

## Q2 2025 Reconciliation of Non-GAAP Measures

Management of Lowe's Companies, Inc. (the Company) uses certain non-GAAP financial measures to provide additional insight for analysts and investors in evaluating the Company's financial and operating performance. These non-GAAP financial measures should not be considered alternatives to, or more meaningful indicators of, the Company's financial measures as prepared in accordance with GAAP. The Company's methods of determining these non-GAAP financial measures may differ from the methods used by other companies and may not be comparable.

The Company's non-GAAP financial measures are intended to provide better visibility to the following:

1. Operating performance,
2. Liquidity measures,
3. Leverage measures, and
4. Capital/asset productivity measures.

## Operating Performance

The Company has provided the following non-GAAP financial measures to assist the user in comparing its operating performance for the three months ended August 1, 2025 and August 2, 2024: adjusted gross margin; adjusted selling, general and administrative expenses (SG&A); adjusted operating income; adjusted operating margin; and adjusted diluted earnings per share. These measures exclude the impact of certain items, further described below, not contemplated in Lowe's Business Outlook.

### Fiscal 2025 Impacts

During fiscal 2025, the Company recognized financial impacts from the following:

- In the second quarter of fiscal 2025, the Company recognized pre-tax expenses of \$43 million consisting of transaction costs and purchase accounting adjustments related to the acquisition of Artisan Design Group (Artisan Design Group acquisition).

### Fiscal 2024 Impacts:

During fiscal 2024, the Company recognized financial impacts from the following:

- In the second quarter of fiscal 2024, the Company recognized pre-tax income of \$43 million consisting of a realized gain on the contingent consideration associated with the fiscal 2022 sale of the Canadian retail business (Canadian retail business transaction).

Adjusted Gross Margin (in millions, except percentage data)	Three Months Ended	
	August 1, 2025	
Gross Margin, As Reported	\$	8,101
Artisan Design Group acquisition		7
Adjusted Gross Margin	\$	8,108
Gross Margin, % of Sales		33.81 %
Adjusted Gross Margin, % of Sales		33.84 %

Adjusted SG&A (in millions, except percentage data)	Three Months Ended	
	August 1, 2025	August 2, 2024
<b>SG&amp;A, As Reported</b>	<b>\$ 4,175</b>	<b>\$ 4,025</b>
Artisan Design Group acquisition	(26)	—
Canadian retail business transaction	—	43
<b>Adjusted SG&amp;A</b>	<b>\$ 4,149</b>	<b>\$ 4,068</b>
<b>SG&amp;A, % of Sales</b>	<b>17.43 %</b>	<b>17.07 %</b>
<b>Adjusted SG&amp;A, % of Sales</b>	<b>17.32 %</b>	<b>17.25 %</b>

Adjusted Operating Income (in millions, except percentage data)	Three Months Ended	
	August 1, 2025	August 2, 2024
<b>Operating Income, As Reported</b>	<b>\$ 3,469</b>	<b>\$ 3,447</b>
Artisan Design Group acquisition	43	—
Canadian retail business transaction	—	(43)
<b>Adjusted Operating Income</b>	<b>\$ 3,512</b>	<b>\$ 3,404</b>
<b>Operating Margin, % of Sales</b>	<b>14.48 %</b>	<b>14.61 %</b>
<b>Adjusted Operating Margin, % of Sales</b>	<b>14.66 %</b>	<b>14.43 %</b>

Adjusted Diluted Earnings Per Share	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings
<b>Diluted Earnings Per Share, As Reported</b>			<b>\$ 4.27</b>			<b>\$ 4.17</b>
Artisan Design Group acquisition	0.08	(0.02)	0.06			
Canadian retail business transaction	—	—	—	(0.07)	—	(0.07)
<b>Adjusted Diluted Earnings Per Share</b>			<b>\$ 4.33</b>			<b>\$ 4.10</b>

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

## Liquidity Measures

### Free Cash Flow

Lowe's believes Free Cash Flow is a useful measure and focuses on the Company's ability to generate excess cash from its business operations. The Company defines Free Cash Flow as net cash provided by operating activities less capital expenditures.

Free Cash Flow (in millions)	Six Months Ended	
	August 1, 2025	August 2, 2024
Net cash provided by operating activities	\$ 7,610	\$ 7,415
Capital expenditures	(1,013)	(808)
<b>Free Cash Flow</b>	<b>\$ 6,597</b>	<b>\$ 6,607</b>

## Leverage Measures

### Lease Adjusted Debt to EBITDAR

Lowe's believes the ratio of Lease Adjusted Debt to EBITDAR is a useful supplemental measure and provides an indication of the results generated by the Company in relation to its level of indebtedness. The Company defines EBITDAR as four quarters'

earnings before interest, taxes, depreciation, amortization, share-based payments, rent (inclusive of interest on operating leases), and certain items as defined by the Company's credit facility.

The Company defines Lease Adjusted Debt as short-term debt, current maturities of long-term debt, long-term debt excluding current maturities, and operating lease liabilities reflected on our balance sheet.

EBITDAR (in millions)	Four Quarters Ended	
	August 1, 2025	August 2, 2024
Net Earnings	\$ 6,858	\$ 6,931
Interest <sup>1</sup>	1,295	1,361
Taxes	2,177	2,191
Depreciation and amortization <sup>2</sup>	2,027	1,951
Share-based payments	229	205
Rent	697	677
Certain charges <sup>3,4</sup>	(101)	(43)
<b>EBITDAR</b>	<b>\$ 13,182</b>	<b>\$ 13,273</b>

<sup>1</sup> Interest includes amortization of original issue discount, deferred loan costs & other non-cash amortization charges.

<sup>2</sup> Depreciation and amortization represents total depreciation, including amounts recognized in cost of goods sold, as well as amortization of certain trademarks and intangibles.

<sup>3</sup> Certain charges for the four quarters ended August 1, 2025 include \$134 million of realized gain on contingent consideration associated with the sale of the Canadian retail business and Artisan Design Group business acquisition-related expenses of \$34 million.

<sup>4</sup> Certain charges for the four quarters ended August 2, 2024 include \$43 million of realized gain on contingent consideration associated with the sale of the Canadian retail business.

Lease Adjusted Debt (in millions)	As of	
	August 1, 2025	August 2, 2024
Current maturities of long-term debt	\$ 4,175	\$ 1,290
Current operating lease liabilities	536	552
Long-term debt excluding current maturities	30,548	34,659
Noncurrent operating lease liabilities	3,801	3,738
<b>Lease Adjusted Debt</b>	<b>\$ 39,060</b>	<b>\$ 40,239</b>
<b>EBITDAR</b>	<b>\$ 13,182</b>	<b>\$ 13,273</b>
<b>Lease Adjusted Debt to EBITDAR</b>	<b>2.96</b>	<b>3.03</b>

## Capital/Asset Productivity Measures

### Return on Invested Capital

Return on Invested Capital (ROIC) is calculated using a non-GAAP financial measure. Lowe's believes ROIC is a meaningful metric for analysts and investors as a measure of how effectively the Company is using capital to generate financial returns. 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. 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:

ROIC (in millions, except percentage data)	Four Quarters Ended	
	August 1, 2025	August 2, 2024
<b>Numerator</b>		
Net Earnings	\$ 6,858	\$ 6,931
Plus:		
Interest expense – net	1,295	1,361
Operating lease interest	176	169
Provision for income taxes	2,177	2,191
Lease adjusted net operating profit	10,506	10,652
Less:		
Income tax adjustment <sup>1</sup>	2,531	2,559
Lease adjusted net operating profit after tax	\$ 7,975	\$ 8,093
<b>Denominator</b>		
Average debt and shareholders' deficit <sup>2</sup>	\$ 27,069	\$ 26,160
<b>Net earnings to average debt and shareholders' deficit</b>	<b>25.3 %</b>	<b>26.5 %</b>
<b>Return on invested capital</b>	<b>29.5 %</b>	<b>30.9 %</b>

<sup>1</sup> Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 24.1% and 24.0% for the four quarters ended August 1, 2025, and August 2, 2024, respectively.

<sup>2</sup> Average debt and shareholders' deficit 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.