inclusion in its consolidated financial statements, the Company is subject to foreign rate exchange risks. Ahold Delhaize's policy is to cover foreign exchange transaction risk according to current assets, obligations, and firm purchase commitments (Delhaize, 2022).

- **Credit risk**

There are no notable credit risk concentrations at Ahold Delhaize. The size and disconnection of the Company's vendor and customer bases limit the concentration of credit risk with regard to receivables. The Company uses a lifetime-expected loss allowance for all trade receivables in order to calculate expected credit losses under the IFRS 9 simplified approach. Ahold Delhaize actively monitors these exposures and has policies in place to restrict the amount of counterparty credit exposure to any single financial institution or investment vehicle (Delhaize, 2022).

- **Liquidity risk**

Ahold Delhaize sees its main sources of liquidity as available cash balances and proceeds from operations, supplemented by access to outside funding sources when assessed necessary. Ahold Delhaize uses projected cash flows to manage its short-term liquidity. The Company believes that its liquidity position will be sufficient for working capital, capital expenditures, acquisition-related commitments, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the upcoming 12 months, based on its current operating performance and liquidity position. Furthermore, the Company's access to the debt capital markets and the amount available on its revolving credit facility are determined by its current credit ratings (Delhaize, 2022).

4.3 Walmart (American Food Retail Company)

4.3.1 Horizontal Analysis of the Statement of Financial Position

Tables 17, 18, 19 and 20 represent information about the comparison of the Balance Sheet items of Walmart for 2018-2022 years. All values in table 17 and 19 are given in millions of US Dollars, all values in table 18 and 20 are given in %.

Table 17, Assets of Walmart (in mil. USD)

	2018	2019	2020	2021	2022
Non-current assets	**144,858**	**157,398**	**174,689**	**162,429**	**163,790**
Property and equipment, net	107,675	104,317	105,208	92,201	94,515
Operating lease right-of-use assets	-	-	17,424	13,642	13,758
Finance lease right-of-use assets, net	-	-	4,417	4,005	4,351
Property under capital lease and financing obligations, net	7,143	7,078	-	-	-
Goodwill	18,242	31,181	31,073	28,983	29,014
Other long-term assets	11,798	14,822	16,567	23,598	22,152
Current assets	**59,664**	**61,897**	**61,806**	**90,067**	**81,070**
Inventories	43,783	44,269	44,435	44,949	56,511
Receivables	5,614	6,283	6,284	6,516	8,280
Prepaid expenses and other current assets	3,511	3,623	1,622	20,861	1,519
Cash and cash equivalents	6,756	7,722	9,465	17,741	14,760
TOTAL ASSETS	**204,522**	**219,295**	**236,495**	**252,496**	**244,860**

Source: Author's calculations based on the official annual reports of Walmart

Table 18, Horizontal analysis of Walmart's assets (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Non-current assets	**8.66**	**10.99**	**-7.02**	**0.84**
Property and equipment, net	-3.12	0.85	-12.36	2.51

Operating lease right-of-use assets	-	-	-21.71	0.85
Finance lease right-of-use assets, net	-	-	-9.33	8.64
Property under capital lease and financing obligations, net	-0.91	-	-	-
Goodwill	70.93	-0.35	-6.73	0.11
Other assets and deffered charges	25.63	11.77	42.44	-6.13
Current assets	**3.74**	**-0.15**	**45.73**	**-9.99**
Inventories	1.11	0.37	1.16	25.72
Receivables	11.92	0.02	3.69	27.07
Prepaid expenses and other current assets	3.19	-55.23	1186.13	-92.72
Cash and cash equivalents	14.30	22.57	87.44	-16.80
TOTAL ASSETS	**7.22**	**7.84**	**6.77**	**-3.02**

Source: Author's calculations based on the official annual reports of Walmart

Table 19, Walmart's liabilities and equity (in mil. USD)

	2018	2019	2020	2021	2022
Total equity	**80,822**	**79,634**	**81,552**	**87,531**	**91,891**
Common stock	295	288	284	282	276
Capital in excess of par value	2,648	2,965	3,247	3,646	4,839
Retained earnings	85,107	80,785	83,943	88,763	86,904
Accumulated other comprehensive loss	-10,181	-11,542	-12,805	-11,766	-8,766
Noncontrolling interest	2,953	7,138	6,883	6,606	8,638
Total liabilities	**123,700**	**139,661**	**154,943**	**164,965**	**152,969**
Non-current liabilities	**45,179**	**62,184**	**77,153**	**72,320**	**65,590**
Long-term debt	30,045	43,520	43,714	41,194	34,864
Long-term operating lease obligations	-	-	16,171	12,909	13,009
Long-term finance lease obligations	-	-	4,307	3,847	4,243

Long-term capital lease and financing obligations	6,780	6,683	-	-	-
Deferred income taxes and other	8,354	11,981	12,961	14,370	13,474
Current liabilities	**78,521**	**77,477**	**77,790**	**92,645**	**87,379**
Short-term borrowings	5,257	5,225	575	224	410
Accounts payable	46,092	47,060	46,973	49,141	55,261
Accrued liabilities	22,122	22,159	22,296	37,966	26,060
Accrued income taxes	645	428	280	242	851
Long-term debt due within one year	3,738	1,876	5,362	3,115	2,803
Operating lease obligations due within one year	-	-	1,793	1,466	1,483
Finance lease obligations due within one year	-	-	511	491	511
Capital lease and financing obligations due within one year	667	729	-	-	-
TOTAL EQUITY AND LIABILITIES	**204,522**	**219,295**	**236,495**	**252,496**	**244,860**

Source: Author's calculations based on the official annual reports of Walmart

Table 20, Horizontal analysis of Walmart's liabilities and equity (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Total equity	**-1.47**	**2.41**	**7.33**	**4.98**
Common stock	-2.37	-1.39	-0.70	-2.13
Capital in excess of par value	11.97	9.51	12.29	32.72
Retained earnings	-5.08	3.91	5.74	-2.09
Accumulated other comprehensive loss	13.37	10.94	-8.11	-25.50
Noncontrolling interest	141.72	-3.57	-4.02	30.76
Total liabilities	**12.90**	**10.94**	**6.47**	**-7.27**
Non-current liabilities	**37.64**	**24.07**	**-6.26**	**-9.31**
Long-term debt	44.85	0.45	-5.76	-15.37
Long-term operating lease obligations	-	-	-20.17	0.77

Long-term finance lease obligations	-	-	-10.68	10.29
Long-term capital lease and financing obligations	-1.43	-	-	-
Deferred income taxes and other	43.42	8.18	10.87	-6.24
Current liabilities	**-1.33**	**0.40**	**19.10**	**-5.68**
Short-term borrowings	-0.61	-89.00	-61.04	83.04
Accounts payable	2.10	-0.18	4.62	12.45
Accrued liabilities	0.17	0.62	70.28	-31.36
Accrued income taxes	-33.64	-34.58	-13.57	251.65
Long-term debt due within one year	-49.81	185.82	-41.91	-10.02
Operating lease obligations due within one year	-	-	-18.24	1.16
Finance lease obligations due within one year	-	-	-3.91	4.07
Capital lease and financing obligations due within one year	9.30	-	-	-
TOTAL EQUITY AND LIABILITIES	**7.22**	**7.84**	**6.77**	**-3.02**

Source: Author's calculations based on the official annual reports of Walmart

Considering the status of Walmart as a universal leader of the American retail market (the status is, however, contested by Amazon), it is unsurprising to find that the financial position of Walmart was not badly hit by the crisis during the pandemic, which is explained by the fact that the company successfully used e-commerce and door-to-door deliveries. On the other hand, after the period of expansion recorded prior to 2022, the year 2022 was not extremely successful, which is explained by the drop in the overall value of assets and other elements. This might potentially be explained by the fact that Walmart was being overheated over the course of the previous periods, which resulted in the natural need to slow the things down in order to proceed to another expansion.

4.3.2 Horizontal Analysis of the Statement of Financial Performance

Tables 21 and 22 represent information about the comparison of the Income Statement items of Walmart for 2018-2022 years. All values in table 21 are given in millions of US Dollars, all values in table 22 are given in %.

Table 21, Walmart's income statements (in mil. USD)

	2018	**2019**	**2020**	**2021**	**2022**
Revenue	495,761	510,329	519,926	555,233	567,762
Cost of sales	373,396	385,301	394,605	420,315	429,000
Gross profit	**122,365**	**125,028**	**125,321**	**134,918**	**138,762**
Membership and other income	4,582	4,076	4,038	3,918	4,992
Operating,selling, general and administrative expenses	106,510	107,147	108,791	116,288	117,812
Operating profit	**20,437**	**21,957**	**20,568**	**22,548**	**25,942**
Interest income	-152	-217	-189	-121	-158
Capital lease and financing obligations	352	371	337	339	320
Debt	1,978	1,975	2,262	1,976	1,674
Loss on extinguishment of debt	3,136	-	-	-	2,410
Other (gains) and losses	-	8,368	-1,958	-210	3,000
Profit before tax	**15,123**	**11,460**	**20,116**	**20,564**	**18,696**
Provision for income taxes	4,600	4,281	4,915	6,858	4,756
Consolidated net income attributable to noncontrolling interest	-661	-509	-320	-196	-267
Net income attributable to Walmart	**9,862**	**6,670**	**14,881**	**13,510**	**13,673**
EPS	3.28	2.26	5.19	4.75	4.87

Source: Author’s calculations based on the official annual reports of Walmart

Table 22, Horizontal analysis of Walmart's income statements (in %)

	Changes in %			
	18/19	**19/20**	**20/21**	**21/22**
Revenue	2.94	1.88	6.79	2.26
Cost of sales	3.19	2.41	6.52	2.07
Gross profit	**2.18**	**0.23**	**7.66**	**2.85**
Membership and other income	-11.04	-0.93	-2.97	27.41
Operating,selling, general and administrative expenses	0.60	1.53	6.89	1.31
Operating profit	**7.44**	**-6.33**	**9.63**	**15.05**
Interest income	42.76	-12.90	-35.98	30.58
Capital lease and financing obligations	5.40	-9.16	0.59	-5.60
Debt	-0.15	14.53	-12.64	-15.28
Loss on extinguishment of debt	-	-	-	-
Other (gains) and losses	-	-123.40	-89.27	-1528.57
Profit before tax	**-24.22**	**75.53**	**2.23**	**-9.08**
Provision for income taxes	-6.93	14.81	39.53	-30.65
Consolidated net income attributable to noncontrolling interest	-23.00	-37.13	-38.75	36.22
Net income attributable to Walmart	**-32.37**	**123.10**	**-9.21**	**1.21**
EPS	-31.10	129.65	-8.48	2.53

Source: Author’s calculations based on the official annual reports of Walmart

On the other hand, the positive development of the balance sheet is somewhat offset by the negative situation with the company’s profitability. As such, the very first period was accompanied by a net loss, which is quite surprising given the absence of any major crisis and a relatively beneficial business cycle in the US during the period. On the other hand, the pandemic evidently improved the company’s situation, which likely indicates the company’s successful campaign during the pandemic and an ability to adapt to quickly changing business environment. On the other hand, the latter periods were not anywhere successful, which indicates that if no major breakthrough will be made, the company can face a series of difficulties and lose their business faceoff against Amazon and other major American retailers.

4.3.3 Horizontal Analysis of the Cash-Flow Statement

Table 23 represents information about the comparison of Cash-Flow Statement items of Walmart for 2018-2022 years. All values are given in millions of US Dollars and horizontal analysis is given in % representing the change from one year to another.

Table 23, Horizontal Analysis of the Cash-Flow Statement of Walmart

	2018	2019	2020	2021	2022
Net cash flows from operating activities	28,337	27,753	25,255	36,074	24,181
Net cash flows used in investing activities	-9,079	-24,036	-9,128	-10,071	-6,015
Net cash flows (used in)/from financing activities	-19,875	-2,537	-14,299	-16,117	-22,828
Operating Cash Flow – Horizontal analysis (in %)	-	-2.06	-9.00	42.84	-32.97
Investing Cash Flow – Horizontal analysis (in %)	-	164.74	-62.02	10.33	-40.27
Financing Cash Flow – Horizontal analysis (in %)	-	-87.24	463.62	12.71	41.64

Source: Author's calculations based on the official annual reports of Walmart

Lastly, when commenting the situation of Walmart with cash-flows, it is wise to highlight the signs of each of the components. As for the operating one that must be positive, this is exactly the case of Walmart for every single year. On the other hand, the situation with investing cash-flow is also beneficial, indicating that the company has enough cash to invest. Lastly, the negative financial cash-flow is not a sign of distress, considering that Walmart has obligations to their shareholders in the form of dividends, as well as to banks in the form of loan repayments.

4.3.4 Financial Ratio Analysis

Table 24 represents analysis of Financial Ratios of the Walmart for 2018-2022 years.

Table 24, Analysis of Financial Ratios of Walmart

Financial Ratio	Formula	2018	2019	2020	2021	2022
Current ratio (liquidity ratio)	Current assets/Current liabilities	**0.76**	**0.80**	**0.79**	**0.97**	**0.93**
Operating cash-flow ratio (liquidity ratio)	Operating cash-flow/Current liabilities	**0.36**	**0.36**	**0.32**	**0.39**	**0.28**
Debt ratio (leverage financial ratio)	Total liabilities/Total assets	**60%**	**64%**	**66%**	**65%**	**62%**
Return on assets ratio (profitability ratio)	Net income/Total assets	**5%**	**3%**	**6%**	**5%**	**6%**
Return on equity ratio (profitability ratio)	Net income/ Shareholder's equity	**12%**	**8%**	**18%**	**15%**	**15%**

Source: Author's calculations based on the official annual reports of Walmart

- Current ratio:

Current ratio of Walmart company is below 1 for all analysed years meaning that the company can face liquidity issues, but it is visible from the table 15 that the values of the current ratio are really close to 1in every year especially in the year 2021, which means that the company is trying to approach to 1. The results of the current ratio for 2021 and 2022 years are very good for the company operating in this sector and the company can be very interesting for investors.

- Operating cash-flow ratio:

The result for operating cash-flow ratio is positive for all analysed years which indicates the ability of the company to cover all its short-term liabilities with operating cash-flow. But the result is quite low and not even exceed 0,4 result, which means that the company needs to use more capital to stay stable after paying off its short-term obligations. The higher operating cash-flow company has, the better company operates in terms of not using capital to cover its short-term liabilities.

- Debt ratio:

Debt ratio can be different in different sectors. The good average debt ratio results without considering sector are below one but it is essential to mention that the lower debt ratio approaches to lower chance of financial risks for the company. For the Walmart company, the debt ratio is below 1 in each of the years, but it is a bit above 0,6 which is not so good. The lower result for the debt ratio is better for companies to ensure less chance for financial risks and for engagement of investors. But overall, the result approaching to 0,6 and less is very good for such a big enterprise.

- ROA ratio:

ROA ratio's results can be different in different industries as well as the debt ratio. ROA ratio higher than 5% (0,05) indicates the good result for the company and its profitability, while the ratio below 0,05 is considered as worse one. From the table 15, the company's ROA ratio was 5% in the years 2018 which is good but in 2019 year it decreased to 3%, in 2020, 2021, and 2022 years the ratio was in between 5% and 6%, which is good result showing the increase of the ROA ratio of the company and increase in its profitability respectively.

- ROE ratio:

The good range for ROE ratio is 15-20% as the average result for all industries. As higher the result of ROE ratio as more effectively company uses its equity capital to generate the profit. From the table above, ROE ratio of the Walmart company in 2018 was 0,12 (12%) and 0,08 (8%) in 2019 which is out of the norms for ROE ratio but in 2020 year the ratio's result increased to 18% (0,18) and it was 15% (0,15) in the years 2021 and 2022 accordingly. Last three years' results are good and indicate more effective use of company's equity capital to generate profit and may be attracting for investors. The proper analysis of financial ratios is in the section “Benchmarking table”, where the industry specific norms for financial ratios has been taken into consideration.

4.3.5 Analysis of Risks

- Currency risk***:*** the company, compared to the other two major players from the retail industry, does not really face any serious issues related to currency, which is partially related to the company’s strategy of staying domestic and not venturing overseas, with the exception of Canada, Mexico and a small number of stores scattered around the globe. From this point of view exclusively, the stance of Walmart is somewhat strong.

- Credit risk: the situation of Walmart with regard to credit risk is not fully typical for an American company, which are mainly funded through equity. Walmart, on the other hand, is likely to follow the debt financing mostly, which is not a good sign especially considering the company’s low profitability in the last period with the exception of the COVID-19 year of 2020. Therefore, it is recommended that the company should pay attention to their solvency as it can potentially present a series of grave problems for the enterprise.

- Liquidity risk: given the drop in profitability and a potential change in the attitude to solvency, it would be wise to expect that the company will face problems with liquidity during the process of decreasing the debt leverage. Therefore, there are also risks associated with the company’s liquidity.

5 Results and Discussion

5.1 Assessment of the Financial Position and Performance of the Selected Companies

Based on the performed analysis in the previous chapter and the sub-chapters presented under it, and based on the tables 1-24, it is possible to proceed to a more detailed comparison behind the performance of the companies. Undeniably, considering absolutely different scale and geography of the companies, as well as different price levels in the countries and regions where they are based, it is crucial to discount those factors. Therefore, from purely financial point of view, the companies share a lot of similarities with regard to their financial performance. One of such similarities, despite being a negative one, is the fact that all companies suffer from the issue with low liquidity, which becomes even more obscure when considering that a significant share of their assets is represented by the working capital that is vital for the profitability of the companies.

Another vital similarity that is wise to highlight with regard to the companies is the problem with financing, where the debt financing is preferred, which results in putting additional burden on the companies and forcing them to constantly repay their debtors. While for the case of the Russian and European companies this might seem as a standard situation, the case of Walmart is somewhat peculiar, especially when considering that relying on equity financing is often viewed as a benchmark for American companies, especially for such massive ones as Walmart. The company should be able to raise capital through equity, but this does not seem to be the case.

On the other hand, when considering the financial performance of the companies, the performance of the X5 group in the Russian federation seem not to be concerning or troubling, considering that the company successfully managed to constantly increase their net income even despite major setbacks in the form of the pandemic and the exodus of European and American brands from the Russian Federation. Interestingly enough, the American company that is often viewed as a leading player in the whole retail industry even despite being mainly present just in the US, the performance of that very company is far from being perfect. Of course, the financial result of Walmart during the pandemic year seems somewhat outstanding or even not imitable by any other company in the foreseeable future, the performance of the company during normal times is really troubling. This might, for sure, be related to the healthy trends that started to emerge recently in the US given the obesity problem in the country. Overall, the performance of the European company seems to be somewhat stable and predictable but can be improved. On the other hand, considering a drop in the purchasing power of ordinary European population, this is not likely to be the case at least until the conflict on the East is finished.

5.2 Benchmarking and Industry Comparison

Benchmarking table used for this Diploma Thesis is done by the author and it includes financial ratios chosen by the author for evaluation of the companies' health and performance. The ratios are current ratio (liquidity ratio); operating cash-flow ratio (liquidity ratio); debt ratio (leverage financial ratio); return on assets ratio - ROA (profitability ratio); return on equity ratio - ROE (profitability ratio). For proper analysis, the average values of some ratios were chosen for the supermarket chain industry specifically.

- Current ratio indicates the ability of the company to cover its short-term liabilities with short-term assets. The result of current ratio between 1,2 and 2 usually evaluated as good. However, for supermarkets it is acceptable to run at current ratios less than one since they have high trade payables, low trade receivables, and strict cash management procedures. So that, the result of less than one is acceptable but the higher the better.

- Operating cash-flow ratio shows how many times a company can cover its current liabilities with the cash generated in each period. As higher the result for this ratio as more operating cash flow has the company relative to its current liabilities, which leads to better financial health and liquidity. The result higher than 1 considered as good meaning that company can pay off its debts without additional sources.

- Debt ratio indicates the company's assets that are provided from debt. The lower result of debt ratio is better. Usually, the result of 0,4 and less is considered as good, while 0,6 and greater is considered as worse result.

- Return on assets ratio shows the efficiency of using the assets by the company to generate profit. The average acceptable ROA ratio for the retail industry is 4,5%. It is less than ROA for other industries because the retail industry requires less investment in assets comparing to other industries. Higher result for the ROA ratio means better use of assets by the enterprise and generating higher profit.

- Return on equity ratio shows the efficiency of using the equity by the company to generate profit. The average result considered as good for ROE ratio is 15% - 20%, lower results suggest that the company does not use its equity properly for generating the profit.

Table 25 represents the average results for selected financial ratios for the food retail industry as well as results for the chosen companies by years. The values for the financial ratios of the companies are taken from the tables 8, 16, and 24 from the Practical Part.

Table 25, Benchmarking table

		2018			2019			2020			2021			2022		
Financial Ratio	Average value for the industry	X5 Group	Ahold Delhaize Group	Walmart	X5 Group	Ahold Delhaize Group	Walmart	X5 Group	Ahold Delhaize Group	Walmart	X5 Group	Ahold Delhaize Group	Walmart	X5 Group	Ahold Delhaize Group	Walmart
Current ratio (liquidity ratio)	less than 1 acceptable	0,59	0,81	0,76	0,49	0,76	0,80	0,50	0,70	0,79	0,57	0,68	0,97	0,63	0,72	0,93
Operating cash-flow ratio (liquidity ratio)	less than 1	0,34	0,49	0,36	0,35	0,43	0,36	0,39	0,50	0,32	0,47	0,39	0,39	0,41	0,41	0,28
Debt ratio (leverage financial ratio)	40%-60%	73%	64%	60%	89%	66%	64%	92%	69%	66%	93%	70%	65%	90%	68%	62%
Return on assets ratio (profitability ratio)*	4,50%	5%	4%	5%	2%	4%	3%	2%	3%	6%	3%	5%	5%	3%	5%	6%
Return on equity ratio (profitability ratio) **	15%-20%	17%	13%	12%	17%	13%	8%	30%	11%	18%	49%	16%	15%	34%	17%	15%

Source: Author's calculation based

- It is visible from Table 25 that the best result for the current ratio for all analyzed years has the Walmart company. It shows that the company has the best result in covering its short-term obligations with its short-term assets. Ahold Delhaize company results are also good and approaching to one and to the Walmart's results but they still a bit worse than the Walmart's outputs. X5 Group company has the worst results for the current ratio out of all three companies.

- When comparing the results for operating cash-flow it is hard to highlight one of the companies as the best because they all have the ratio below one. However, the Ahold Delhaize Group has this ratio close to 0,4-0,5, which is better than the other two companies have. The X5 Group has better results in the last three years than the Walmart but in the years 2018-2019 the Walmart showed better value for the operating cash-flow ratio.

- As for the debt ratio, it is simply to recognize from the table that the X5 Group has the highest debt ratio for all the years analyzed. The higher result is not always the best. This ratio is considered as good when it is lower that 0,6. So that it can be conclude that X5 Group has the worst result for the debt ratio out of three analyzed enterprises. When the other two companies' debt ratio is at least approaching to the industry norms. The Walmart has the best results for all analyzed years than the other two companies, so it can be highlighted as the best result for this ratio comparing with the other two businesses.

- ROA ratio must be higher to be better. Table 25 shows that ROA ratio is the best in Walmart company for almost all analyzed years except the year 2019, where it was only 3%. At the same time, it is essential to mention that Ahold Delhaize Group company has also good results for ROA ratio close to the Walmart ones. X5 Group company has the lowest result out of all three companies, which is the worst result for ROA ratio among three companies.

- The best result for the ROE ratio has the X5 Group company with the higher result of 49% in 2021 year. Walmart has quite good results for the last three years, which are 18%, 15%, and 15% accordingly, while Ahold Delhaize has good results within the required range of 15%-20% only in the last two years.

By summarizing the results, the Walmart company has the best results from the three analyzed companies for the current ratio, for the debt ratio, for the ROA ratio, and has good results for ROE ratio. Ahold Delhaize has the best results for the operating cash-flow ratio and has good results for the current ratio and ROA ratio. X5 Group company has the best results for the ROE ratio and good result for operating cash-flow ratio, but the enterprise showed the worst results among all three analyzed companies for the other three ratios.

5.3 Assessment of the Risks for the Companies

After dedicating a large body of work to the description of risks for every single company, it is equally wise to comment on the risks that prevail for all the three analysed companies. One of the biggest risks for them are the presence of their competitors, which were gaining significant power over the course of the last years. In that regard, the least favourable situation is identified in the case of Walmart, where this can lead to even lower profitability and significant concerns related to the company's solvency. From this standpoint, the situation of the X5 Group is better than for the rest since the exodus of international companies from the Russian Federation in the early 2022 resulted in an elevated position of the domestic companies, which will inevitably help the company to re-establish their strong market presence in the country.

Additionally, another crucial risk associated with the companies is the overall drop in the purchasing power all over the world, resulting from extremely high inflation rates, where every single analysed company and their respective countries are not exceptions. Therefore, there is no way to suppose that the overall financial performance of the companies will improve in a significant way until the business cycle will be smoother and in a better phase. With regard to this statement, the researcher believes that no micro change or action on the part of the companies will result in an absolute expansion and prosperity until the state of the global economy would not allow it.

There are also costs affected the companies' profit. The most significant are costs associated with the purchase of inventory, while the financial expenses, such as interest, form another considerable group of costs that put additional pressure on all the three companies. The companies should keep it in mind when trying to minimize costs to increase the profit.

6 Conclusion

The goal of the diploma thesis lied in performing an assessment and comparison of financial position and performance of the chosen companies operating in the food retail by financial analysis of the three selected companies representing absolutely different countries and regions. As such, Walmart, based in the USA; X5 group based in the Russian Federation, and Ahold Delhaize Group based in the European Union were analysed. The objective of the thesis was successfully met following the implementation of the techniques of financial analysis, including the horizontal and financial ratio analyses, as well as the utilization of the benchmark analysis. In addition to the main objective of the diploma thesis, the sub-objectives were formulated with the help of a series of research questions. Those research questions are once again introduced, but this time they are equally addressed with answers formulated thanks to the analysis performed earlier.

- Which company is the best throughout the analyzing five years based on the profitability ratios (ROA, ROE), liquidity ratios (current ratio, operating cash-flow ratio), leverage financial ratio (debt ratio)?

  From the point of view of profitability, it is concluded that the X5 group is the absolute leader out of the three companies, which is mainly justified by relatively high percentage for the majority of ratios related to profitability, while it is also explained by the constant growth in the profit of the company. From the perspective of liquidity, all companies equally have problems, where the best situation among the three is likely to be identified in the case of Walmart. When it comes to solvency, the three company equally suffer from issues related to the indicators.

- Which are the most significant costs influencing the profit of the companies?

  Given the nature of the analyzed industry, it is possible to answer this question with a certain degree of confidence. The most significant costs incurred by the companies are costs associated with the purchase of inventory, while the financial expenses, such as interest, form another considerable group of costs that put additional pressure on all the three companies.

- Which risks can companies face?

The company face similar risks among which there are diminishing purchasing power of consumers, increased cost of inventory and a large number of competitors, but the most complicated situation is identified for the case of Walmart. Walmart is situated in the US that is especially famous for its severe degree of competition, especially in the retail business, where the position of Walmart is actively being contested by Amazon and other giants. For the X5 group, the exodus of American and European brands will likely not result in a series of problems but rather a series of beneficial events, where the position of the company on the domestic market will become even stronger given the exodus of competitors and the support from the government.

- How can companies avoid risks and improve their operations?

For the final suggestion or recommendation, the improvement of operations, in the eyes of the researcher, is not likely to happen thanks to decisions on the micro-level. If no major changes will occur with the ongoing relatively depressing period of time in the global economy, the expansion of the companies will likely be constrained. This applies not just to the American and European companies analysed, but also to the Russian one, where if the purchasing power of consumers will not start increasing (which is not a likely scenario under the current series of sanctions applied against the country), the short-term improvement will likely result in the tide being turned and a negative profitability manifesting itself. In conclusion, examining the financial strategies of both Walmart and other multinational corporations reveals a significant similarity in their reliance on debt financing. While this approach may be commonplace for companies in regions like Russia and Europe, it stands out as somewhat unusual for Walmart, particularly within the context of American corporate practices where equity financing is often favoured. The fact that Walmart opts for debt financing suggests a divergence from the conventional norms expected of such a prominent entity. This divergence raises questions about Walmart's financial health and its ability to effectively manage its capital structure. While debt financing can offer advantages such as tax benefits and flexibility, it also imposes a significant burden, requiring constant repayment and potentially limiting the company's financial manoeuvrability in the long term. Thus, for Walmart, striking a balance between debt and equity financing may be crucial to ensure sustainable growth and maintain its competitive edge in the global market.

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8 List of tables, pictures, appendices, and abbreviations

8.1 List of tables

8.2 List of pictures

8.3 List of appendices

8.4 List of abbreviations

GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
SEC	Securities and Exchange Commission
FASB	Financial Accounting Standards Board
PPE	Property, plant, and equipment
EPS	Earnings per Share

Appendix

Appendix 1, Consolidated Statement of Financial Position X5 Group (2022 year)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	10	315,612	332,144
Right-of-use assets	11	508,543	502,325
Investment properties	12	4,573	4,461
Goodwill	13	112,929	105,028
Other intangible assets	14	38,327	39,006
Investments in associates and joint ventures		–	50
Other non-current assets		4,164	4,209
Deferred tax assets	30	27,482	23,047
		1,011,630	1,010,270
Current assets			
Inventories	15	208,661	166,840
Indemnification asset	7, 35	6,391	435
Trade, other accounts receivable and prepayments	17	21,382	20,190
Current income tax receivable		1,622	4,057
VAT and other taxes receivable	18	9,007	8,802
Short-term financial investments	9	50,067	50,092
Cash and cash equivalents	9	43,255	26,062
		340,385	276,478
Total assets		**1,352,015**	1,286,748

	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	22	2,458	2,458
Share premium		46,127	46,127
Retained earnings		84,125	38,926
Other capital reserves		432	–
Share-based payment reserve	29	–	118
		133,142	87,629
Total equity		**133,142**	87,629
Non-current liabilities			
Long-term borrowings	21	147,386	206,571
Long-term lease liabilities	11	519,317	507,099
Deferred tax liabilities	30	6,954	928
Other non-current liabilities	7, 28	6,206	1,670
		679,863	716,268
Current liabilities			
Trade accounts payable		238,641	212,949
Short-term borrowings	21	87,146	87,767
Interest accrued		1,143	1,792
Short-term lease liabilities	11	71,843	70,264
Short-term contract liabilities	20	3,767	2,392
Current income tax payable		6,020	3,014
Provisions and other liabilities	19	130,450	104,673
		539,010	482,851
Total liabilities		**1,218,873**	1,199,119
Total equity and liabilities		**1,352,015**	1,286,748

Source: Official annual report. Retrieved from https://www.x5.ru/en/investors/annual-reports/

Appendix 2, Consolidated Statement of Profit or Loss X5 Group (2022 year)

	Note	2022	2021
Revenue	24	2,605,232	2,204,819
Cost of sales	25	(1,970,036)	(1,643,502)
Gross profit		**635,196**	561,317
Selling, general and administrative expenses	25	(519,757)	(467,468)
Net impairment losses on financial assets	17	(346)	(154)
Lease/sublease and other income	26	23,025	23,877
Operating profit		**138,118**	117,572
Finance costs	27	(73,727)	(57,815)
Finance income	27	5,310	586
Net foreign exchange (loss)/gain		(2,032)	399
Profit before tax		**67,669**	60,742
Income tax expense	30	(22,481)	(18,004)
Profit for the year		**45,188**	42,738
Profit for the year attributable to:			
Equity holders of the parent		45,199	42,738
Non-controlling interests		(11)	–
Basic earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	23	665.78	629.55
Diluted earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	23	665.78	629.54

Source: Official annual report. Retrieved from

https://www.x5.ru/en/investors/annual-reports/

Appendix 3, Consolidated Statement of Cash-Flow X5 Group (2022 year)

	Note	2022	2021
Profit before tax		**67,669**	60,742
Adjustments for:			
Depreciation, amortisation and impairment of property, plant and equipment, right-of-use assets, investment properties, other intangible assets and goodwill	25	164,731	150,278
Gain on disposal of property plant and equipment, investment properties and intangible assets and gain on derecognition of right-of-use assets		(2,276)	(3,345)
Finance costs, net	27	68,417	57,229
Net impairment losses on financial assets	17	346	154
Impairment of prepayments	17	412	221
Share-based compensation expense	29	13	89
Net foreign exchange loss/(gain)		2,032	(399)
Other non-cash items		(576)	559
Net cash from operating activities before changes in working capital		**300,768**	265,528
Increase in trade, other accounts receivable and prepayments and VAT and other taxes receivable		(1,388)	(1,198)
Increase in inventories		(37,060)	(22,447)
Increase in trade payable		22,833	42,108
Increase in other accounts payable and contract liabilities		21,539	13,952
Net cash flows from operations		**306,692**	297,943
Interest paid		(73,067)	(56,561)
Interest received		5,276	60
Income tax paid		(17,977)	(13,980)
Net cash flows from operating activities		**220,924**	227,462

	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and initial direct costs associated with right		(59,554)	(76,574)
Acquisition of businesses, net of cash acquired	7	(5,495)	(1,771)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets		3,192	4,392
Purchase of other intangible assets		(14,121)	(15,482)
Proceeds from short-term financial investments		30,000	-
Payments for financial investments	9	(30,000)	(50,000)
Net cash flows used in investing activities		**(75,978)**	(139,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	21	148,974	132,345
Repayment of loans	21	(210,615)	(99,585)
Purchase of treasury shares		-	(34)
Payments of principal portion of lease liabilities	11	(66,014)	(64,610)
Dividends paid to equity holders of the parent	22	-	(50,006)
Net cash flows used in financing activities		**(127,655)**	(81,890)
Effect of exchange rate changes on cash and cash equivalents		(98)	(83)
Net increase in cash and cash equivalents		**17,193**	6,054
MOVEMENTS IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year	9	26,062	20,008
Net increase in cash and cash equivalents		17,193	6,054
Cash and cash equivalents at the end of the year	**9**	**43,255**	26,062

Source: Official annual report. Retrieved from https://www.x5.ru/en/investors/annual-reports/

Appendix 4, Consolidated Balance Sheet Ahold Delhaize Group (2022 year)

CONSOLIDATED BALANCE SHEET

€ million	Note	January 1, 2023	Janu
Assets			
Property, plant and equipment	11	**12,482**	11
Right-of-use asset	12	**9,607**	9
Investment property	13	**661**	
Intangible assets	14	**13,174**	12
Investments in joint ventures and associates	15	**262**	
Other non-current financial assets	16	**1,193**	1
Deferred tax assets	10	**242**	
Other non-current assets		**116**	
Total non-current assets		**37,737**	36
Assets held for sale	5	**26**	
Inventories	17	**4,611**	3
Receivables	18	**2,391**	2
Other current financial assets	19	**373**	
Income taxes receivable		**35**	
Prepaid expenses and other current assets		**301**	
Cash and cash equivalents	20	**3,082**	2
Total current assets		**10,818**	9
Total assets		**48,555**	45
Equity and liabilities			
Equity attributable to common shareholders	21	**15,405**	13
Loans	22	**4,527**	4
Other non-current financial liabilities	23	**11,055**	10
Pensions and other post-employment benefits	24	**696**	1
Deferred tax liabilities	10	**1,005**	
Provisions	25	**742**	
Other non-current liabilities		**44**	
Total non-current liabilities		**18,068**	17
Accounts payable		**8,191**	7
Other current financial liabilities	26	**2,689**	2
Income taxes payable		**230**	
Provisions	25	**377**	
Other current liabilities	27	**3,595**	3
Total current liabilities		**15,082**	14
Total equity and liabilities		**48,555**	45

The accompanying notes are an integral part of these consolidated financial statements.

Source: Official annual report. Retrieved from https://media.aholddelhaize.com/media/vy4neu1n/ar-2022-ahold-delhaize-interactive-final.pdf?t=638143108570530000

Appendix 5, Consolidated Income Statement Ahold Delhaize Group (2022 year)

CONSOLIDATED INCOME STATEMENT

€ million, except per share data	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Net sales	7	**86,984**	75,601
Cost of sales	8	**(63,689)**	(54,916)
Gross profit		**23,295**	20,685
Other income	8	**663**	531
Selling expenses	8	**(16,989)**	(14,929)
General and administrative expenses	8	**(3,201)**	(2,967)
Operating income		**3,768**	3,320
Interest income		**69**	29
Interest expense		**(248)**	(181)
Net interest expense on defined benefit pension plans	24	**(17)**	(17)
Interest accretion to lease liability	33	**(356)**	(337)
Other financial income (expense)		**—**	(10)
Net financial expenses	9	**(552)**	(517)
Income before income taxes		**3,216**	2,803
Income taxes	10	**(714)**	(591)
Share in income of joint ventures	15	**44**	33
Income from continuing operations		**2,546**	2,246
Income (loss) from discontinued operations	5	**—**	—
Net income		**2,546**	2,246
Attributable to:			
Common shareholders		**2,546**	2,246
Non-controlling interests		**—**	—
Net income		**2,546**	2,246
Earnings per share	29		
Net income per share attributable to common shareholders:			
Basic		**2.56**	2.18
Diluted		**2.54**	2.17
Income from continuing operations per share attributable to common shareholders:			
Basic		**2.56**	2.18
Diluted		**2.54**	2.17

The accompanying notes are an integral part of these consolidated financial statements.

Source: Official annual report. Retrieved from https://media.aholddelhaize.com/media/vy4neu1n/ar-2022-ahold-delhaize-interactive-final.pdf?t=638143108570530000

Appendix 6, Consolidated Statement of Cash-Flows Ahold Delhaize Group (2022 year)

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Income from continuing operations		**2,546**	2,246
Adjustments for:			
Net financial expenses	9	**552**	517
Income taxes	10	**714**	591
Share in income of joint ventures	15	**(44)**	(33)
Depreciation, amortization and impairments	8	**3,668**	3,068
(Gains) losses on leases and the sale of assets / disposal groups held for sale		**(205)**	(76)
Share-based compensation expenses	32	**65**	48
Operating cash flows before changes in operating assets and liabilities		**7,296**	6,361
Changes in working capital:			
Changes in inventories		**(747)**	(283)
Changes in receivables and other current assets		**(162)**	(43)
Changes in payables and other current liabilities		**451**	580
Changes in other non-current assets, other non-current liabilities and provisions		**(331)**	(216)
Cash generated from operations		**6,507**	6,399
Income taxes paid – net	10	**(397)**	(931)
Operating cash flows from continuing operations		**6,110**	5,468
Operating cash flows from discontinued operations		**—**	—
Net cash from operating activities		**6,110**	5,468
Purchase of non-current assets		**(2,490)**	(2,371)
Divestments of assets / disposal groups held for sale		**288**	82
Acquisition of businesses, net of cash acquired	28	**(20)**	(529)
Divestment of businesses, net of cash divested	28	**12**	(5)
Changes in short-term deposits and similar instruments		**—**	44
Dividends received from joint ventures	15	**38**	28
Interest received		**56**	16
Lease payments received on lease receivables		**115**	103
Other		**(13)**	(2)
Investing cash flows from continuing operations		**(2,014)**	(2,634)
Investing cash flows from discontinued operations		**—**	—
Net cash from investing activities		**(2,014)**	(2,634)
Proceeds from long-term debt	28	**—**	848
Interest paid		**(174)**	(138)
Repayments of loans	28	**(162)**	(427)
Changes in short-term loans	28	**(93)**	90
Repayment of lease liabilities	28	**(1,755)**	(1,569)
Dividends paid on common shares	21	**(979)**	(856)
Share buyback	21	**(997)**	(994)
Other cash flows from derivatives	28	**—**	—
Other		**(28)**	(5)
Financing cash flows from continuing operations		**(4,188)**	(3,052)
Financing cash flows from discontinued operations		**—**	—
Net cash from financing activities		**(4,188)**	(3,052)
Net cash from operating, investing and financing activities		**(92)**	(218)
Cash and cash equivalents at the beginning of the year (excluding restricted cash)		**2,968**	2,910
Effect of exchange rates on cash and cash equivalents		**178**	276
Cash and cash equivalents at the end of the year (excluding restricted cash)	28	**3,054**	2,968

The accompanying notes are an integral part of these consolidated financial statements.

Source: Official annual report. Retrieved from https://media.aholddelhaize.com/media/vy4neu1n/ar-2022-ahold-delhaize-interactive-final.pdf?t=638143108570530000

Appendix 7, Consolidated Balance Sheet Walmart (2022 year)

Consolidated Balance Sheets

	As of January 31,	
(Amounts in millions)	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,760	$ 17,741
Receivables, net	8,280	6,516
Inventories	56,511	44,949
Prepaid expenses and other	1,519	20,861
Total current assets	81,070	90,067
Property and equipment, net	94,515	92,201
Operating lease right-of-use assets	13,758	13,642
Finance lease right-of-use assets, net	4,351	4,005
Goodwill	29,014	28,983
Other long-term assets	22,152	23,598
Total assets	$ 244,860	$ 252,496
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	$ 410	$ 224
Accounts payable	55,261	49,141
Accrued liabilities	26,060	37,966
Accrued income taxes	851	242
Long-term debt due within one year	2,803	3,115
Operating lease obligations due within one year	1,483	1,466
Finance lease obligations due within one year	511	491
Total current liabilities	87,379	92,645
Long-term debt	34,864	41,194
Long-term operating lease obligations	13,009	12,909
Long-term finance lease obligations	4,243	3,847
Deferred income taxes and other	13,474	14,370
Commitments and contingencies		
Equity:		
Common stock	276	282
Capital in excess of par value	4,839	3,646
Retained earnings	86,904	88,763
Accumulated other comprehensive loss	(8,766)	(11,766)
Total Walmart shareholders' equity	83,253	80,925
Noncontrolling interest	8,638	6,606
Total equity	91,891	87,531
Total liabilities and equity	$ 244,860	$ 252,496

See accompanying notes.

Source: Official annual report. Retrieved from https://s201.q4cdn.com/262069030/files/doc_financials/2022/ar/WMT-FY2022-Annual-Report.pdf

Appendix 8, Consolidated Statement of Income Walmart (2022 year)

Walmart Inc.

Consolidated Statements of Income

(Amounts in millions, except per share data)	Fiscal Years Ended January 31, 2022	2021	2020
Revenues:			
Net sales	$ 567,762	$ 555,233	$ 519,926
Membership and other income	4,992	3,918	4,038
Total revenues	572,754	559,151	523,964
Costs and expenses:			
Cost of sales	429,000	420,315	394,605
Operating, selling, general and administrative expenses	117,812	116,288	108,791
Operating income	25,942	22,548	20,568
Interest:			
Debt	1,674	1,976	2,262
Finance lease	320	339	337
Interest income	(158)	(121)	(189)
Interest, net	1,836	2,194	2,410
Loss on extinguishment of debt	2,410	—	—
Other (gains) and losses	3,000	(210)	(1,958)
Income before income taxes	18,696	20,564	20,116
Provision for income taxes	4,756	6,858	4,915
Consolidated net income	13,940	13,706	15,201
Consolidated net income attributable to noncontrolling interest	(267)	(196)	(320)
Consolidated net income attributable to Walmart	$ 13,673	$ 13,510	$ 14,881
Net income per common share:			
Basic net income per common share attributable to Walmart	$ 4.90	$ 4.77	$ 5.22
Diluted net income per common share attributable to Walmart	4.87	4.75	5.19
Weighted-average common shares outstanding:			
Basic	2,792	2,831	2,850
Diluted	2,805	2,847	2,868
Dividends declared per common share	$ 2.20	$ 2.16	$ 2.12

See accompanying notes.

Source: Official annual report. Retrieved from https://s201.q4cdn.com/262069030/files/doc_financials/2022/ar/WMT-FY2022-Annual-Report.pdf

Appendix 9, Consolidated Statement of Cash-Flows Walmart (2022 year)

Walmart Inc.
Consolidated Statements of Cash Flows

(Amounts in millions)	Fiscal Years Ended January 31, 2022	2021	2020
Cash flows from operating activities:			
Consolidated net income	$ 13,940	$ 13,706	$ 15,201
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	10,658	11,152	10,987
Net unrealized and realized (gains) and losses	2,440	(8,589)	(1,886)
Losses on disposal of business operations	433	8,401	15
Asda pension contribution	—	—	(1,036)
Deferred income taxes	(755)	1,911	320
Loss on extinguishment of debt	2,410	—	—
Other operating activities	1,652	1,521	1,981
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:			
Receivables, net	(1,796)	(1,086)	154
Inventories	(11,764)	(2,395)	(300)
Accounts payable	5,520	6,966	(274)
Accrued liabilities	1,404	4,623	186
Accrued income taxes	39	(136)	(93)
Net cash provided by operating activities	24,181	36,074	25,255
Cash flows from investing activities:			
Payments for property and equipment	(13,106)	(10,264)	(10,705)
Proceeds from the disposal of property and equipment	394	215	321
Proceeds from disposal of certain operations, net of divested cash	7,935	56	833
Payments for business acquisitions, net of cash acquired	(359)	(180)	(56)
Other investing activities	(879)	102	479
Net cash used in investing activities	(6,015)	(10,071)	(9,128)
Cash flows from financing activities:			
Net change in short-term borrowings	193	(324)	(4,656)
Proceeds from issuance of long-term debt	6,945	—	5,492
Repayments of long-term debt	(13,010)	(5,382)	(1,907)
Premiums paid to extinguish debt	(2,317)	—	—
Dividends paid	(6,152)	(6,116)	(6,048)
Purchase of Company stock	(9,787)	(2,625)	(5,717)
Dividends paid to noncontrolling interest	(424)	(434)	(555)
Sale of subsidiary stock	3,239	140	52
Other financing activities	(1,515)	(1,376)	(960)
Net cash used in financing activities	(22,828)	(16,117)	(14,299)
Effect of exchange rates on cash, cash equivalents and restricted cash	(140)	235	(69)
Net increase (decrease) in cash, cash equivalents and restricted cash	(4,802)	10,121	1,759
Change in cash and cash equivalents reclassified from (to) assets held for sale	1,848	(1,848)	—
Cash, cash equivalents and restricted cash at beginning of year	17,788	9,515	7,756
Cash, cash equivalents and restricted cash at end of year	$ 14,834	$ 17,788	$ 9,515
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 5,918	$ 5,271	$ 3,616
Interest paid	2,237	2,216	2,464

See accompanying notes.

Source: Official annual report. Retrieved from https://s201.q4cdn.com/262069030/files/doc_financials/2022/ar/WMT-FY2022-Annual-Report.pdf