

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				Fiscal Year Ended			
	February 3, 2023		January 28, 2022		February 3, 2023		January 28, 2022	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 22,445	100.00	\$ 21,339	100.00	\$ 97,059	100.00	\$ 96,250	100.00
Cost of sales	15,189	67.67	14,312	67.07	64,802	66.77	64,194	66.70
Gross margin	7,256	32.33	7,027	32.93	32,257	33.23	32,056	33.30
Expenses:								
Selling, general and administrative	5,131	22.86	4,741	22.21	20,332	20.94	18,301	19.01
Depreciation and amortization	421	1.88	437	2.05	1,766	1.82	1,662	1.73
Operating income	1,704	7.59	1,849	8.67	10,159	10.47	12,093	12.56
Interest – net	322	1.43	235	1.11	1,123	1.16	885	0.92
Pre-tax earnings	1,382	6.16	1,614	7.56	9,036	9.31	11,208	11.64
Income tax provision	425	1.90	408	1.91	2,599	2.68	2,766	2.87
Net earnings	\$ 957	4.26	\$ 1,206	5.65	\$ 6,437	6.63	\$ 8,442	8.77
Weighted average common shares outstanding – basic	603		673		629		696	
Basic earnings per common share ⁽¹⁾	\$ 1.58		\$ 1.79		\$ 10.20		\$ 12.07	
Weighted average common shares outstanding – diluted	605		676		631		699	
Diluted earnings per common share ⁽¹⁾	\$ 1.58		\$ 1.78		\$ 10.17		\$ 12.04	
Cash dividends per share	\$ 1.05		\$ 0.80		\$ 3.95		\$ 3.00	
(Accumulated Deficit)/Retained Earnings								
Balance at beginning of period	\$ (13,313)		\$ (1,913)		\$ (5,115)		\$ 1,117	
Net earnings	957		1,206		6,437		8,442	
Cash dividends declared	(633)		(537)		(2,466)		(2,081)	
Share repurchases	(1,873)		(3,871)		(13,718)		(12,593)	
Balance at end of period	\$ (14,862)		\$ (5,115)		\$ (14,862)		\$ (5,115)	

⁽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 \$954 million for the three months ended February 3, 2023, and \$1,202 million for the three months ended January 28, 2022. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$6,416 million for the fiscal year ended February 3, 2023, and \$8,409 million for the fiscal year ended January 28, 2022.

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

In Millions, Except Percentage Data

	Three Months Ended				Fiscal Year Ended			
	February 3, 2023		January 28, 2022		February 3, 2023		January 28, 2022	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 957	4.26	\$ 1,206	5.65	\$ 6,437	6.63	\$ 8,442	8.77
Foreign currency translation adjustments – net of tax	209	0.93	(82)	(0.38)	36	0.04	(4)	—
Cash flow hedges – net of tax	(43)	(0.19)	53	0.25	309	0.32	109	0.11
Other	2	0.01	(1)	(0.01)	(2)	—	(5)	(0.01)
Other comprehensive income/(loss)	168	0.75	(30)	(0.14)	343	0.36	100	0.10
Comprehensive income	\$ 1,125	5.01	\$ 1,176	5.51	\$ 6,780	6.99	\$ 8,542	8.87

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

	February 3, 2023	January 28, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,348	\$ 1,133
Short-term investments	384	271
Merchandise inventory – net	18,532	17,605
Other current assets	1,178	1,051
Total current assets	21,442	20,060
Property, less accumulated depreciation	17,567	19,071
Operating lease right-of-use assets	3,518	4,108
Long-term investments	121	199
Deferred income taxes – net	250	164
Other assets	810	1,038
Total assets	\$ 43,708	\$ 44,640
Liabilities and shareholders' deficit		
Current liabilities:		
Short-term borrowings	\$ 499	\$ —
Current maturities of long-term debt	585	868
Current operating lease liabilities	522	636
Accounts payable	10,524	11,354
Accrued compensation and employee benefits	1,109	1,561
Deferred revenue	1,603	1,914
Income taxes payable	1,181	128
Other current liabilities	3,488	3,207
Total current liabilities	19,511	19,668
Long-term debt, excluding current maturities	32,876	23,859
Noncurrent operating lease liabilities	3,512	4,021
Deferred revenue – Lowe's protection plans	1,201	1,127
Other liabilities	862	781
Total liabilities	57,962	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 – 601 million and 670 million, respectively	301	335
Capital in excess of par value	—	—
Accumulated deficit	(14,862)	(5,115)
Accumulated other comprehensive income/(loss)	307	(36)
Total shareholders' deficit	(14,254)	(4,816)
Total liabilities and shareholders' deficit	\$ 43,708	\$ 44,640

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

	Fiscal Year Ended	
	February 3, 2023	January 28, 2022
Cash flows from operating activities:		
Net earnings	\$ 6,437	\$ 8,442
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,981	1,882
Noncash lease expense	530	517
Deferred income taxes	(239)	135
Asset impairment and loss on property – net	2,118	34
Loss on sale of business	421	—
Share-based payment expense	223	230
Changes in operating assets and liabilities:		
Merchandise inventory – net	(2,594)	(1,413)
Other operating assets	56	(23)
Accounts payable	(549)	466
Deferred revenue	(183)	413
Other operating liabilities	388	(570)
Net cash provided by operating activities	8,589	10,113
Cash flows from investing activities:		
Purchases of investments	(1,189)	(3,065)
Proceeds from sale/maturity of investments	1,174	3,293
Capital expenditures	(1,829)	(1,853)
Proceeds from sale of property and other long-term assets	45	113
Proceeds from sale of business	491	—
Other – net	(1)	(134)
Net cash used in investing activities	(1,309)	(1,646)
Cash flows from financing activities:		
Net change in commercial paper	499	—
Net proceeds from issuance of debt	9,667	4,972
Repayment of debt	(867)	(2,118)
Proceeds from issuance of common stock under share-based payment plans	151	132
Cash dividend payments	(2,370)	(1,984)
Repurchases of common stock	(14,124)	(13,012)
Other – net	(5)	(6)
Net cash used in financing activities	(7,049)	(12,016)
Effect of exchange rate changes on cash	(16)	(8)
Net increase/(decrease) in cash and cash equivalents	215	(3,557)
Cash and cash equivalents, beginning of period	1,133	4,690
Cash and cash equivalents, end of period	\$ 1,348	\$ 1,133

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 February 3, 2023. 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 fourth quarter of fiscal 2022.

Fiscal 2022 Impacts

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

- In the fourth quarter of fiscal 2022, the Company recognized pre-tax transaction costs totaling \$441 million, consisting of the loss on the sale and other closing costs associated with the sale 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.

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		
	February 3, 2023		
	Pre-Tax Earnings	Tax¹	Net Earnings
Diluted earnings per share, as reported			\$ 1.58
Non-GAAP adjustments – per share impacts			
Canada retail business transaction costs	0.73	(0.03)	0.70
Adjusted diluted earnings per share			\$ 2.28

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