

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

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Nine Months Ended			
	October 28, 2022		October 29, 2021		October 28, 2022		October 29, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 23,479	100.00	\$ 22,918	100.00	\$ 74,614	100.00	\$ 74,911	100.00
Cost of sales	15,661	66.70	15,331	66.90	49,614	66.49	49,882	66.59
Gross margin	7,818	33.30	7,587	33.10	25,000	33.51	25,029	33.41
Expenses:								
Selling, general and administrative	6,443	27.45	4,373	19.08	15,200	20.38	13,559	18.10
Depreciation and amortization	451	1.92	425	1.85	1,345	1.80	1,226	1.64
Operating income	924	3.93	2,789	12.17	8,455	11.33	10,244	13.67
Interest – net	295	1.25	223	0.97	802	1.07	650	0.86
Pre-tax earnings	629	2.68	2,566	11.20	7,653	10.26	9,594	12.81
Income tax provision	475	2.02	670	2.93	2,174	2.92	2,359	3.15
Net earnings	\$ 154	0.66	\$ 1,896	8.27	\$ 5,479	7.34	\$ 7,235	9.66
Weighted average common shares outstanding – basic	618		690		638		704	
Basic earnings per common share ⁽¹⁾	\$ 0.25		\$ 2.74		\$ 8.56		\$ 10.23	
Weighted average common shares outstanding – diluted	620		692		640		706	
Diluted earnings per common share ⁽¹⁾	\$ 0.25		\$ 2.73		\$ 8.53		\$ 10.21	
Cash dividends per share	\$ 1.05		\$ 0.80		\$ 2.90		\$ 2.20	
(Accumulated Deficit)/Retained Earnings								
Balance at beginning of period	\$ (8,895)		\$ (460)		\$ (5,115)		\$ 1,117	
Net earnings	154		1,896		5,479		7,235	
Cash dividends declared	(643)		(551)		(1,833)		(1,544)	
Share repurchases	(3,929)		(2,798)		(11,844)		(8,721)	
Balance at end of period	\$ (13,313)		\$ (1,913)		\$ (13,313)		\$ (1,913)	

⁽¹⁾ Under the two-class method, earnings per share is calculated using net earnings allocable to common shares, which is derived by reducing net earnings by the earnings allocable to participating securities. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$152 million for the three months ended October 28, 2022, and \$1,889 million for the three months ended October 29, 2021. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$5,462 million for the nine months ended October 28, 2022, and \$7,207 million for the nine months ended October 29, 2021.

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

In Millions, Except Percentage Data

	Three Months Ended				Nine Months Ended			
	October 28, 2022		October 29, 2021		October 28, 2022		October 29, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 154	0.66	\$ 1,896	8.27	\$ 5,479	7.34	\$ 7,235	9.66
Foreign currency translation adjustments – net of tax	(168)	(0.72)	19	0.08	(173)	(0.23)	78	0.10
Cash flow hedges – net of tax	170	0.72	41	0.18	352	0.47	56	0.07
Other	1	—	(1)	—	(3)	—	(4)	—
Other comprehensive income	3	—	59	0.26	176	0.24	130	0.17
Comprehensive income	\$ 157	0.66	\$ 1,955	8.53	\$ 5,655	7.58	\$ 7,365	9.83

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

	October 28, 2022	October 29, 2021	January 28, 2022
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,192	\$ 6,121	\$ 1,133
Short-term investments	464	552	271
Merchandise inventory – net	19,817	16,685	17,605
Other current assets	1,518	1,491	1,051
Total current assets	24,991	24,849	20,060
Property, less accumulated depreciation	17,275	18,925	19,071
Operating lease right-of-use assets	3,512	4,161	4,108
Long-term investments	63	213	199
Deferred income taxes – net	301	220	164
Other assets	831	1,032	1,038
Total assets	\$ 46,973	\$ 49,400	\$ 44,640
Liabilities and shareholders' deficit			
Current liabilities:			
Short-term borrowings	\$ —	\$ 1,000	\$ —
Current maturities of long-term debt	609	1,352	868
Current operating lease liabilities	651	573	636
Accounts payable	12,249	11,334	11,354
Accrued compensation and employee benefits	1,405	1,353	1,561
Deferred revenue	1,736	1,954	1,914
Other current liabilities	4,226	3,268	3,335
Total current liabilities	20,876	20,834	19,668
Long-term debt, excluding current maturities	32,904	23,881	23,859
Noncurrent operating lease liabilities	4,048	4,136	4,021
Deferred revenue – Lowe's protection plans	1,184	1,119	1,127
Other liabilities	829	1,006	781
Total liabilities	59,841	50,976	49,456
Shareholders' deficit:			
Preferred stock, \$5 par value: Authorized – 5.0 million shares; Issued and outstanding – none	—	—	—
Common stock, \$0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 611 million, 686 million, and 670 million shares, respectively	305	343	335
Capital in excess of par value	—	—	—
Accumulated deficit	(13,313)	(1,913)	(5,115)
Accumulated other comprehensive income/(loss)	140	(6)	(36)
Total shareholders' deficit	(12,868)	(1,576)	(4,816)
Total liabilities and shareholders' deficit	\$ 46,973	\$ 49,400	\$ 44,640

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

	Nine Months Ended	
	October 28, 2022	October 29, 2021
Cash flows from operating activities:		
Net earnings	\$ 5,479	\$ 7,235
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,509	1,388
Noncash lease expense	403	383
Deferred income taxes	(252)	96
Asset impairment and loss on property – net	2,113	25
Share-based payment expense	165	169
Changes in operating assets and liabilities:		
Merchandise inventory – net	(2,308)	(446)
Other operating assets	20	(130)
Accounts payable	921	436
Deferred revenue	(117)	444
Other operating liabilities	205	(421)
Net cash provided by operating activities	8,138	9,179
Cash flows from investing activities:		
Purchases of investments	(659)	(2,325)
Proceeds from sale/maturity of investments	597	2,261
Capital expenditures	(1,090)	(1,256)
Proceeds from sale of property and other long-term assets	37	94
Other – net	—	(134)
Net cash used in investing activities	(1,115)	(1,360)
Cash flows from financing activities:		
Net proceeds from issuance of debt	9,667	4,972
Repayment of debt	(831)	(595)
Proceeds from issuance of common stock under share-based payment plans	86	72
Cash dividend payments	(1,727)	(1,433)
Repurchases of common stock	(12,127)	(8,999)
Other – net	—	(408)
Net cash used in financing activities	(4,932)	(6,391)
Effect of exchange rate changes on cash	(32)	3
Net increase in cash and cash equivalents	2,059	1,431
Cash and cash equivalents, beginning of period	1,133	4,690
Cash and cash equivalents, end of period	\$ 3,192	\$ 6,121

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

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

Fiscal 2022 Impacts

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

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

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

The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort, including timing of and deal-related transaction costs associated with the sale of our Canadian retail business.

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

	Three Months Ended		
	October 28, 2022		
	Pre-Tax Earnings	Tax¹	Net Earnings
Diluted earnings per share, as reported			\$ 0.25
Non-GAAP adjustments – per share impacts			
Canada retail business transaction costs	3.32	(0.30)	3.02
Adjusted diluted earnings per share			\$ 3.27

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