

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

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Fiscal Year Ended			
	January 28, 2022		January 29, 2021		January 28, 2022		January 29, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 21,339	100.00	\$ 20,311	100.00	\$ 96,250	100.00	\$ 89,597	100.00
Cost of sales	14,312	67.07	13,855	68.22	64,194	66.70	60,025	66.99
Gross margin	7,027	32.93	6,456	31.78	32,056	33.30	29,572	33.01
Expenses:								
Selling, general and administrative	4,741	22.21	4,541	22.36	18,301	19.01	18,526	20.68
Depreciation and amortization	437	2.05	391	1.92	1,662	1.73	1,399	1.56
Operating income	1,849	8.67	1,524	7.50	12,093	12.56	9,647	10.77
Interest – net	235	1.11	204	1.00	885	0.92	848	0.95
Loss on extinguishment of debt	—	—	—	—	—	—	1,060	1.18
Pre-tax earnings	1,614	7.56	1,320	6.50	11,208	11.64	7,739	8.64
Income tax provision	408	1.91	342	1.69	2,766	2.87	1,904	2.13
Net earnings	\$ 1,206	5.65	\$ 978	4.81	\$ 8,442	8.77	\$ 5,835	6.51
Weighted average common shares outstanding – basic	673		734		696		748	
Basic earnings per common share ⁽¹⁾	\$ 1.79		\$ 1.33		\$ 12.07		\$ 7.77	
Weighted average common shares outstanding – diluted	676		735		699		750	
Diluted earnings per common share ⁽¹⁾	\$ 1.78		\$ 1.32		\$ 12.04		\$ 7.75	
Cash dividends per share	\$ 0.80		\$ 0.60		\$ 3.00		\$ 2.30	
Retained Earnings/(Accumulated Deficit)								
Balance at beginning of period	\$ (1,913)		\$ 3,942		\$ 1,117		\$ 1,727	
Net earnings	1,206		978		8,442		5,835	
Cash dividends declared	(537)		(440)		(2,081)		(1,724)	
Share repurchases	(3,871)		(3,363)		(12,593)		(4,721)	
Balance at end of period	\$ (5,115)		\$ 1,117		\$ (5,115)		\$ 1,117	

⁽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 \$1,202 million for the three months ended January 28, 2022, and \$973 million for the three months ended January 29, 2021. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$8,409 million for the fiscal year ended January 28, 2022, and \$5,811 million for the fiscal year ended January 29, 2021.

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

In Millions, Except Percentage Data

	Three Months Ended				Fiscal Year Ended			
	January 28, 2022		January 29, 2021		January 28, 2022		January 29, 2021	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 1,206	5.65	\$ 978	4.81	\$ 8,442	8.77	\$ 5,835	6.51
Foreign currency translation adjustments – net of tax	(82)	(0.38)	105	0.52	(4)	—	78	0.09
Cash flow hedges – net of tax	53	0.25	5	0.02	109	0.11	(79)	(0.09)
Other	(1)	(0.01)	(1)	—	(5)	(0.01)	1	—
Other comprehensive (loss)/income	(30)	(0.14)	109	0.54	100	0.10	—	—
Comprehensive income	\$ 1,176	5.51	\$ 1,087	5.35	\$ 8,542	8.87	\$ 5,835	6.51

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

	January 28, 2022	January 29, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,133	\$ 4,690
Short-term investments	271	506
Merchandise inventory – net	17,605	16,193
Other current assets	1,051	937
Total current assets	20,060	22,326
Property, less accumulated depreciation	19,071	19,155
Operating lease right-of-use assets	4,108	3,832
Long-term investments	199	200
Deferred income taxes – net	164	340
Other assets	1,038	882
Total assets	\$ 44,640	\$ 46,735
Liabilities and shareholders' (deficit)/equity		
Current liabilities:		
Current maturities of long-term debt	\$ 868	\$ 1,112
Current operating lease liabilities	636	541
Accounts payable	11,354	10,884
Accrued compensation and employee benefits	1,561	1,350
Deferred revenue	1,914	1,608
Other current liabilities	3,335	3,235
Total current liabilities	19,668	18,730
Long-term debt, excluding current maturities	23,859	20,668
Noncurrent operating lease liabilities	4,021	3,890
Deferred revenue – Lowe's protection plans	1,127	1,019
Other liabilities	781	991
Total liabilities	49,456	45,298
Shareholders' (deficit)/equity:		
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 – 670 million and 731 million shares, respectively	335	366
Capital in excess of par value	—	90
(Accumulated deficit)/retained earnings	(5,115)	1,117
Accumulated other comprehensive loss	(36)	(136)
Total shareholders' (deficit)/equity	(4,816)	1,437
Total liabilities and shareholders' (deficit)/equity	\$ 44,640	\$ 46,735

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

	Fiscal Year Ended	
	January 28, 2022	January 29, 2021
Cash flows from operating activities:		
Net earnings	\$ 8,442	\$ 5,835
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,882	1,594
Noncash lease expense	517	479
Deferred income taxes	135	(108)
Loss on property and other assets – net	34	139
Loss on extinguishment of debt	—	1,060
Share-based payment expense	230	155
Changes in operating assets and liabilities:		
Merchandise inventory – net	(1,413)	(2,967)
Other operating assets	(23)	326
Accounts payable	466	3,211
Deferred revenue	413	512
Other operating liabilities	(570)	813
Net cash provided by operating activities	10,113	11,049
Cash flows from investing activities:		
Purchases of investments	(3,065)	(3,094)
Proceeds from sale/maturity of investments	3,293	2,926
Capital expenditures	(1,853)	(1,791)
Proceeds from sale of property and other long-term assets	113	90
Other – net	(134)	(25)
Net cash used in investing activities	(1,646)	(1,894)
Cash flows from financing activities:		
Net change in commercial paper	—	(941)
Net proceeds from issuance of debt	4,972	7,929
Repayment of debt	(2,118)	(5,618)
Proceeds from issuance of common stock under share-based payment plans	132	152
Cash dividend payments	(1,984)	(1,704)
Repurchases of common stock	(13,012)	(4,971)
Other – net	(6)	(38)
Net cash used in financing activities	(12,016)	(5,191)
Effect of exchange rate changes on cash	(8)	10
Net (decrease)/increase in cash and cash equivalents	(3,557)	3,974
Cash and cash equivalents, beginning of period	4,690	716
Cash and cash equivalents, end of period	\$ 1,133	\$ 4,690

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 January 29, 2021. This measure excludes the impact of a discrete item, further described below, not contemplated in Lowe's Business Outlook for the fourth quarter of fiscal 2020 to assist analysts and investors in understanding operational performance for the fourth quarter of fiscal 2020.

Fiscal 2020 Impacts

During fiscal 2020, the Company recognized financial impacts from the following discrete item, not contemplated in the Company's Business Outlook for the fourth quarter:

- 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 fourth quarter of fiscal 2020, the Company recognized \$12 million of pre-tax operating costs related to inventory write-downs and other closing costs (Canada restructuring).

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 detailed 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		
	January 29, 2021		
	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 1.32
Non-GAAP adjustments – per share impacts			
Canada restructuring	0.01	—	0.01
Adjusted diluted earnings per share			\$ 1.33