

Lowe's Companies, Inc.
Consolidated Statements of Current Earnings and Accumulated Deficit (Unaudited)

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Nine Months Ended			
	November 3, 2023		October 28, 2022		November 3, 2023		October 28, 2022	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 20,471	100.00	\$ 23,479	100.00	\$ 67,775	100.00	\$ 74,614	100.00
Cost of sales	13,580	66.34	15,661	66.70	44,958	66.33	49,614	66.49
Gross margin	6,891	33.66	7,818	33.30	22,817	33.67	25,000	33.51
Expenses:								
Selling, general and administrative	3,761	18.37	6,443	27.45	11,673	17.23	15,200	20.38
Depreciation and amortization	434	2.12	451	1.92	1,275	1.88	1,345	1.80
Operating income	2,696	13.17	924	3.93	9,869	14.56	8,455	11.33
Interest – net	345	1.68	295	1.25	1,033	1.52	802	1.07
Pre-tax earnings	2,351	11.49	629	2.68	8,836	13.04	7,653	10.26
Income tax provision	578	2.83	475	2.02	2,130	3.14	2,174	2.92
Net earnings	\$ 1,773	8.66	\$ 154	0.66	\$ 6,706	9.90	\$ 5,479	7.34
Weighted average common shares outstanding – basic	576		618		585		638	
Basic earnings per common share ⁽¹⁾	\$ 3.07		\$ 0.25		\$ 11.43		\$ 8.56	
Weighted average common shares outstanding – diluted	577		620		587		640	
Diluted earnings per common share ⁽¹⁾	\$ 3.06		\$ 0.25		\$ 11.40		\$ 8.53	
Cash dividends per share	\$ 1.10		\$ 1.05		\$ 3.25		\$ 2.90	
Accumulated Deficit								
Balance at beginning of period	\$(15,341)		\$ (8,895)		\$(14,862)		\$ (5,115)	
Net earnings	1,773		154		6,706		5,479	
Cash dividends declared	(633)		(643)		(1,898)		(1,833)	
Share repurchases	(1,543)		(3,929)		(5,690)		(11,844)	
Balance at end of period	\$(15,744)		\$(13,313)		\$(15,744)		\$(13,313)	

⁽¹⁾ Under the two-class method, earnings per share is calculated using net earnings allocable to common shares, which is derived by reducing net earnings by the earnings allocable to participating securities. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$1,769 million for the three months ended November 3, 2023, and \$152 million for the three months ended October 28, 2022. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$6,688 million for the nine months ended November 3, 2023, and \$5,462 million for the nine months ended October 28, 2022.

Lowe's Companies, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions, Except Percentage Data

	Three Months Ended				Nine Months Ended			
	November 3, 2023		October 28, 2022		November 3, 2023		October 28, 2022	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 1,773	8.66	\$ 154	0.66	\$ 6,706	9.90	\$ 5,479	7.34
Foreign currency translation adjustments – net of tax	—	—	(168)	(0.72)	5	0.01	(173)	(0.23)
Cash flow hedges – net of tax	(4)	(0.01)	170	0.72	(10)	(0.02)	352	0.47
Other	—	—	1	—	—	—	(3)	—
Other comprehensive (loss)/income	(4)	(0.01)	3	—	(5)	(0.01)	176	0.24
Comprehensive income	\$ 1,769	8.65	\$ 157	0.66	\$ 6,701	9.89	\$ 5,655	7.58

Lowe's Companies, Inc.
Consolidated Balance Sheets (Unaudited)
In Millions, Except Par Value Data

	November 3, 2023	October 28, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,210	\$ 3,192
Short-term investments	321	464
Merchandise inventory – net	17,530	19,817
Other current assets	907	1,518
Total current assets	19,968	24,991
Property, less accumulated depreciation	17,527	17,275
Operating lease right-of-use assets	3,647	3,512
Long-term investments	238	63
Deferred income taxes – net	280	301
Other assets	859	831
Total assets	\$ 42,519	\$ 46,973
Liabilities and shareholders' deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 544	\$ 609
Current operating lease liabilities	533	651
Accounts payable	9,914	12,249
Accrued compensation and employee benefits	750	1,405
Deferred revenue	1,499	1,736
Income taxes payable	121	913
Other current liabilities	3,135	3,313
Total current liabilities	16,496	20,876
Long-term debt, excluding current maturities	35,374	32,904
Noncurrent operating lease liabilities	3,602	4,048
Deferred revenue – Lowe's protection plans	1,228	1,184
Other liabilities	966	829
Total liabilities	57,666	59,841
Shareholders' deficit:		
Preferred stock, \$5 par value: Authorized – 5.0 million shares; Issued and outstanding – none	—	—
Common stock, \$0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 575 million and 611 million, respectively	288	305
Capital in excess of par value	7	—
Accumulated deficit	(15,744)	(13,313)
Accumulated other comprehensive income	302	140
Total shareholders' deficit	(15,147)	(12,868)
Total liabilities and shareholders' deficit	\$ 42,519	\$ 46,973

Lowe's Companies, Inc.
Consolidated Statements of Cash Flows (Unaudited)
In Millions

	Nine Months Ended	
	November 3, 2023	October 28, 2022
Cash flows from operating activities:		
Net earnings	\$ 6,706	\$ 5,479
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,427	1,509
Noncash lease expense	370	403
Deferred income taxes	(27)	(252)
Asset impairment and loss on property – net	50	2,113
Gain on sale of business	(79)	—
Share-based payment expense	160	165
Changes in operating assets and liabilities:		
Merchandise inventory – net	1,002	(2,308)
Other operating assets	236	20
Accounts payable	(610)	921
Deferred revenue	(77)	(117)
Other operating liabilities	(2,126)	205
Net cash provided by operating activities	7,032	8,138
Cash flows from investing activities:		
Purchases of investments	(1,283)	(659)
Proceeds from sale/maturity of investments	1,215	597
Capital expenditures	(1,344)	(1,090)
Proceeds from sale of property and other long-term assets	29	37
Proceeds from sale of business	100	—
Other – net	(23)	—
Net cash used in investing activities	(1,306)	(1,115)
Cash flows from financing activities:		
Net change in commercial paper	(499)	—
Net proceeds from issuance of debt	2,983	9,667
Repayment of debt	(576)	(831)
Proceeds from issuance of common stock under share-based payment plans	79	86
Cash dividend payments	(1,899)	(1,727)
Repurchases of common stock	(5,937)	(12,127)
Other – net	(15)	—
Net cash used in financing activities	(5,864)	(4,932)
Effect of exchange rate changes on cash	—	(32)
Net (decrease)/increase in cash and cash equivalents	(138)	2,059
Cash and cash equivalents, beginning of period	1,348	1,133
Cash and cash equivalents, end of period	\$ 1,210	\$ 3,192

Lowe's Companies, Inc.**Non-GAAP Financial Measure Reconciliation (Unaudited)**

To provide additional transparency, the Company has presented a comparison to the non-GAAP financial measure of adjusted diluted earnings per share for the three months ended October 28, 2022. This measure excludes the impact of a certain item, further described below, not contemplated in Lowe's Business Outlook to assist analysts and investors in understanding the comparison of operational performance for the third quarter of fiscal 2022.

Fiscal 2022 Impacts

During fiscal 2022, the Company recognized financial impacts from the following, not contemplated in the Company's Business Outlook for fiscal 2022:

- In the third quarter of fiscal 2022, the Company recognized a pre-tax \$2.1 billion long-lived asset impairment of the Canadian retail business (Canadian retail business transaction).

Adjusted diluted earnings per share should not be considered an alternative to, or more meaningful indicator of, the Company's diluted earnings per share as prepared in accordance with GAAP. The Company's methods of determining non-GAAP financial measures may differ from the method used by other companies and may not be comparable.

A reconciliation between the Company's GAAP and non-GAAP financial results is shown below and available on the Company's website at ir.lowes.com.

	Three Months Ended		
	October 28, 2022		
	Pre-Tax Earnings	Tax ¹	Net Earnings
Diluted earnings per share, as reported			\$ 0.25
Non-GAAP adjustments – per share impacts			
Canadian retail business transaction	3.32	(0.30)	3.02
Adjusted diluted earnings per share			\$ 3.27

¹ Represents the corresponding tax benefit or expense specifically related to the item excluded from adjusted diluted earnings per share.