

## Q4 and Fiscal 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 in comparing its operating performance for the three months ended and years ended January 30, 2026 and January 31, 2025, respectively: adjusted gross margin; adjusted selling, general and administrative expenses (SG&A); adjusted operating income; 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:

- In the fourth quarter of fiscal 2025, the Company recognized pre-tax expenses of \$149 million consisting of transaction costs and intangible asset amortization related to the acquisitions of Artisan Design Group and Foundation Building Materials (Acquisition of businesses).
- 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 acquisitions of Artisan Design Group and Foundation Building Materials (Acquisition of businesses).
- In the second quarter of fiscal 2025, the Company recognized pre-tax expenses of \$43 million consisting of transaction costs and intangible asset amortization related to the acquisition of Artisan Design Group (Acquisition of businesses).

### Fiscal 2024 Impacts:

- In the fourth quarter of fiscal 2024, the Company recognized pre-tax income of \$80 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).
- 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).
- In the second quarter of fiscal 2024, the Company recognized pre-tax income of \$43 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).

In addition, the Company has provided full year fiscal 2026 guidance of the non-GAAP financial measures adjusted operating margin and adjusted diluted earnings per share, which exclude the impact of intangible asset amortization, and related tax effects if applicable, related to the acquisitions of Artisan Design Group and Foundation Building Materials. When evaluated with our GAAP results, we believe these non-GAAP measures provide investors with meaningful measures of comparable performance.



Adjusted Gross Margin (in millions, except percentage data)	Three Months Ended		Year Ended
	January 30, 2026		January 30, 2026
<b>Gross Margin, As Reported</b>	\$	6,681	\$ 28,885
Acquisition of businesses		46	54
<b>Adjusted Gross Margin</b>	\$	6,727	\$ 28,939
<b>Gross Margin, % of Sales</b>		32.46 %	33.48 %
<b>Adjusted Gross Margin, % of Sales</b>		32.68 %	33.54 %

Adjusted SG&A (in millions, except percentage data)	Three Months Ended	
	January 30, 2026	January 31, 2025
<b>SG&amp;A, As Reported</b>	\$ 4,409	\$ 3,822
Acquisition of businesses	(5)	—
Canadian retail business transaction	—	80
<b>Adjusted SG&amp;A</b>	\$ 4,404	\$ 3,902
<b>SG&amp;A, % of Sales</b>	21.42 %	20.59 %
<b>Adjusted SG&amp;A, % of Sales</b>	21.40 %	21.03 %

Adjusted Operating Income (in millions, except percentage data)	Three Months Ended		Years Ended	
	January 30, 2026	January 31, 2025	January 30, 2026	January 31, 2025
<b>Operating Income, As Reported</b>	\$ 1,708	\$ 1,830	\$ 10,153	\$ 10,466
Acquisition of businesses	149	—	293	—
Canadian retail business transaction	—	(80)	—	(177)
<b>Adjusted Operating Income</b>	\$ 1,857	\$ 1,750	\$ 10,446	\$ 10,289
<b>Operating Margin, % of Sales</b>	8.30 %	9.87 %	11.77 %	12.51 %
<b>Adjusted Operating Margin, % of Sales</b>	9.02 %	9.43 %	12.11 %	12.30 %

Our adjusted operating margin guidance for fiscal 2026 excludes an expected approximately 40 basis point impact from intangible asset amortization.

Adjusted Effective Tax Rate (in millions, except percentage data)	Three Months Ended					
	January 30, 2026			January 31, 2025		
	Pre-Tax Earnings	Income Tax Provision <sup>1</sup>	Effective Tax Rate	Pre-Tax Earnings	Income Tax Provision <sup>1</sup>	Effective Tax Rate
<b>Effective Tax Rate, As Reported</b>	\$ 1,305	\$ 306	23.4 %	\$ 1,502	\$ 377	25.1 %
Acquisition of businesses	149	37		—	—	
Canadian retail business transaction	—	—		(80)	(43)	
<b>Adjusted Effective Tax Rate</b>	\$ 1,454	\$ 343	23.6 %	\$ 1,422	\$ 334	23.5 %

Adjusted Diluted Earnings Per Share	Three Months Ended					
	January 30, 2026			January 31, 2025		
	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings
<b>Diluted Earnings Per Share, As Reported</b>			\$ 1.78			\$ 1.99
Acquisition of businesses	0.27	(0.07)	0.20	—	—	—
Canadian retail business transaction	—	—	—	(0.14)	0.08	(0.06)
<b>Adjusted Diluted Earnings Per Share</b>			\$ 1.98			\$ 1.93

<sup>1</sup> Represents the tax benefit or expense related to the item excluded from adjusted diluted earnings per share.

Adjusted Diluted Earnings Per Share	Years Ended					
	January 30, 2026			January 31, 2025		
	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings	Pre-Tax Earnings	Tax <sup>1</sup>	Net Earnings
<b>Diluted Earnings Per Share, As Reported</b>			\$ 11.85			\$ 12.23
Acquisition of businesses	0.57	(0.14)	0.43	—	—	—
Canadian retail business transaction	—	—	—	(0.31)	0.07	(0.24)
<b>Adjusted Diluted Earnings Per Share</b>			\$ 12.28			\$ 11.99

<sup>1</sup> Represents the tax benefit or expense related to the item excluded from adjusted diluted earnings per share.

Our adjusted diluted earnings per share guidance for fiscal 2026 excludes an expected after-tax impact of approximately \$0.50 from intangible asset amortization.

## 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)	Years Ended	
	January 30, 2026	January 31, 2025
Net cash provided by operating activities	\$ 9,864	\$ 9,625
Capital expenditures	(2,213)	(1,927)
<b>Free Cash Flow</b>	<b>\$ 7,651</b>	<b>\$ 7,698</b>

## 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	
	January 30, 2026	January 31, 2025
Net Earnings	\$ 6,654	\$ 6,957
Interest <sup>1</sup>	1,406	1,314
Taxes	2,093	2,196
Depreciation and amortization <sup>2</sup>	2,193	1,973
Share-based payments	247	221
Rent	756	681
Certain items <sup>3,4</sup>	166	(177)
<b>EBITDAR</b>	<b>\$ 13,515</b>	<b>\$ 13,165</b>

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

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

<sup>3</sup> Certain items for the four quarters ended January 30, 2026 include \$166 million in business acquisition-related expenses for Artisan Design Group and Foundation Building Materials acquisitions.

<sup>4</sup> Certain items for the four quarters ended January 31, 2025 include \$177 million of realized gains on contingent consideration and other closing costs associated with the sale of the Canadian retail business.

Lease Adjusted Debt (in millions)	As of	
	January 30, 2026	January 31, 2025
Current maturities of long-term debt	\$ 2,431	\$ 2,586
Current operating lease liabilities	713	563
Long-term debt excluding current maturities	37,490	32,901
Noncurrent operating lease liabilities	4,043	3,628
<b>Lease Adjusted Debt</b>	<b>\$ 44,677</b>	<b>\$ 39,678</b>
<b>EBITDAR</b>	<b>\$ 13,515</b>	<b>\$ 13,165</b>
<b>Lease Adjusted Debt to EBITDAR</b>	<b>3.31</b>	<b>3.01</b>

## 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	
	January 30, 2026	January 31, 2025
<b>Numerator</b>		
Net Earnings	\$ 6,654	\$ 6,957
Plus:		
Interest expense – net	1,406	1,314
Operating lease interest	179	173
Provision for income taxes	2,093	2,196
Lease adjusted net operating profit	10,332	10,640
Less:		
Income tax adjustment <sup>1</sup>	2,473	2,552
Lease adjusted net operating profit after tax	\$ 7,859	\$ 8,088
<b>Denominator</b>		
Average debt and shareholders' deficit <sup>2</sup>	\$ 30,104	\$ 25,270
<b>Net earnings to average debt and shareholders' deficit</b>	<b>22.1 %</b>	<b>27.5 %</b>
<b>Return on invested capital</b>	<b>26.1 %</b>	<b>32.0 %</b>

<sup>1</sup> Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 23.9% and 24.0% for the four quarters ended January 30, 2026, and January 31, 2025, respectively.

<sup>2</sup> 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.