

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

	Three Months Ended				Nine Months Ended			
	October 30, 2020		November 1, 2019		October 30, 2020		November 1, 2019	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Current Earnings</b>								
<b>Net sales</b>	\$ 22,309	100.00	\$ 17,388	100.00	\$ 69,286	100.00	\$ 56,121	100.00
Cost of sales	15,009	67.28	11,748	67.56	46,170	66.64	38,159	67.99
<b>Gross margin</b>	<b>7,300</b>	<b>32.72</b>	<b>5,640</b>	<b>32.44</b>	<b>23,116</b>	<b>33.36</b>	<b>17,962</b>	<b>32.01</b>
Expenses:								
Selling, general and administrative	4,770	21.38	3,772	21.69	13,985	20.18	11,682	20.82
Depreciation and amortization	355	1.59	310	1.79	1,008	1.46	924	1.65
<b>Operating income</b>	<b>2,175</b>	<b>9.75</b>	<b>1,558</b>	<b>8.96</b>	<b>8,123</b>	<b>11.72</b>	<b>5,356</b>	<b>9.54</b>
Interest – net	221	0.99	177	1.02	644	0.93	508	0.90
Loss on extinguishment of debt	1,060	4.75	—	—	1,060	1.53	—	—
<b>Pre-tax earnings</b>	<b>894</b>	<b>4.01</b>	<b>1,381</b>	<b>7.94</b>	<b>6,419</b>	<b>9.26</b>	<b>4,848</b>	<b>8.64</b>
Income tax provision	202	0.91	332	1.90	1,562	2.25	1,077	1.92
<b>Net earnings</b>	<b>\$ 692</b>	<b>3.10</b>	<b>\$ 1,049</b>	<b>6.04</b>	<b>\$ 4,857</b>	<b>7.01</b>	<b>\$ 3,771</b>	<b>6.72</b>
Weighted average common shares outstanding – basic	752		769		753		782	
<b>Basic earnings per common share <sup>(1)</sup></b>	<b>\$ 0.92</b>		<b>\$ 1.36</b>		<b>\$ 6.42</b>		<b>\$ 4.81</b>	
Weighted average common shares outstanding – diluted	754		770		754		783	
<b>Diluted earnings per common share <sup>(1)</sup></b>	<b>\$ 0.91</b>		<b>\$ 1.36</b>		<b>\$ 6.41</b>		<b>\$ 4.80</b>	
<b>Cash dividends per share</b>	<b>\$ 0.60</b>		<b>\$ 0.55</b>		<b>\$ 1.70</b>		<b>\$ 1.58</b>	
<b>Retained Earnings</b>								
Balance at beginning of period	\$ 4,134		\$ 2,439		\$ 1,727		\$ 3,452	
Cumulative effect of accounting change	—		—		—		(263)	
Net earnings	692		1,049		4,857		3,771	
Cash dividends declared	(452)		(423)		(1,284)		(1,233)	
Share repurchases	(432)		(827)		(1,358)		(3,489)	
Balance at end of period	\$ 3,942		\$ 2,238		\$ 3,942		\$ 2,238	

<sup>(1)</sup> 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 \$689 million for the three months ended October 30, 2020 and \$1,046 million for the three months ended November 1, 2019. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$4,837 million for the nine months ended October 30, 2020 and \$3,760 million for the nine months ended November 1, 2019.

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

	Three Months Ended				Nine Months Ended			
	October 30, 2020		November 1, 2019		October 30, 2020		November 1, 2019	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Net earnings</b>	<b>\$ 692</b>	<b>3.10</b>	<b>\$ 1,049</b>	<b>6.04</b>	<b>\$ 4,857</b>	<b>7.01</b>	<b>\$ 3,771</b>	<b>6.72</b>
Foreign currency translation adjustments – net of tax	18	0.08	24	0.13	(27)	(0.04)	60	0.11
Cash flow hedges – net of tax	24	0.11	(1)	—	(84)	(0.12)	(15)	(0.03)
Other	(2)	(0.01)	—	—	2	—	—	—
<b>Other comprehensive income/(loss)</b>	<b>40</b>	<b>0.18</b>	<b>23</b>	<b>0.13</b>	<b>(109)</b>	<b>(0.16)</b>	<b>45</b>	<b>0.08</b>
<b>Comprehensive income</b>	<b>\$ 732</b>	<b>3.28</b>	<b>\$ 1,072</b>	<b>6.17</b>	<b>\$ 4,748</b>	<b>6.85</b>	<b>\$ 3,816</b>	<b>6.80</b>

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

	October 30, 2020	November 1, 2019	January 31, 2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 8,249	\$ 794	\$ 716
Short-term investments	1,852	127	160
Merchandise inventory – net	15,712	13,716	13,179
Other current assets	1,103	1,025	1,263
<b>Total current assets</b>	<b>26,916</b>	<b>15,662</b>	<b>15,318</b>
Property, less accumulated depreciation	18,683	18,371	18,669
Operating lease right-of-use assets	3,823	3,873	3,891
Long-term investments	202	363	372
Deferred income taxes – net	241	479	216
Other assets	1,015	1,016	1,005
<b>Total assets</b>	<b>\$ 50,880</b>	<b>\$ 39,764</b>	<b>\$ 39,471</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ —	\$ 637	\$ 1,941
Current maturities of long-term debt	609	574	597
Current operating lease liabilities	530	499	501
Accounts payable	12,759	8,822	7,659
Accrued compensation and employee benefits	1,117	779	684
Deferred revenue	1,614	1,222	1,219
Other current liabilities	2,935	2,530	2,581
<b>Total current liabilities</b>	<b>19,564</b>	<b>15,063</b>	<b>15,182</b>
Long-term debt, excluding current maturities	21,185	16,635	16,768
Noncurrent operating lease liabilities	3,907	3,942	3,943
Deferred revenue – extended protection plans	1,007	875	894
Other liabilities	1,144	791	712
<b>Total liabilities</b>	<b>46,807</b>	<b>37,306</b>	<b>37,499</b>
<b>Shareholders' equity:</b>			
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 – 752 million, 768 million, and 763 million shares, respectively	376	384	381
Capital in excess of par value	—	—	—
Retained earnings	3,942	2,238	1,727
Accumulated other comprehensive loss	(245)	(164)	(136)
<b>Total shareholders' equity</b>	<b>4,073</b>	<b>2,458</b>	<b>1,972</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 50,880</b>	<b>\$ 39,764</b>	<b>\$ 39,471</b>

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

	Nine Months Ended	
	October 30, 2020	November 1, 2019
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 4,857	\$ 3,771
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,152	1,029
Noncash lease expense	356	341
Deferred income taxes	5	(88)
Loss on property and other assets – net	114	93
Loss on extinguishment of debt	1,060	—
Share-based payment expense	107	75
Changes in operating assets and liabilities:		
Merchandise inventory – net	(2,545)	(1,129)
Other operating assets	147	(96)
Accounts payable	5,099	523
Other operating liabilities	1,133	(408)
<b>Net cash provided by operating activities</b>	<b>11,485</b>	<b>4,111</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(2,548)	(563)
Proceeds from sale/maturity of investments	1,032	556
Capital expenditures	(1,172)	(927)
Proceeds from sale of property and other long-term assets	60	71
Other – net	(24)	—
<b>Net cash used in investing activities</b>	<b>(2,652)</b>	<b>(863)</b>
<b>Cash flows from financing activities:</b>		
Net change in commercial paper	(941)	(85)
Net proceeds from issuance of debt	7,929	2,972
Repayment of debt	(5,582)	(1,092)
Proceeds from issuance of common stock under share-based payment plans	102	78
Cash dividend payments	(1,252)	(1,195)
Repurchases of common stock	(1,528)	(3,649)
Other – net	(32)	(7)
<b>Net cash used in financing activities</b>	<b>(1,304)</b>	<b>(2,978)</b>
<b>Effect of exchange rate changes on cash</b>	<b>4</b>	<b>1</b>
Net increase in cash and cash equivalents, including cash classified within current assets held for sale	7,533	271
Less: Net decrease in cash classified within current assets held for sale	—	12
Net increase in cash and cash equivalents	7,533	283
Cash and cash equivalents, beginning of period	716	511
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,249</b>	<b>\$ 794</b>

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

To provide additional transparency, the Company has presented the non-GAAP financial measure of adjusted diluted earnings per share for comparing its operating performance for the three months ended October 30, 2020, with the respective period ended November 1, 2019. This measure excludes the impact of certain discrete items, as further described below, not contemplated in Lowe's Original Business Outlook to assist analysts and investors in understanding operational performance for the third quarter of fiscal 2020 and fiscal 2019.

In addition, in the Business Outlook for the fourth quarter of fiscal 2020, the Company has provided a comparison to the non-GAAP financial measure of adjusted operating income and adjusted operating margin for the fourth quarter of fiscal 2019, which exclude the impacts of certain discrete items not contemplated in Lowe's Business Outlook for 2019, to assist the user in further understanding the Company's forecasted performance for the fourth quarter of fiscal 2020 in comparison to the same period of fiscal 2019.

Fiscal 2020 Impacts

For fiscal 2020, the Company has recognized financial impacts from the following discrete items, not contemplated in the Company's Original Business Outlook for the third quarter of fiscal 2020:

- Beginning in the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations, and in the fourth quarter of fiscal 2019, the Company announced additional actions to improve future performance and profitability of its Canadian operations. As a result of this review and related actions, in the third quarter of fiscal 2020, the Company recognized \$13 million of pre-tax operating costs related to remaining inventory write-downs and other closing costs (Canada restructuring).
- In the third quarter of fiscal 2020, the Company recognized a \$1.1 billion loss on extinguishment of debt in connection with a \$3.0 billion cash tender offer (Loss on extinguishment of debt).

Fiscal 2019 Impacts

During fiscal 2019, the Company recognized financial impacts from the following discrete item, not contemplated in the Company's Business Outlook for the third quarter of fiscal 2019:

- During the third quarter of fiscal 2019, the Company began a strategic review of its Canadian operations, and as a result, recognized pre-tax charges of \$53 million associated with long-lived asset impairment (Canada restructuring).

Adjusted diluted earnings per share, adjusted operating income, and adjusted operating margin should not be considered an alternative to, or more meaningful indicator of, the Company's diluted earnings per share, operating income, or operating margin 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.

Detailed reconciliations between the Company's GAAP and non-GAAP financial results are shown below and available on the Company's website at [www.lowes.com/investor](http://www.lowes.com/investor).

(in millions, except per share data)	Three Months Ended					
	(Unaudited)			(Unaudited)		
	October 30, 2020			November 1, 2019		
	Pre-Tax Earnings	Tax	Net Earnings	Pre-Tax Earnings	Tax	Net Earnings
<b>Diluted earnings per share, as reported</b>			\$ 0.91			\$ 1.36
<b>Non-GAAP adjustments – per share impacts</b>						
Loss on extinguishment of debt	1.40	(0.35)	1.05	—	—	—
Canada restructuring	0.02	—	0.02	0.07	(0.02)	0.05
<b>Adjusted diluted earnings per share</b>			\$ 1.98			\$ 1.41

**Three Months Ended****(Unaudited)****January 31, 2020**

(in millions, except operating margin)

<b>Operating income</b>	<b>\$</b>	<b>958</b>
<b>Non-GAAP adjustments</b>		
Canada restructuring		176
Mexico adjustments		9
<b>Adjusted operating income</b>	<b>\$</b>	<b>1,143</b>
<b>Adjusted operating margin</b>		<b>7.15 %</b>