

Q3 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 October 31, 2025 and November 1, 2024: adjusted selling, general and administrative expenses (SG&A); adjusted operating margin; adjusted effective tax rate; 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 third quarter of fiscal 2025, the Company recognized pre-tax expenses of \$129 million consisting of transaction costs and intangible asset amortization related to the acquisition of Artisan Design Group and Foundation Building Materials (Acquisition of businesses).

Fiscal 2024 Impacts:

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

- In the third quarter of fiscal 2024, the Company recognized pre-tax income of \$54 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 SG&A (in millions, except percentage data)	Three Months Ended	
	October 31, 2025	November 1, 2024
SG&A, As Reported	\$ 4,160	\$ 3,827
Acquisition of businesses	(81)	—
Canadian retail business transaction	—	54
Adjusted SG&A	\$ 4,079	\$ 3,881
SG&A, % of Sales	19.99 %	18.97 %
Adjusted SG&A, % of Sales	19.59 %	19.23 %

Adjusted Operating Income (in millions, except percentage data)	Three Months Ended	
	October 31, 2025	November 1, 2024
Operating Income, As Reported	\$ 2,481	\$ 2,536
Acquisition of businesses	101	—
Canadian retail business transaction	—	(54)
Adjusted Operating Income	\$ 2,582	\$ 2,482
Operating Margin, % of Sales	11.92 %	12.57 %
Adjusted Operating Margin, % of Sales	12.41 %	12.31 %

	Three Months Ended					
	October 31, 2025			November 1, 2024		
Adjusted Effective Tax Rate	Pre-Tax Earnings	Income Tax Provision ¹	Effective Tax Rate	Pre-Tax Earnings	Income Tax Provision ¹	Effective Tax Rate
Effective Tax Rate, As Reported	\$2,129	\$513	24.1 %	\$ 2,219	\$ 524	23.6 %
Acquisition of businesses	129	28		—	—	
Canadian retail business transaction	—	—		(54)	—	
Adjusted Effective Tax Rate	\$ 2,258	\$ 541	24.0 %	\$ 2,165	\$ 524	24.2 %

	Three Months Ended					
	October 31, 2025			November 1, 2024		
Adjusted Diluted Earnings Per Share	Pre-Tax Earnings	Tax ¹	Net Earnings	Pre-Tax Earnings	Tax ¹	Net Earnings
Diluted Earnings Per Share, As Reported			\$ 2.88			\$ 2.99
Acquisition of businesses	0.23	(0.05)	0.18	—	—	—
Canadian retail business transaction	—	—	—	(0.10)	—	(0.10)
Adjusted Diluted Earnings Per Share			\$ 3.06			\$ 2.89

¹ Represents the corresponding tax benefit or expense specifically related to the items 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)	Nine Months Ended	
	October 31, 2025	November 1, 2024
Net cash provided by operating activities	\$ 8,297	\$ 8,714
Capital expenditures	(1,610)	(1,379)
Free Cash Flow	\$ 6,687	\$ 7,335

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	
	October 31, 2025	November 1, 2024
Net Earnings	\$ 6,779	\$ 6,853
Interest ¹	1,331	1,333
Taxes	2,165	2,137
Depreciation and amortization ²	2,065	1,959
Share-based payments	234	214
Rent	711	678
Certain charges ^{3,4}	34	(97)
EBITDAR	\$ 13,319	\$ 13,077

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

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

³ Certain charges for the four quarters ended October 31, 2025 include \$81 million of realized gain on contingent consideration associated with the sale of the Canadian retail business, and \$115 million in business acquisition-related expenses for Artisan Design Group and Foundation Building Materials acquisitions.

⁴ Certain charges for the four quarters ended November 1, 2024 include \$97 million of realized gain on contingent consideration associated with the sale of the Canadian retail business.

Lease Adjusted Debt (in millions)	As of	
	October 31, 2025	November 1, 2024
Current maturities of long-term debt	\$ 2,437	\$ 2,576
Current operating lease liabilities	691	497
Long-term debt excluding current maturities	37,498	32,906
Noncurrent operating lease liabilities	4,070	3,741
Lease Adjusted Debt	\$ 44,696	\$ 39,720
EBITDAR	\$ 13,319	\$ 13,077
Lease Adjusted Debt to EBITDAR	3.36	3.04

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	
	October 31, 2025	November 1, 2024
Numerator		
Net Earnings	\$ 6,779	\$ 6,853
Plus:		
Interest expense – net	1,331	1,333
Operating lease interest	177	172
Provision for income taxes	2,165	2,137
Lease adjusted net operating profit	10,452	10,495
Less:		
Income tax adjustment ¹	2,530	2,495
Lease adjusted net operating profit after tax	\$ 7,922	\$ 8,000
Denominator		
Average debt and shareholders' deficit ²	\$ 30,307	\$ 25,603
Net earnings to average debt and shareholders' deficit	22.4 %	26.8 %
Return on invested capital	26.1 %	31.2 %

¹ Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 24.2% and 23.8% for the four quarters ended October 31, 2025, and November 1, 2024, respectively.

² 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.