UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended April 29, 2022**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from ______ to ______**

**Commission File Number 1-7898**

# LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **North Carolina** | **56-0578072** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1000 Lowes Blvd., Mooresville, North Carolina** | **28117** |
| (Address of principal executive offices) | (Zip Code) |
| Registrant's telephone number, including area code: | **(704) 758-1000** |

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, par value $0.50 per share** | **LOW** | **New York Stock Exchange** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| CLASS | OUTSTANDING AT 5/24/2022 |
|---|---|
| Common Stock, $0.50 par value | 639,128,830 |

**LOWE'S COMPANIES, INC.**

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**FORWARD-LOOKING STATEMENTS**

This Form 10-Q includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as “believe”, “expect”, “anticipate”, “plan”, “desire”, “project”, “estimate”, “intend”, “will”, “should”, “could”, “would”, “may”, “strategy”, “potential”, “opportunity”, “outlook”, “scenario”, “guidance”, and similar expressions are forward-looking statements. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business outlook, priorities, sales growth, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for products and services, share repurchases, Lowe’s strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. Such statements involve risks and uncertainties and we can give no assurance that they will prove to be correct. Actual results may differ materially from those expressed or implied in such statements.

A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as volatility and/or lack of liquidity from time to time in U.S. and world financial markets and the consequent reduced availability and/or higher cost of borrowing to Lowe’s and its customers, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, interest rate and currency fluctuations, home price appreciation or decreasing housing turnover, the availability of consumer credit and of mortgage financing, trade policy changes or additional tariffs, outbreaks of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, acts of both domestic and international terrorism, and other factors that can negatively affect our customers.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in “Item 1A - Risk Factors” and “Item 2 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” in our most recent Annual Report on Form 10-K and as may be updated from time to time in our quarterly reports on Form 10-Q or other subsequent filings with the SEC. All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.

## Part I - FINANCIAL INFORMATION

### Item 1. Financial Statements

**Lowe's Companies, Inc.**
**Consolidated Statements of Earnings (Unaudited)**
In Millions, Except Per Share and Percentage Data

| | Three Months Ended | | | |
|---|---|---|---|---|
| | April 29, 2022 | | April 30, 2021 | |
| **Current Earnings** | **Amount** | **% Sales** | **Amount** | **% Sales** |
| **Net sales** | **$ 23,659** | **100.00 %** | **$ 24,422** | **100.00 %** |
| Cost of sales | 15,609 | 65.97 | 16,292 | 66.71 |
| **Gross margin** | **8,050** | **34.03** | **8,130** | **33.29** |
| Expenses: | | | | |
| Selling, general and administrative | 4,303 | 18.19 | 4,494 | 18.40 |
| Depreciation and amortization | 445 | 1.88 | 391 | 1.60 |
| **Operating income** | **3,302** | **13.96** | **3,245** | **13.29** |
| Interest – net | 243 | 1.03 | 211 | 0.87 |
| **Pre-tax earnings** | **3,059** | **12.93** | **3,034** | **12.42** |
| Income tax provision | 726 | 3.07 | 713 | 2.92 |
| **Net earnings** | **$ 2,333** | **9.86 %** | **$ 2,321** | **9.50 %** |
| Weighted average common shares outstanding – basic | 660 | | 718 | |
| **Basic earnings per common share** | **$ 3.52** | | **$ 3.22** | |
| Weighted average common shares outstanding – diluted | 662 | | 720 | |
| **Diluted earnings per common share** | **$ 3.51** | | **$ 3.21** | |

See accompanying notes to the consolidated financial statements (unaudited).

**Lowe's Companies, Inc.**
**Consolidated Statements of Comprehensive Income (Unaudited)**
In Millions, Except Percentage Data

| | Three Months Ended | | | |
|---|---|---|---|---|
| | April 29, 2022 | | April 30, 2021 | |
| | **Amount** | **% Sales** | **Amount** | **% Sales** |
| **Net earnings** | **$ 2,333** | **9.86 %** | **$ 2,321** | **9.50 %** |
| Foreign currency translation adjustments – net of tax | (17) | (0.07) | 102 | 0.41 |
| Cash flow hedges – net of tax | 219 | 0.93 | 24 | 0.10 |
| Other | (2) | (0.01) | (1) | — |
| **Other comprehensive income** | **200** | **0.85** | **125** | **0.51** |
| **Comprehensive income** | **$ 2,533** | **10.71 %** | **$ 2,446** | **10.01 %** |

See accompanying notes to the consolidated financial statements (unaudited).

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

| | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | $ 3,414 | $ 6,692 | $ 1,133 |
| Short-term investments | 368 | 454 | 271 |
| Merchandise inventory – net | 20,239 | 18,382 | 17,605 |
| Other current assets | 1,590 | 1,288 | 1,051 |
| **Total current assets** | **25,611** | **26,816** | **20,060** |
| Property, less accumulated depreciation | 18,890 | 19,059 | 19,071 |
| Operating lease right-of-use assets | 4,131 | 3,886 | 4,108 |
| Long-term investments | 76 | 197 | 199 |
| Deferred income taxes – net | 33 | 213 | 164 |
| Other assets | 984 | 1,029 | 1,038 |
| **Total assets** | **$ 49,725** | **$ 51,200** | **$ 44,640** |
| **Liabilities and shareholders' (deficit)/equity** | | | |
| **Current liabilities:** | | | |
| Current maturities of long-term debt | $ 121 | $ 1,338 | $ 868 |
| Current operating lease liabilities | 639 | 551 | 636 |
| Accounts payable | 13,831 | 13,964 | 11,354 |
| Accrued compensation and employee benefits | 1,190 | 1,312 | 1,561 |
| Deferred revenue | 2,094 | 2,022 | 1,914 |
| Other current liabilities | 3,956 | 3,705 | 3,335 |
| **Total current liabilities** | **21,831** | **22,892** | **19,668** |
| Long-term debt, excluding current maturities | 28,776 | 21,906 | 23,859 |
| Noncurrent operating lease liabilities | 4,061 | 3,925 | 4,021 |
| Deferred revenue – Lowe's protection plans | 1,137 | 1,050 | 1,127 |
| Other liabilities | 797 | 982 | 781 |
| **Total liabilities** | **56,602** | **50,755** | **49,456** |
| **Shareholders' (deficit)/equity:** | | | |
| Preferred stock, $5 par value: Authorized – 5.0 million shares; Issued and outstanding – none | — | — | — |
| Common stock, $0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 652 million, 715 million, and 670 million shares, respectively | 326 | 358 | 335 |
| Capital in excess of par value | — | — | — |
| (Accumulated deficit)/retained earnings | (7,367) | 98 | (5,115) |
| Accumulated other comprehensive income/(loss) | 164 | (11) | (36) |
| **Total shareholders' (deficit)/equity** | **(6,877)** | **445** | **(4,816)** |
| **Total liabilities and shareholders' (deficit)/equity** | **$ 49,725** | **$ 51,200** | **$ 44,640** |

See accompanying notes to the consolidated financial statements (unaudited).

**Lowe's Companies, Inc.**
**Consolidated Statements of Shareholders' (Deficit)/Equity (Unaudited)**
In Millions

| | Three Months Ended April 29, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Capital in Excess of Par Value | Accumulated Deficit | Accumulated Other Comprehensive (Loss)/Income | Total |
| | Shares | Amount | | | | |
| **Balance January 28, 2022** | **670** | **$ 335** | **$ —** | **$ (5,115)** | **$ (36)** | **$ (4,816)** |
| Net earnings | — | — | — | 2,333 | — | 2,333 |
| Other comprehensive income | — | — | — | — | 200 | 200 |
| Cash dividends declared, $0.80 per share | — | — | — | (524) | — | (524) |
| Share-based payment expense | — | — | 46 | — | — | 46 |
| Repurchases of common stock | (19) | (9) | (47) | (4,061) | — | (4,117) |
| Issuance of common stock under share-based payment plans | 1 | — | 1 | — | — | 1 |
| **Balance April 29, 2022** | **652** | **$ 326** | **$ —** | **$ (7,367)** | **$ 164** | **$ (6,877)** |

| | Three Months Ended April 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
| | Shares | Amount | | | | |
| **Balance January 29, 2021** | **731** | **$ 366** | **$ 90** | **$ 1,117** | **$ (136)** | **$ 1,437** |
| Net earnings | — | — | — | 2,321 | — | 2,321 |
| Other comprehensive income | — | — | — | — | 125 | 125 |
| Cash dividends declared, $0.60 per share | — | — | — | (430) | — | (430) |
| Share-based payment expense | — | — | 50 | — | — | 50 |
| Repurchases of common stock | (17) | (9) | (148) | (2,910) | — | (3,067) |
| Issuance of common stock under share-based payment plans | 1 | 1 | 8 | — | — | 9 |
| **Balance April 30, 2021** | **715** | **$ 358** | **$ —** | **$ 98** | **$ (11)** | **$ 445** |

See accompanying notes to the consolidated financial statements (unaudited).

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

| | Three Months Ended | |
|---|---|---|
| | **April 29, 2022** | **April 30, 2021** |
| **Cash flows from operating activities:** | | |
| Net earnings | $ 2,333 | $ 2,321 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 503 | 443 |
| Noncash lease expense | 135 | 124 |
| Deferred income taxes | 59 | 110 |
| Loss/(gain) on property and other assets – net | 4 | (15) |
| Share-based payment expense | 50 | 54 |
| Changes in operating assets and liabilities: | | |
| Merchandise inventory – net | (2,646) | (2,123) |
| Other operating assets | (212) | (343) |
| Accounts payable | 2,479 | 3,058 |
| Deferred revenue | 191 | 442 |
| Other operating liabilities | 81 | 421 |
| **Net cash provided by operating activities** | **2,977** | **4,492** |
| **Cash flows from investing activities:** | | |
| Purchases of investments | (109) | (293) |
| Proceeds from sale/maturity of investments | 132 | 347 |
| Capital expenditures | (343) | (461) |
| Proceeds from sale of property and other long-term assets | 10 | 64 |
| Other – net | — | (134) |
| **Net cash used in investing activities** | **(310)** | **(477)** |
| **Cash flows from financing activities:** | | |
| Net proceeds from issuance of debt | 4,964 | 1,988 |
| Repayment of debt | (773) | (543) |
| Proceeds from issuance of common stock under share-based payment plans | 1 | 9 |
| Cash dividend payments | (537) | (440) |
| Repurchases of common stock | (4,037) | (3,038) |
| Other – net | (4) | 4 |
| **Net cash used in financing activities** | **(386)** | **(2,020)** |
| **Effect of exchange rate changes on cash** | **—** | **7** |
| Net increase in cash and cash equivalents | 2,281 | 2,002 |
| Cash and cash equivalents, beginning of period | 1,133 | 4,690 |
| **Cash and cash equivalents, end of period** | **$ 3,414** | **$ 6,692** |

See accompanying notes to the consolidated financial statements (unaudited).

**Lowe's Companies, Inc.**
**Notes to Consolidated Financial Statements (Unaudited)**

## Note 1: Summary of Significant Accounting Policies

*Basis of Presentation*

The accompanying condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The condensed consolidated financial statements (unaudited), in the opinion of management, contain all normal recurring adjustments necessary to present fairly the consolidated balance sheets as of April 29, 2022, and April 30, 2021, and the statements of earnings, comprehensive income, shareholders' (deficit)/equity, and cash flows for the three months ended April 29, 2022, and April 30, 2021. The January 28, 2022 consolidated balance sheet was derived from the audited financial statements.

These interim condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended January 28, 2022 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

*Accounting Pronouncements Not Yet Adopted*

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q or in the 2021 Form 10-K are either not applicable to the Company or are not expected to have a material impact on the Company.

## Note 2: Revenue

Net sales consists primarily of revenue, net of sales tax, associated with contracts with customers for the sale of goods and services in amounts that reflect consideration the Company is entitled to in exchange for those goods and services.

The following table presents the Company's sources of revenue:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Products | $ 22,884 | $ 23,522 |
| Services | 536 | 579 |
| Other | 239 | 321 |
| **Net sales** | **$ 23,659** | **$ 24,422** |

A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. The merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets. The balances and classification within the consolidated balance sheets for anticipated sales returns and the associated right of return assets are as follows:

| (In millions) | Classification | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|---|
| Anticipated sales returns | Other current liabilities | $ 363 | $ 374 | $ 245 |
| Right of return assets | Other current assets | 218 | 240 | 151 |

*Deferred revenue - retail and stored-value cards*

Retail deferred revenue consists of amounts received for which customers have not yet taken possession of the merchandise or for which installation has not yet been completed. The majority of revenue for goods and services is recognized in the quarter following revenue deferral. Stored-value cards deferred revenue includes outstanding stored-value cards such as gift cards and returned merchandise credits that have not yet been redeemed. Deferred revenue for retail and stored-value cards are as follows:

| (In millions) | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|
| Retail deferred revenue | $ 1,521 | $ 1,525 | $ 1,285 |
| Stored-value cards deferred revenue | 573 | 497 | 629 |
| **Deferred revenue** | **$ 2,094** | **$ 2,022** | **$ 1,914** |

*Deferred revenue - Lowe's protection plans*

The Company defers revenues for its separately-priced long-term extended protection plan contracts (Lowe's protection plans) and recognizes revenue on a straight-line basis over the respective contract term. Expenses for claims are recognized in cost of sales when incurred.

| (In millions) | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|
| Deferred revenue - Lowe's protection plans | $ 1,137 | $ 1,050 | $ 1,127 |

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Lowe's protection plans deferred revenue recognized into sales | $ 127 | $ 116 |
| Lowe's protection plans claim expenses | 45 | 54 |

*Disaggregation of Revenues*

The following table presents the Company's net sales disaggregated by merchandise division:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | April 29, 2022 | | April 30, 2021 | |
| (In millions) | Net Sales | % | Net Sales | % |
| Home Décor [1] | $ 8,298 | 35.1 % | $ 8,307 | 34.0 % |
| Building Products [2] | 8,171 | 34.5 | 7,942 | 32.5 |
| Hardlines [3] | 6,695 | 28.3 | 7,750 | 31.8 |
| Other | 495 | 2.1 | 423 | 1.7 |
| **Total** | **$ 23,659** | **100.0 %** | **$ 24,422** | **100.0 %** |

*Note: Merchandise division net sales for the prior period have been reclassified to conform to the current period presentation.*
[1] *Home Décor includes the following product categories: Appliances, Décor, Flooring, Kitchens & Bath, and Paint*
[2] *Building Products includes the following product categories: Building Materials, Electrical, Lighting, Lumber, Millwork, and Rough Plumbing*
[3] *Hardlines includes the following product categories: Hardware, Lawn & Garden, Seasonal & Outdoor Living, and Tools*

The following table presents the Company's net sales disaggregated by geographical area:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| United States | $ 22,426 | $ 22,932 |
| Canada | 1,233 | 1,490 |
| **Net Sales** | **$ 23,659** | **$ 24,422** |

## Note 3: Restricted Investments

Short-term and long-term investments include restricted balances pledged as collateral primarily for the Lowe's protection plans program and are as follows:

| (In millions) | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|
| Short-term restricted investments | $ 368 | $ 454 | $ 271 |
| Long-term restricted investments | 76 | 197 | 199 |
| **Total restricted investments** | **$ 444** | **$ 651** | **$ 470** |

## Note 4: Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

*Assets and Liabilities that are Measured at Fair Value on a Recurring Basis*

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of April 29, 2022, April 30, 2021, and January 28, 2022:

| | | | Fair Value Measurements at | | |
|---|---|---|---|---|---|
| (In millions) | Classification | Measurement Level | April 29, 2022 | April 30, 2021 | January 28, 2022 |
| **Available-for-sale debt securities:** | | | | | |
| U.S. Treasury securities | Short-term investments | Level 1 | $ 176 | $ 190 | $ 75 |
| Money market funds | Short-term investments | Level 1 | 135 | 86 | 120 |
| Foreign government debt securities | Short-term investments | Level 2 | 28 | — | 14 |
| Corporate debt securities | Short-term investments | Level 2 | 15 | 148 | 8 |
| Municipal obligations | Short-term investments | Level 2 | 10 | — | 10 |
| Certificates of deposit | Short-term investments | Level 1 | 4 | — | 14 |
| Agency securities | Short-term investments | Level 2 | — | 30 | — |
| Commercial paper | Short-term investments | Level 2 | — | — | 30 |
| Corporate debt securities | Long-term investments | Level 2 | 43 | 50 | 50 |
| U.S. Treasury securities | Long-term investments | Level 1 | 31 | 128 | 132 |
| Municipal obligations | Long-term investments | Level 2 | 2 | 13 | 3 |
| Agency securities | Long-term investments | Level 2 | — | 6 | — |
| Foreign government debt securities | Long-term investments | Level 2 | — | — | 14 |
| **Derivative instruments:** | | | | | |
| Forward interest rate swaps | Other current assets | Level 2 | $ 261 | $ 22 | $ 66 |
| Forward interest rate swaps | Other assets | Level 2 | — | — | 48 |
| Fixed-to-floating interest rate swaps | Other liabilities | Level 2 | 65 | — | 21 |

There were no transfers between Levels 1, 2, or 3 during any of the periods presented.

When available, quoted prices were used to determine fair value. When quoted prices in active markets were available, investments were classified within Level 1 of the fair value hierarchy. When quoted prices in active markets were not available, fair values were determined using pricing models, and the inputs to those pricing models were based on observable market inputs. The inputs to the pricing models were typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads, and benchmark securities, among others.

*Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis*

During the three months ended April 29, 2022, and April 30, 2021, the Company had no material measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

*Other Fair Value Disclosures*

The Company's financial assets and liabilities not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable, and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature. As further described in Note 6, certain long-term debt is associated with a fair value hedge and the changes in fair value of the hedged debt is included in the carrying value of long-term debt on the consolidated balance sheets. The fair values of the Company's unsecured notes were estimated using quoted market prices. The fair values of the Company's mortgage notes were estimated using discounted cash flow analyses, based on the future cash outflows associated with these arrangements and discounted using the applicable incremental borrowing rate.

Carrying amounts and the related estimated fair value of the Company's long-term debt, excluding finance lease obligations, are as follows:

| | April 29, 2022 | | April 30, 2021 | | January 28, 2022 | |
|---|---|---|---|---|---|---|
| (In millions) | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Unsecured notes (Level 1) | $ 28,224 | $ 26,095 | $ 22,585 | $ 24,774 | $ 24,056 | $ 25,425 |
| Mortgage notes (Level 2) | 4 | 5 | 5 | 5 | 5 | 5 |
| **Long-term debt (excluding finance lease obligations)** | **$ 28,228** | **$ 26,100** | **$ 22,590** | **$ 24,779** | **$ 24,061** | **$ 25,430** |

## Note 5: Debt

*Commercial Paper Program*

The $2.0 billion five-year unsecured revolving credit agreement entered into in March 2020, and amended in December 2021, (2020 Credit Agreement) and the $2.0 billion five-year unsecured third amended and restated credit agreement (Third Amended and Restated Credit Agreement) entered into in December 2021 support the Company's commercial paper program. The amounts available to be drawn under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement are reduced by the amount of borrowings under the commercial paper program. As of April 29, 2022, April 30, 2021, and January 28, 2022, there were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Third Amended and Restated Credit Agreement. Total combined availability under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement was $4.0 billion as of April 29, 2022.

*Long-Term Debt*

On March 24, 2022, the Company issued $5.0 billion of unsecured fixed rate notes (March 2022 Notes) as follows:

| Principal Amount (in millions) | Maturity Date | Interest Rate | Discount (in millions) |
|---|---|---|---|
| $ 750 | April 2027 | 3.350% | $ 3 |
| $ 1,500 | April 2032 | 3.750% | $ 7 |
| $ 1,500 | April 2052 | 4.250% | $ 14 |
| $ 1,250 | April 2062 | 4.450% | $ 12 |

Interest on the March 2022 Notes is payable semiannually in arrears in April and October of each year until maturity.

The indenture governing the March 2022 Notes contains a provision that allows the Company to redeem these notes at any time, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, up to, but excluding, the date of redemption. The indenture also contains a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes up to, but excluding, the date of purchase. The indenture governing the March 2022 Notes does not limit the aggregate principal amount of debt securities that the Company may issue and does not require the Company to maintain specified financial ratios or levels of net worth or liquidity.

## Note 6: Derivative Instruments

The Company utilizes forward interest rate swap agreements to hedge its exposure to changes in benchmark interest rates on forecasted debt issuances. The Company also utilizes fixed-to-floating interest rate swap agreements as fair value hedges on certain debt. The notional amounts for the Company's material derivative instruments are as follows:

| (In millions) | April 29, 2022 | April 30, 2021 | January 28, 2022 |
|---|---|---|---|
| **Cash flow hedges:** | | | |
| Forward interest rate swap agreement notional amounts | $ 1,760 | $ 375 | $ 2,560 |
| **Fair value hedges:** | | | |
| Fixed-to-floating interest rate swap agreement notional amounts | $ 850 | $ — | $ 850 |

See Note 4 for the gross fair values of the Company's outstanding derivative financial instruments and corresponding fair value classifications. The cash flows related to settlement of the Company's hedging derivative financial instruments are classified in the consolidated statements of cash flows based on the nature of the underlying hedged items.

The Company accounts for the forward interest rate swap contracts as cash flow hedges, thus the effective portion of gains and losses resulting from changes in fair value are recognized in other comprehensive income, net of tax effects, in the consolidated statements of comprehensive income and is amortized to interest expense over the term of the respective debt. During the three months ended April 29, 2022, in connection with the issuance of our March 2022 Notes, we settled forward interest rate swap contracts with a combined notional amount of $1.5 billion and received a payment of $143 million. The gain/(loss) from forward interest rate swap agreements, both settled and outstanding, designated as cash flow hedges recorded in other comprehensive income and earnings for the three months ended April 29, 2022, and April 30, 2021, including its line item in the financial statements, is as follows:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| **Other comprehensive income:** | | |
| Cash flow hedges – net of tax expense of $73 million and $9 million, respectively | $ 218 | $ 27 |
| **Net earnings:** | | |
| Interest – net | $ (1) | $ (3) |

The Company accounts for the fixed-to-floating interest rate swap agreements as fair value hedges using the shortcut method of accounting under which the hedges are assumed to be perfectly effective. Thus, the change in fair value of the derivative instruments offsets the change in fair value on the hedged debt, and there is no net impact in the consolidated statements of earnings from the fair value of the derivatives.

## Note 7: Shareholders' (Deficit)/Equity

The Company has a share repurchase program that is executed through purchases made from time to time either in the open market, which may be made under pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934, or through private off-market transactions. Shares purchased under the repurchase program are returned to authorized and unissued status. As of April 29, 2022, the Company had $15.7 billion remaining in its share repurchase program.

In February 2022, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase $750 million of the Company's common stock. The terms of the ASR agreement entered into during the three months ended April 29, 2022, are as follows (in millions):

| Agreement Execution Date | Agreement Settlement Date | ASR Agreement Amount | Initial Shares Delivered at Inception | Additional Shares Delivered at Settlement | Total Shares Delivered |
|---|---|---|---|---|---|
| Q1 2022 | Q1 2022 | $ 750 | 2.8 | 0.6 | 3.4 |

In addition, the Company repurchased shares of its common stock through the open market as follows:

| | Three Months Ended April 29, 2022 | |
|---|---|---|
| (In millions) | Shares | Cost |
| Open market share repurchases | 15.2 | $ 3,251 |

The Company also withholds shares from employees to satisfy either the exercise price of stock options exercised or the statutory withholding tax liability resulting from the vesting of share-based awards.

Total shares repurchased for the three months ended April 29, 2022, and April 30, 2021, were as follows:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | April 29, 2022 | | April 30, 2021 | |
| (In millions) | Shares | Cost [1] | Shares | Cost [1] |
| Share repurchase program | 18.6 | $ 4,001 | 16.5 | $ 3,000 |
| Shares withheld from employees | 0.6 | 116 | 0.3 | 67 |
| **Total share repurchases** | **19.2** | **$ 4,117** | **16.8** | **$ 3,067** |

[1] *Reductions of $4.1 billion and $2.9 billion were recorded to (accumulated deficit)/retained earnings, after capital in excess of par value was depleted, for the three months ended April 29, 2022, and April 30, 2021, respectively.*

**Note 8: Earnings Per Share** - The Company calculates basic and diluted earnings per common share using the two-class method. The following table reconciles earnings per common share for the three months ended April 29, 2022, and April 30, 2021:

| | Three Months Ended | |
|---|---|---|
| (In millions, except per share data) | April 29, 2022 | April 30, 2021 |
| **Basic earnings per common share:** | | |
| Net earnings | $ 2,333 | $ 2,321 |
| Less: Net earnings allocable to participating securities | (8) | (9) |
| **Net earnings allocable to common shares, basic** | **$ 2,325** | **$ 2,312** |
| **Weighted-average common shares outstanding** | **660** | **718** |
| **Basic earnings per common share** | **$ 3.52** | **$ 3.22** |
| **Diluted earnings per common share:** | | |
| Net earnings | $ 2,333 | $ 2,321 |
| Less: Net earnings allocable to participating securities | (8) | (9) |
| **Net earnings allocable to common shares, diluted** | **$ 2,325** | **$ 2,312** |
| Weighted-average common shares outstanding | 660 | 718 |
| Dilutive effect of non-participating share-based awards | 2 | 2 |
| **Weighted-average common shares, as adjusted** | **662** | **720** |
| **Diluted earnings per common share** | **$ 3.51** | **$ 3.21** |
| Anti-dilutive securities excluded from diluted weighted-average common shares | 0.4 | 0.4 |

### Note 9: Supplemental Disclosure

Net interest expense is comprised of the following:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Long-term debt | $ 230 | $ 200 |
| Lease obligations | 7 | 8 |
| Short-term borrowings | 1 | — |
| Interest income | (2) | (3) |
| Interest capitalized | (1) | — |
| Interest on tax uncertainties | 3 | — |
| Other | 5 | 6 |
| **Interest – net** | **$ 243** | **$ 211** |

Supplemental disclosures of cash flow information:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Cash paid for interest, net of amount capitalized | $ 375 | $ 219 |
| Cash paid for income taxes – net | $ 57 | $ 115 |
| Non-cash investing and financing activities: | | |
| Leased assets obtained in exchange for new finance lease liabilities | $ 2 | $ 14 |
| Leased assets obtained in exchange for new operating lease liabilities [1] | $ 174 | $ 155 |
| Cash dividends declared but not paid | $ 524 | $ 430 |

[1] *Excludes $637 million of leases signed but not yet commenced as of April 29, 2022.*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Lowe's Companies, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheets of Lowe's Companies, Inc. and subsidiaries (the "Company") as of April 29, 2022, and April 30, 2021, the related consolidated statements of earnings, comprehensive income, shareholders' (deficit)/equity, and cash flows for the fiscal three months ended April 29, 2022, and April 30, 2021, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 28, 2022, and the related consolidated statements of earnings, comprehensive income, shareholders' (deficit)/equity, and cash flows for the fiscal year then ended (not presented herein); and in our report dated March 21, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 28, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our review in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
May 26, 2022

**Item 2.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three months ended April 29, 2022, and April 30, 2021. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2022 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2021. This discussion and analysis is presented in four sections:

- Executive Overview
- Operations
- Financial Condition, Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

## EXECUTIVE OVERVIEW

Net sales in the first quarter of 2022 decreased 3.1% to $23.7 billion compared to net sales of $24.4 billion in the first quarter of 2021. The decrease in total sales was driven by a decrease in comparable sales. Net earnings in the first quarter of 2022 were $2.3 billion, which represents an increase of 0.5% compared to the first quarter of 2021. Diluted earnings per common share increased 9.4% to $3.51 in the first quarter of 2022 from $3.21 in the first quarter of 2021.

For the first three months of 2022, cash flows from operating activities were approximately $3.0 billion, while $343 million was used for capital expenditures. Continuing to deliver on our commitment to return excess cash to shareholders, we repurchased $4.1 billion of common stock and paid $537 million in dividends during the three months ended April 29, 2022.

During the first quarter of 2022, comparable sales declined 4.0% with seven of 15 product categories generating positive comparable sales during the quarter. In the first quarter, our spring-related outdoor categories were unfavorably impacted by a delayed spring selling season across all regions, which was most pronounced in the North, due to unseasonably cold and wet weather. However, we continued to experience strong results with our Pro customers, particularly in our Building Products categories, due to our improved Pro product and service offerings, as well as strong market demand. In addition, DIY demand remains solid for core, non-seasonal home improvement projects. Despite the delay in spring, the operational efficiencies gained through our Perpetual Productivity Improvement (PPI) initiatives, such as our enhanced labor management tools and improved pricing capabilities, have given us the agility to deliver operating margin improvement even when sales decline.

This quarter, we launched our new Pro Loyalty program, MVPs Pro Rewards and Partnership Program™, which is centered around creating a partnership with our Pro customers. We are excited about the loyalty and credit offerings our MVPs program provides, and we look forward to building on the momentum of the program as we launch enhanced features in the coming months. In addition, during the quarter, we converted our fourth geographic area to our market-based delivery model for big and bulky product. In this model, product flows directly to customer homes from our distribution network, bypassing stores altogether.

We view spring as a first half event, and we are encouraged by the arrival of spring across our regions at the close of the first quarter. As part of our Total Home strategy, we are ready to capitalize on this demand with our enhanced assortment, strong inventory position, improved omnichannel fulfillment capabilities, and seasonal staffing in place to serve customers and grow market share.

## OPERATIONS

The following table sets forth the percentage relationship to net sales of each line item of the consolidated statements of earnings (unaudited), as well as the percentage change in dollar amounts from the prior period. This table should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

| | Three Months Ended | | Basis Point Increase / (Decrease) in Percentage of Net Sales from Prior Period | Percentage Increase / (Decrease) in Dollar Amounts from Prior Period |
|---|---|---|---|---|
| | **April 29, 2022** | **April 30, 2021** | **2022 vs. 2021** | **2022 vs. 2021** |
| **Net sales** | **100.00 %** | **100.00 %** | **N/A** | **(3.1)%** |
| **Gross margin** | **34.03** | **33.29** | **74** | **(1.0)** |
| Expenses: | | | | |
| Selling, general and administrative | 18.19 | 18.40 | (21) | (4.3) |
| Depreciation and amortization | 1.88 | 1.60 | 28 | 13.8 |
| **Operating income** | **13.96** | **13.29** | **67** | **1.8** |
| Interest – net | 1.03 | 0.87 | 16 | 15.4 |
| **Pre-tax earnings** | **12.93** | **12.42** | **51** | **0.8** |
| Income tax provision | 3.07 | 2.92 | 15 | 1.9 |
| **Net earnings** | **9.86 %** | **9.50 %** | **36** | **0.5 %** |

The following table sets forth key metrics utilized by management in assessing business performance. This table should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

| | Three Months Ended | |
|---|---|---|
| **Other Metrics** | **April 29, 2022** | **April 30, 2021** |
| Comparable sales (decrease)/increase [1] | (4.0)% | 25.9 % |
| Total customer transactions (in millions) | 226 | 261 |
| Average ticket [2] | $ 104.52 | $ 93.74 |
| **At end of period:** | | |
| Number of stores | 1,971 | 1,972 |
| Sales floor square feet (in millions) | 208 | 208 |
| Average store size selling square feet (in thousands) [3] | 106 | 105 |
| Net earnings to average debt and shareholders' (deficit)/equity [4] | 30.8 % | 24.3 % |
| Return on invested capital [4] | 33.8 % | 29.9 % |

[1] *A comparable location is defined as a retail location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we decide to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Comparable sales are presented on a transacted basis when tender is accepted from a customer. Comparable sales include online sales, which impacted first quarter fiscal 2022 and fiscal 2021 comparable sales by approximately -5 basis points and 310 basis points, respectively. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week periods.*

[2] *Average ticket is defined as net sales divided by the total number of customer transactions.*

[3] *Average store size selling square feet is defined as sales floor square feet divided by the number of stores open at the end of the period. The average Lowe's-branded home improvement store has approximately 112,000 square feet of retail selling space.*

[4] *Return on invested capital is calculated using a non-GAAP financial measure. Net earnings to average debt and shareholders' (deficit)/equity is the most comparable GAAP ratio. See below for additional information and reconciliations of non-GAAP measures.*

## Non-GAAP Financial Measures

*Return on Invested Capital*

Return on Invested Capital (ROIC) is calculated using a non-GAAP financial measure. Management believes ROIC is a meaningful metric for analysts and investors as a measure of how effectively the Company is using capital to generate profits. Although ROIC is a common financial metric, numerous methods exist for calculating ROIC. Accordingly, the method used by our management may differ from the methods used by other companies. We encourage you to understand the methods used by another company to calculate ROIC before comparing its ROIC to ours.

We define ROIC as the rolling 12 months' lease adjusted net operating profit after tax (Lease adjusted NOPAT) divided by the average of current year and prior year ending debt and shareholders' (deficit)/equity. Lease adjusted NOPAT is a non-GAAP financial measure, and net earnings is considered to be the most comparable GAAP financial measure. The calculation of ROIC, together with a reconciliation of net earnings to Lease adjusted NOPAT, is as follows:

| | For the Periods Ended | |
|---|---|---|
| (In millions, except percentage data) | **April 29, 2022** | **April 30, 2021** |
| **Calculation of Return on Invested Capital** | | |
| **Numerator** | | |
| Net Earnings | $ 8,453 | $ 6,819 |
| Plus: | | |
| Interest expense – net | 918 | 855 |
| Loss on extinguishment of debt | — | 1,060 |
| Operating lease interest | 158 | 168 |
| Provision for income taxes | 2,780 | 2,167 |
| Lease adjusted net operating profit | 12,309 | 11,069 |
| Less: | | |
| Income tax adjustment [1] | 3,046 | 2,670 |
| Lease adjusted net operating profit after tax | $ 9,263 | $ 8,399 |
| **Denominator** | | |
| Average debt and shareholders' (deficit)/equity [2] | $ 27,442 | $ 28,053 |
| **Net earnings to average debt and shareholders' (deficit)/equity** | **30.8 %** | **24.3 %** |
| **Return on invested capital** | **33.8 %** | **29.9 %** |

[1] *Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 24.7% and 24.1% for the periods ended April 29, 2022, and April 30, 2021, respectively.*

[2] *Average debt and shareholders' (deficit)/equity is defined as average current year and prior year ending debt, including current maturities, short-term borrowings, and operating lease liabilities, plus the average current year and prior year ending total shareholders' (deficit)/equity.*

**Results of Operations**

*Net Sales* – Net sales for the first quarter of 2022 decreased 3.1% to $23.7 billion. The decrease in total sales was driven by a decline in comparable sales. Comparable sales decreased 4.0% over the same period, driven by a 13.1% decrease in comparable customer transactions, partially offset by a 9.1% increase in comparable average ticket.

During the first quarter of 2022, we experienced comparable sales increases in seven of 15 product categories, led by Electrical, Building Materials, and Rough Plumbing. Strength in these categories reflects robust Pro customer demand, as well as unit price increases due to inflation. Our seasonal categories of Seasonal & Outdoor Living and Lawn & Garden experienced our lowest comparable sales change due to a delayed spring season, with unseasonably cool and wet weather across all regions.

*Gross Margin* – For the first quarter of 2022, gross margin increased 74 basis points as a percentage of sales. The gross margin increase for the quarter is driven by approximately 50 basis points of total rate improvement due to continued improvements in managing product costs and disciplined pricing strategies, 25 basis points of leverage from higher credit revenue, and 20 basis points of favorable product mix. These favorable impacts were partially offset by 10 basis points of deleverage from damaged live-goods caused by unseasonable weather and 10 basis points of deleverage from distribution costs.

*SG&A* – For the first quarter of 2022, SG&A expense leveraged 21 basis points as a percentage of sales compared to the first quarter of 2021. This is primarily driven by improved labor productivity, partially offset by lower fixed cost leverage and wage pressure.

*Depreciation and Amortization* – Depreciation and amortization deleveraged 28 basis points for the first quarter of 2022 compared to the prior year primarily due to ongoing capital investments in technology, store environment, and store equipment. Property, less accumulated depreciation, decreased to $18.9 billion at April 29, 2022, compared to $19.1 billion at April 30, 2021.

*Interest – Net* – Interest expense for the first quarter of 2022 deleveraged 16 basis points as a percentage of sales, primarily due to interest expense related to the issuance of unsecured notes in March 2021, September 2021, and March 2022, partially offset by scheduled payoff of notes at maturity.

*Income Tax Provision* – Our effective income tax rates were 23.7% and 23.5% for the three months ended April 29, 2022 and April 30, 2021, respectively.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity

Cash flows from operations, combined with our continued access to capital markets on both a short-term and long term basis, as needed, remain adequate to fund our operations, make strategic investments to support long-term growth, and return excess cash to shareholders in the form of dividends and share repurchases. We believe these sources of liquidity will continue to support our business for the next twelve months. As of April 29, 2022, we held $3.4 billion of cash and cash equivalents, as well as $4.0 billion in undrawn capacity on our revolving credit facilities.

***Cash Flows Provided by Operating Activities***

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Net cash provided by operating activities | $ 2,977 | $ 4,492 |

Cash flows from operating activities continued to provide the primary source of our liquidity. The decrease in net cash provided by operating activities for the three months ended April 29, 2022, compared to the three months ended April 30, 2021, was driven primarily by changes in working capital. Accounts payable increased by $2.5 billion for the first three months of 2022 compared to an increase of $3.1 billion for the first three months of 2021, driving a net difference in operating cash flows for the quarter of $523 million. Inventory decreased operating cash flows for the first three months of 2022 by approximately $2.6 billion compared to a decrease of approximately $2.1 billion for the first three months of 2021. We typically build our inventory in anticipation for spring as we have historically recognized our highest volume sales during the second fiscal quarter. In the current year, we have experienced a delay in the spring selling season due to unseasonably cool and wet weather which has resulted in elevated inventory levels in our seasonal categories. Other operating liabilities increased $81 million for the first three months of 2022 compared to an increase of $421 million in the first three months of 2021. The decline in cash flows provided by the change in other operating liabilities in the current year compared to the prior year is primarily driven by the payout of discretionary compensation for front-line employees in the first quarter of fiscal 2022.

***Cash Flows Used in Investing Activities***

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Net cash used in investing activities | $ (310) | $ (477) |

Net cash used in investing activities primarily consists of transactions related to capital expenditures.

*Capital expenditures*

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, improve existing stores, and support expansion plans. The following table provides our capital expenditures for the three months ended April 29, 2022, and April 30, 2021:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Core business investments [1] | $ 252 | $ 365 |
| Strategic initiatives [2] | 46 | 58 |
| New stores, new corporate facilities and international [3] | 45 | 38 |
| **Total capital expenditures** | **$ 343** | **$ 461** |

[1] *Includes merchandising resets, facility repairs, replacements of IT and store equipment, among other specific efforts.*

[2] *Represents investments related to our strategic focus areas aimed at improving customers' experience and driving improved performance in the near and long term (excluding acquisitions).*

[3] *Represents expenditures primarily related to land purchases, buildings, and personal property for new store projects and new corporate facilities projects, as well as expenditures related to our international operations.*

Our fiscal year 2022 outlook for capital expenditures is approximately $2.0 billion.

***Cash Flows Used in Financing Activities***

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Net cash used in financing activities | $ (386) | $ (2,020) |

Net cash used in financing activities primarily consists of transactions related to our share repurchases, long-term debt, and cash dividend payments.

*Total Debt*

During the three months ended April 29, 2022, we issued $5.0 billion of unsecured notes, the proceeds of which were designated for general corporate purposes. During the three months ended April 29, 2022, we also paid $750 million to retire scheduled debt at maturity.

The 2020 Credit Agreement and the Third Amended and Restated Credit Agreement support our commercial paper program. The amount available to be drawn under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement is reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Third Amended and Restated Credit Agreement as of April 29, 2022, and April 30, 2021. Total combined availability under the 2020 Credit Agreement and the Third Amended and Restated Credit Agreement as of April 29, 2022, was $4.0 billion.

The 2020 Credit Agreement and the Third Amended and Restated Credit Agreement contain customary representations, warranties, and covenants. We were in compliance with those covenants at April 29, 2022.

The following table includes additional information related to our debt for the three months ended April 29, 2022, and April 30, 2021:

| | Three Months Ended | |
|---|---|---|
| (In millions) | April 29, 2022 | April 30, 2021 |
| Net proceeds from issuance of debt | $ 4,964 | $ 1,988 |
| Repayment of debt | (773) | (543) |
| Maximum commercial paper outstanding at any period | 1,361 | 400 |

*Share Repurchases*

We have an ongoing share repurchase program, authorized by the Company’s Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. The following table provides, on a settlement date basis, the total number of shares repurchased, average price paid per share, and the total cash used to repurchase shares for the three months ended April 29, 2022, and April 30, 2021:

| | Three Months Ended | |
|---|---|---|
| (In millions, except per share data) | April 29, 2022 | April 30, 2021 |
| Total amount paid for share repurchases | $ 4,037 | $ 3,038 |
| Total number of shares repurchased | 18.7 | 16.7 |
| Average price paid per share | $ 215.32 | $ 182.20 |

As of April 29, 2022, we had $15.7 billion remaining available under our share repurchase program with no expiration date. We expect to repurchase shares totaling approximately $12.0 billion in 2022 (including the amount repurchased during the first three months of fiscal year 2022).

*Dividends*

Dividends are paid in the quarter immediately following the quarter in which they are declared. Dividends paid per share increased from $0.60 per share for the three months ended April 30, 2021, to $0.80 per share for the three months ended April 29, 2022.

### Capital Resources

We expect to continue to have access to the capital markets on both a short-term and long-term basis when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor’s (S&P) and Moody’s as of May 26, 2022, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in capital markets. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

| Debt Ratings | S&P | Moody’s |
|---|---|---|
| Commercial Paper | A-2 | P-2 |
| Senior Debt | BBB+ | Baa1 |
| **Senior Debt Outlook** | **Stable** | **Stable** |

There are no provisions in any agreements that would require early cash settlement of existing debt or leases as a result of a downgrade in our debt rating or a decrease in our stock price. In addition, we do not believe it will be necessary to repatriate significant cash and cash equivalents and short-term investments held in foreign affiliates to fund domestic operations.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 to the consolidated financial statements presented in the Annual Report. Our critical accounting policies and estimates are described in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report. Our significant and critical accounting policies and estimates have not changed significantly since the filing of the Annual Report.

## Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to certain market risks, including changes in foreign currency exchange rates related to our international operations, interest rates, and commodity prices. The Company’s market risks have not changed materially from those disclosed in the Annual Report for the fiscal year ended January 28, 2022.

**Item 4. - Controls and Procedures**

The Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s “disclosure controls and procedures,” (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of April 29, 2022, the Company’s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In addition, no change in the Company’s internal control over financial reporting occurred during the quarter ended April 29, 2022, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## Part II – OTHER INFORMATION

### Item 1. - Legal Proceedings

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on its results of operations, financial position or cash flows. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

### Item 1A. - Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in "Item 1A. Risk Factors" in our Annual Report filed with the SEC on March 21, 2022.

### Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds

**Issuer Purchases of Equity Securities**

The following table sets forth information with respect to purchases of the Company's common stock on a trade date basis made during the three months ended April 29, 2022:

| | Total Number of Shares Purchased [1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2] |
|---|---|---|---|---|
| January 29, 2022 - February 25, 2022 | 5,246,204 | $ 222.50 | 5,244,115 | $ 18,426,847,833 |
| February 26, 2022 - April 1, 2022 | 7,301,168 | 219.70 | 6,734,197 | 17,071,951,655 |
| April 2, 2022 - April 29, 2022 | 6,631,642 | 202.91 | 6,628,255 | 15,726,993,053 |
| **As of April 29, 2022** | **19,179,014** | **$ 214.66** | **18,606,567** | **$ 15,726,993,053** |

[1] *The total number of shares repurchased includes shares withheld from employees to satisfy either the exercise price of stock options or the statutory withholding tax liability upon the vesting of share-based awards.*

[2] *On December 15, 2021, the Company announced that its Board of Directors authorized $13.0 billion of share repurchases under the program, in addition to the $15.0 billion of share repurchases authorized by the Board of Directors in December 2020, with no expiration.*

[3] *In February 2022, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase the Company's common stock. At inception, pursuant to the agreement, the Company paid $750 million to the financial institution and received an initial delivery of 2.8 million shares. In April, prior to the end of the first quarter, the Company finalized the transaction and received an additional 0.6 million shares. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume-weighted average price of the Company's common stock over the term of the ASR agreement. See Note 7 to the consolidated financial statements included herein for additional information regarding share repurchases.*

**Item 6. - Exhibits**

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date |
| 3.1 | Restated Charter of Lowe's Companies, Inc. | 10-Q | 001-07898 | 3.1 | September 1, 2009 |
| 3.2 | Bylaws of Lowe's Companies, Inc., as amended and restated March 18, 2022. | 8-K | 001-07898 | 3.1 | March 23, 2022 |
| 4.1 | Twentieth Supplemental Indenture, dated as of March 24, 2022, between Lowe's Companies, Inc. and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association as successor trustee). | 8-K | 001-07898 | 4.2 | March 24, 2022 |
| 10.1 | Offer Letter between Brandon J. Sink and Lowe's Companies, Inc. entered into on April 8, 2022.* | 8-K | 001-07898 | 10.1 | April 8, 2022 |
| 10.2 | Form of Lowe's Companies, Inc. 2022 Performance Share Unit Award Agreement.*‡ | | | | |
| 15.1 | Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡ | | | | |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 101.INS | Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.‡ | | | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.‡ | | | | |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.‡ | | | | |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.‡ | | | | |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.‡ | | | | |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.‡ | | | | |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).‡ | | | | |

* Indicates a management contract or compensatory plan or arrangement.
‡ Filed herewith.
† Furnished herewith.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOWE'S COMPANIES, INC.
(Registrant)

| | |
|---|---|
| May 26, 2022 | By: /s/ Dan C. Griggs, Jr. |
| Date | Dan C. Griggs, Jr.<br>Senior Vice President, Tax and Chief Accounting Officer |

**Exhibit 10.2**

PERFORMANCE SHARE UNIT
AWARD AGREEMENT

*Non-transferable*

GRANT TO

______________________________(“Grantee”)

by Lowe’s Companies, Inc. (the “Company”) of

______________________________Performance Share Units (the “Performance Share Units”)
pursuant to and subject to the provisions of the Lowe’s Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the “Plan”) and to these terms and conditions set forth in this grant notice and the Terms and Conditions.

Unless terminated or paid earlier in accordance with the Plan or Section 4 of the Terms and Conditions, the Performance Share Units will be earned and become vested and payable to the Grantee in the form of shares of the Company’s common stock, $0.50 par value, after the third anniversary of the Date of Grant based on achievement of the Performance Objectives applicable to the Performance Share Units.

IN WITNESS WHEREOF, Lowe’s Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Date of Grant.

LOWE’S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

**TERMS AND CONDITIONS**

1. Grant of Performance Share Units. The Company hereby grants Performance Share Units (the "Performance Share Units") indicated on the Performance Share Unit Award Agreement grant notice (the "Grant Notice"), subject to the terms and conditions set forth in the Plan, these Terms and Conditions and the Grant Notice (collectively, this "Agreement") and any applicable recoupment or "clawback" policies of the Company, as in effect from time to time. The actual number of Performance Share Units earned by the Grantee shall be based on the Company's achievement of the Performance Objectives as described in Sections 2 and 3 for the three fiscal year period beginning FY[ ] and ending FY[ ] (the "Performance Period"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Performance Objectives for Performance Share Units. The Performance Objectives for the Performance Share Units shall be:

   (a) the Company's Average Return on Invested Capital ("ROIC") for the Performance Period; and

   (b) the total shareholder return ("TSR") with respect to the Company's Common Stock for the Performance Period relative to the median TSR of the companies comprising the S&P 500 Index at the beginning of the Performance Period.

   "Average ROIC" for the Performance Period means the amount determined by dividing the sum of the ROIC for each fiscal year in the Performance Period by three (3).

   "ROIC" for a fiscal year is determined by dividing:

   (a) the Company's lease adjusted net operating profit after taxes for such fiscal year, as reported in the Company's Annual Report on Form 10-K, by

   (b) the average of the Company's invested capital as of the beginning and as of the end of such fiscal year, as reported in the Company's Annual Report on Form 10-K

   For this purpose, invested capital means total debt, including current maturities, short-term borrowings, and operating lease liabilities, plus total shareholder's (deficit)/equity, as reported in the Company's Annual Report on Form 10-K.

   "TSR" shall be determined by assuming the reinvestment of all dividends as of the ex-dividend date and using the twenty trading day average closing price preceding the beginning and ending of the Performance Period.

   The Committee shall make equitable adjustments to the Performance Objectives where necessary (i) in response to changes in applicable laws or regulations, (ii) to account for items of gain, loss or expense that are related to the disposal (or acquisition) of a business or change in accounting principles that was not anticipated at the Date of Grant, (iii) to account for unusual or non-recurring transactions that were not anticipated at the Date of Grant, or (iv) to reflect other unusual, non-recurring or unexpected items, including but not limited to stock buybacks, as determined in good faith by the Committee. All such adjustments shall be made in a consistent manner and in accordance with the objectives of the Plan.

3. Determination of Number of Performance Share Units Earned. The number of Performance Share Units earned for the Performance Period shall be determined in two steps.

(a) First, the number of Performance Share Units earned based on the Company's Average ROIC for the Performance Period (the "ROIC PSUs") shall be determined in accordance with the following table:

| Average ROIC | % of Performance Share Units Earned |
|---|---|
| [ ]% or higher | 150% |
| [ ]% | 100% |
| [ ]% | 50% |
| Less than [ ]% | 0% |

(b) Second, the number of ROIC PSUs will be multiplied by the TSR modifier shown in the following table with the result being the Performance Share Units earned for the Performance Period:

| Company's TSR Percentage Difference from the Median TSR of the S&P 500 Index | TSR Modifier |
|---|---|
| ≥ +20% | 1.33x |
| 0% | 1.00x |
| ≤ -20% | 0.67x |

The number of Performance Shares Units earned for performance between discrete points in either of the tables in (a) or (b) above shall be determined by linear interpolation.

The potential percentage of Performance Share Units that may be earned, after the application of the relative TSR modifier, shall be 0% below threshold performance level and shall range from 34% at threshold performance level to 200% at maximum performance level.

4. Distribution of Common Stock for Performance Share Units Earned.

(a) Distribution Following Expiration of Performance Period. Unless otherwise sooner forfeited in accordance with Section 4(b) or distributed in accordance with Section 4(d), on or within 60 days after [ ] (the "Distribution Date"), the Company shall distribute to the Grantee one share of Common Stock for each whole Performance Share Unit earned by the Grantee in accordance with Sections 2 and 3.

(b) Termination of Employment Prior to Distribution Date. The Grantee shall forfeit all of Grantee's right, title and interest in and to the Performance Share

Units in the event Grantee's employment with the Company terminates before the Distribution Date for any reason other than death, Disability or Retirement.

(c) Termination Due to Death, Disability or Retirement. In the event the Grantee's employment with the Company terminates prior to the Distribution Date due to death, Disability or Retirement, the Performance Share Units shall remain outstanding and shall be earned in accordance with Sections 2 and 3 and shares of Common Stock for each whole Performance Share earned shall be distributed on or within 60 days after the Distribution Date in accordance with Section 4(a). The definition of "Retirement" for purposes of this Agreement shall have the following meaning and not the meaning assigned to such term in the Plan: The voluntary termination of employment with the approval of the Board at least six (6) months after the Date of Grant and on or after the date Grantee has attained age fifty-five (55) and Grantee's age plus years of service equal or exceed seventy (70); provided that, Grantee has given the Board at least ten (10) days advance notice of such Retirement and Grantee has executed and not revoked a Release of Claims provided to Grantee by the Company upon receipt of Grantee's notice.

(d) Change in Control Prior to Distribution Date. In the event a change in control of the Company (as defined in Section 409A of the Internal Revenue Code) occurs before the Distribution Date, the Performance Share Units shall be earned in accordance with Sections 2 and 3 based on the achievement of the Performance Objectives through the end of the fiscal year quarter ending immediately prior to such change in control. Shares of Common Stock for each whole Performance Share Unit earned shall be distributed to the Grantee as soon as administratively practicable, but in no event later than 30 days following such change in control.

5. No Stockholder Rights. The Performance Share Units shall not entitle the Grantee to any voting, dividend or other rights as a stockholder of the Company until shares of Common Stock are distributed to Grantee in accordance with Section 4.

6. Competing Activity. If Grantee engages in any Competing Activity during Grantee's employment with the Company or a Subsidiary or within 2 years after the termination of Grantee's employment with the Company or its Subsidiaries for any reason, (a) Grantee shall forfeit all of Grantee's right, title and interest in and to any Performance Share Units as of the time of the Grantee's engaging in such Competing Activity and such Performance Share Units shall revert to the Company immediately following such event of forfeiture, and (b) Grantee shall remit, upon demand by the Company, the "Repayment Amount" with respect to any shares of Common Stock that were granted to Grantee as payment of Performance Share Units under the terms of this Agreement. The "Repayment Amount" is the aggregate Fair Market Value of the Common Stock underlying the Performance Share Units at the time of delivery to Grantee. The Repayment Amount shall be payable in cash (which shall include a certified check or bank check), by the tender of shares of Common Stock or by a combination of cash and Common Stock; provided that, regardless of the Fair Market Value of such shares at the time of tender, the tender of the shares shall satisfy the obligation to pay the Repayment Amount for the same number of shares of Common Stock delivered to the Company.

For purposes of this Agreement, Grantee will be deemed to be engaged in a “Competing Activity” if Grantee, acting in the same or similar capacity in which Grantee performed services for the Company or acting in a capacity which involves executive, managerial, financial or other significant leadership responsibilities, owns, manages, operates, controls, is employed by, or participates in as a 5% or greater shareholder, partner, member or joint venturer, in a Competing Enterprise, or engages in, as an independent contractor or otherwise, a Competing Enterprise for himself or on behalf of another person or entity. A “Competing Enterprise” is any business engaged in any market which is a part of the Home Improvement Business as described below (i) with total annual sales or revenues of at least five hundred million dollars ($500 million USD) and (ii) with retail locations or distribution facilities in a US State or the District of Columbia or which engages in providing goods and/or services within the Home Improvement Business to customers in the United States through electronic means (internet, mobile application, etc.), including but not limited to the following entities: The Home Depot, Inc.; Sears Holdings, Inc. or Transform Holdco LLC; Menard, Inc.; Amazon.com, Inc.; Ace Hardware Corp.; Lumber Liquidators Holdings, Inc.; Wayfair, Inc.; Walmart, Inc.; Best Buy Co., Inc., HD Supply Holding, Inc.; Floor & Décor Holdings, Inc.; and True Value Company.

The Company and its affiliated entities comprise an omni-channel provider of home improvement products and supplies for maintenance, repair, remodeling, and decorating as well as appliances, installation or other services, supplies for the multi-family housing industry, and supplies for builders, contractors, and maintenance professionals. (the “Home Improvement Business”). The Company operates retail locations and support facilities and offers products and services to consumers in all 50 states, the District of Columbia, and Canada through traditional retail locations, sales organizations, and on-line channels. The Company’s Home Improvement Business requires a complex sourcing and supply network, multi-channel distribution and delivery systems, innovative information technology resources, and a robust infrastructure support organization.

Grantee recognizes and acknowledges that the Company has a legitimate business interest in maintaining its competitive position in a dynamic industry and that restricting Grantee for a reasonable period from performing work for, providing services to, or owning more than a 5% interest in an enterprise which engages in business activities which are in competition with the Company is reasonable and appropriate. Grantee further acknowledges that the Company’s business would likely be damaged by Grantee’s engaging in competitive work activity during the non-competition period detailed above. Grantee agrees that in Grantee’s position with the Company, Grantee was provided access to or helped develop business information proprietary to the Company and that Grantee would inevitably disclose or otherwise utilize such information if Grantee were to work for, provide services to, or own a substantial interest in a Competing Activity during the non-competition period.

Should Grantee wish to undertake a Competing Activity during Grantee’s employment or before the expiration of the above-referenced 2-year period, Grantee must request written permission from the Executive Vice President, Human Resources of the Company before undertaking such Competing Activity. The Company may approve or not approve the Competing Activity at its sole discretion.

Nothing contained in this Section 6 shall be interpreted as or deemed to constitute a waiver of, or diminish or be in lieu of, any other rights that the Company or a Subsidiary may possess as a result of Grantee's misconduct or involvement with a business competing with the business of the Company or a Subsidiary.

7. <u>No Solicitation of Employees</u>. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Grantee will not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any of its subsidiaries during Grantee's employment who worked within Grantee's organization within the Company during the 1 year immediately prior to Grantee's date of termination ("Protected Employee"), to leave employment with the Company or any of its subsidiaries or assist in any way with the hiring of any Protected Employee by any future employer, person or other entity including but not limited to referral, identification for potential employment, recommendation, interview, or direct or indirect supervision.

8. <u>No Solicitation of Customers or Vendors</u>. During Grantee's employment with the Company or any of its subsidiaries and until the date that is 2 years after date of termination for any reason, Grantee will not, directly or indirectly, solicit the Company's customers or vendors with whom Grantee had material contact or about whom Grantee has confidential information obtained during the 1 year immediately prior to Grantee's date of termination to divert their business away from or otherwise interfere with the business relationships of the Company with its customers and/or vendors on Grantee's behalf or on behalf of any other entity or person.

9. <u>Injunctive Relief</u>. Grantee agrees that the provisions herein are important to and of material consideration to the Company and that a breach of these provisions will cause irreparable harm to the Company and that monetary damages alone are an inadequate remedy to the Company for any such breach. Grantee further stipulates that, upon any breach by Grantee of the provisions herein the Company shall be entitled to injunctive relief against Grantee without the necessity to post a bond or, if such bond is nevertheless required, Grantee consents to setting such bond at the lowest amount permitted by law. This section shall not be deemed to limit the legal and equitable remedies available to the Company or to limit the nature and extent of any claim by the Company for damages caused by Grantee for breach of this Agreement.

10. <u>No Right of Continued Employment</u>. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Subsidiary.

11. <u>Payment of Taxes</u>.

(a) The Company will automatically withhold a number of shares of Common Stock or Units (as the case may be) having a fair market value equal to an amount up to the maximum statutory rate to satisfy federal, state, local and foreign taxes (including Grantee's FICA obligation), *unless* Grantee notifies the Company thirty (30) days prior to the date such withholding is required that he or she will satisfy his or her tax withholding obligations in cash.

(b) If Grantee chooses to satisfy his or her tax withholding obligations in cash *and* complies with the above notification requirement, Grantee will, no later than the date as of which any amount related to the Performance Share Units first becomes includable in Grantee's gross income for federal income tax purposes,

pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount.

The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

12. Amendment. The Committee may amend or terminate this Agreement without the consent of Grantee; provided, however, that such amendment or termination shall not, without Grantee's consent, reduce or diminish the value of this award.

13. Plan Controls. The terms contained in the Plan, including without limitation the antidilution adjustment provisions, are incorporated into and made a part of this Agreement, and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

14. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

15. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

16. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Lowe's Companies, Inc.
Attn: Stock Plan Administrator
1000 Lowes Boulevard
Mooresville, NC 28117

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of North Carolina other than its choice of laws provisions to the extent that such provisions would require or permit the application of the laws of a state other than North Carolina. Each of the Parties to this Agreement consents to submit to the personal jurisdiction and venue of the Charlotte Division of the U.S. District Court for the Western Division of North Carolina or the North Carolina Superior Court by motion or request for leave from any such court. Each of the Parties further waives any right to seek change of venue from such Court due to inconvenient forum or other similar justification and will pay to the other Parties the

costs associated with responding to or otherwise opposing any motion or request for such relief.

**Exhibit 15.1**

May 26, 2022

The Board of Directors and Shareholders of Lowe’s Companies, Inc.

Lowe’s Companies, Inc.
1000 Lowes Boulevard
Mooresville, North Carolina 28117

We are aware that our report dated May 26, 2022, on our review of the interim financial information of Lowe’s Companies, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended April 29, 2022, is incorporated by reference in the following Registration Statements:

| Description | Registration Statement Number |
|---|---|
| **Form S-3 ASR** | |
| Lowe’s Stock Advantage Direct Stock Purchase Plan | 333-248600 |
| Debt Securities, Preferred Stock, Common Stock | 333-258108 |
| **Form S-8** | |
| Lowe’s 401(k) Plan | 033-29772 |
| Lowe’s Companies Benefit Restoration Plan | 333-97811 |
| Lowe’s Companies Cash Deferral Plan | 333-114435 |
| Lowe’s Companies, Inc. 2006 Long-Term Incentive Plan | 333-138031; 333-196513 |
| Lowe’s Companies, Inc. 2020 Employee Stock Purchase Plan | 333-249586 |

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

**Exhibit 31.1**

**CERTIFICATION**

I, Marvin R. Ellison, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended April 29, 2022 of Lowe’s Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

(5) The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

| | |
|---|---|
| May 26, 2022 | /s/ Marvin R. Ellison |
| Date | Marvin R. Ellison<br>Chairman, President and Chief Executive Officer |

**Exhibit 31.2**

**CERTIFICATION**

I, Brandon J. Sink, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended April 29, 2022 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

| | |
|---|---|
| May 26, 2022 | /s/ Brandon J. Sink |
| Date | Brandon J. Sink<br>Executive Vice President, Chief Financial Officer |

**Exhibit 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe’s Companies, Inc. (the Company) for the period ended April 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marvin R. Ellison
Marvin R. Ellison
Chairman, President and Chief Executive Officer
May 26, 2022

**Exhibit 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended April 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Brandon J. Sink, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brandon J. Sink
Brandon J. Sink
Executive Vice President, Chief Financial Officer
May 26, 2022