

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

| | Three Months Ended | | | |
|---|--------------------|--------------|-----------------|--------------|
| | May 1, 2020 | | May 3, 2019 | |
| | Amount | % Sales | Amount | % Sales |
| Current Earnings | | | | |
| Net sales | \$ 19,675 | 100.00 | \$ 17,741 | 100.00 |
| Cost of sales | 13,162 | 66.90 | 12,160 | 68.54 |
| Gross margin | 6,513 | 33.10 | 5,581 | 31.46 |
| Expenses: | | | | |
| Selling, general and administrative | 4,196 | 21.32 | 3,862 | 21.77 |
| Depreciation and amortization | 326 | 1.66 | 302 | 1.70 |
| Operating income | 1,991 | 10.12 | 1,417 | 7.99 |
| Interest – net | 205 | 1.04 | 162 | 0.92 |
| Pre-tax earnings | 1,786 | 9.08 | 1,255 | 7.07 |
| Income tax provision | 449 | 2.28 | 209 | 1.17 |
| Net earnings | \$ 1,337 | 6.80 | \$ 1,046 | 5.90 |
| Weighted average common shares outstanding – basic | 755 | | 796 | |
| Basic earnings per common share ⁽¹⁾ | \$ 1.76 | | \$ 1.31 | |
| Weighted average common shares outstanding – diluted | 756 | | 797 | |
| Diluted earnings per common share ⁽¹⁾ | \$ 1.76 | | \$ 1.31 | |
| Cash dividends per share | \$ 0.55 | | \$ 0.48 | |
| Retained Earnings | | | | |
| Balance at beginning of period | \$ 1,727 | | \$ 3,452 | |
| Cumulative effect of accounting change | — | | (263) | |
| Net earnings | 1,337 | | 1,046 | |
| Cash dividends declared | (415) | | (382) | |
| Share repurchases | (927) | | (758) | |
| Balance at end of period | \$ 1,722 | | \$ 3,095 | |

⁽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 \$1,333 million for the three months ended May 1, 2020 and \$1,043 million for the three months ended May 3, 2019.

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

| | Three Months Ended | | | |
|---|--------------------|---------------|-----------------|---------------|
| | May 1, 2020 | | May 3, 2019 | |
| | Amount | % Sales | Amount | % Sales |
| Net earnings | \$ 1,337 | 6.80 | \$ 1,046 | 5.90 |
| Foreign currency translation adjustments – net of tax | (159) | (0.82) | (33) | (0.18) |
| Cash flow hedges – net of tax | (102) | (0.52) | (15) | (0.09) |
| Other | 4 | 0.03 | — | — |
| Other comprehensive loss | (257) | (1.31) | (48) | (0.27) |
| Comprehensive income | \$ 1,080 | 5.49 | \$ 998 | 5.63 |

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

| | May 1, 2020 | May 3, 2019 | January 31, 2020 |
|--|------------------|------------------|------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 5,955 | \$ 2,973 | \$ 716 |
| Short-term investments | 201 | 190 | 160 |
| Merchandise inventory – net | 14,283 | 15,026 | 13,179 |
| Other current assets | 1,487 | 1,146 | 1,263 |
| Total current assets | 21,926 | 19,335 | 15,318 |
| Property, less accumulated depreciation | 18,501 | 18,150 | 18,669 |
| Operating lease right-of-use assets | 3,876 | 3,926 | 3,891 |
| Long-term investments | 300 | 235 | 372 |
| Deferred income taxes – net | 215 | 495 | 216 |
| Other assets | 1,014 | 1,078 | 1,005 |
| Total assets | \$ 45,832 | \$ 43,219 | \$ 39,471 |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term borrowings | \$ 1,000 | \$ — | \$ 1,941 |
| Current maturities of long-term debt | 604 | 1,008 | 597 |
| Current operating lease liabilities | 506 | 500 | 501 |
| Accounts payable | 10,841 | 11,485 | 7,659 |
| Accrued compensation and employee benefits | 982 | 769 | 684 |
| Deferred revenue | 1,212 | 1,376 | 1,219 |
| Other current liabilities | 3,180 | 2,643 | 2,581 |
| Total current liabilities | 18,325 | 17,781 | 15,182 |
| Long-term debt, excluding current maturities | 20,200 | 16,542 | 16,768 |
| Noncurrent operating lease liabilities | 3,915 | 4,064 | 3,943 |
| Deferred revenue – extended protection plans | 915 | 837 | 894 |
| Other liabilities | 761 | 759 | 712 |
| Total liabilities | 44,116 | 39,983 | 37,499 |
| Shareholders' 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 – 755 million, 795 million, and 763 million shares, respectively | 377 | 397 | 381 |
| Capital in excess of par value | 10 | — | — |
| Retained earnings | 1,722 | 3,095 | 1,727 |
| Accumulated other comprehensive loss | (393) | (256) | (136) |
| Total shareholders' equity | 1,716 | 3,236 | 1,972 |
| Total liabilities and shareholders' equity | \$ 45,832 | \$ 43,219 | \$ 39,471 |

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

| | Three Months Ended | |
|---|--------------------|-----------------|
| | May 1, 2020 | May 3, 2019 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 1,337 | \$ 1,046 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 373 | 337 |
| Noncash lease expense | 116 | 114 |
| Deferred income taxes | 46 | (106) |
| Loss (gain) on property and other assets – net | 17 | (2) |
| Share-based payment expense | 27 | 42 |
| Changes in operating assets and liabilities: | | |
| Merchandise inventory – net | (1,183) | (2,478) |
| Other operating assets | (206) | (275) |
| Accounts payable | 3,207 | 3,199 |
| Other operating liabilities | 716 | 260 |
| Net cash provided by operating activities | 4,450 | 2,137 |
| Cash flows from investing activities: | | |
| Purchases of investments | (70) | (3) |
| Proceeds from sale/maturity of investments | 107 | 54 |
| Capital expenditures | (328) | (205) |
| Proceeds from sale of property and other long-term assets | 25 | 24 |
| Other – net | (22) | (1) |
| Net cash used in investing activities | (288) | (131) |
| Cash flows from financing activities: | | |
| Net change in commercial paper | (941) | (722) |
| Net proceeds from issuance of debt | 3,961 | 2,972 |
| Repayment of long-term debt | (543) | (616) |
| Proceeds from issuance of common stock under share-based payment plans | 4 | 32 |
| Cash dividend payments | (420) | (385) |
| Repurchase of common stock | (966) | (826) |
| Other – net | (3) | (9) |
| Net cash provided by financing activities | 1,092 | 446 |
| Effect of exchange rate changes on cash | (15) | (2) |
| Net increase in cash and cash equivalents, including cash classified within current assets held for sale | 5,239 | 2,450 |
| Less: Net decrease in cash classified within current assets held for sale | — | 12 |
| Net increase in cash and cash equivalents | 5,239 | 2,462 |
| Cash and cash equivalents, beginning of period | 716 | 511 |
| Cash and cash equivalents, end of period | \$ 5,955 | \$ 2,973 |

Lowes Companies, Inc.**Non-GAAP Financial Measures Reconciliation (Unaudited)**

To provide additional transparency, the Company has presented the non-GAAP financial measure of adjusted earnings per share for comparing its operating performance for the three months ended May 1, 2020, with the respective period ended May 3, 2019. This measure excludes the impact of certain discrete items, as further described below, not contemplated in Lowe's Business Outlook to assist the user in understanding performance relative to that Business Outlook for the first quarter of fiscal 2020 and fiscal 2019.

The Company believes this non-GAAP financial measure provides useful insight for analysts and investors in evaluating the Company's operational performance.

Fiscal 2020 Impacts

For fiscal 2020, the Company has recognized financial impacts from the following discrete items, not contemplated in the Company's Business Outlook for the first 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 first quarter of fiscal 2020, the Company recognized \$9 million of pre-tax operating costs related to severance and other costs (2019 Canada restructuring).

Fiscal 2019 Impacts

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

- Prior to the beginning of fiscal 2019, the Company announced its intention to exit its Mexico retail operations and had planned to sell the operating business. However, in the first quarter of 2019, after an extensive market evaluation, the decision was made to instead sell the assets of the business. That decision resulted in an \$82 million tax benefit in the first quarter, partially offset by \$12 million in pre-tax operating losses associated with the exit and ongoing wind-down of Mexico retail operations (Mexico adjustments).

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 for this or similar non-GAAP financial measures. Accordingly, this non-GAAP measure may not be comparable to the measures used by other companies.

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.

| (in millions, except per share data) | Three Months Ended | | | | | |
|---|--------------------|-----|--------------|------------------|--------|--------------|
| | (Unaudited) | | | (Unaudited) | | |
| | May 1, 2020 | | | May 3, 2019 | | |
| | Pre-Tax Earnings | Tax | Net Earnings | Pre-Tax Earnings | Tax | Net Earnings |
| Diluted earnings per share, as reported | | | \$ 1.76 | | | \$ 1.31 |
| Non-GAAP adjustments – per share impacts | | | | | | |
| 2019 Canada restructuring | 0.01 | — | 0.01 | — | — | — |
| Mexico adjustments | — | — | — | 0.01 | (0.10) | (0.09) |
| Adjusted diluted earnings per share | | | \$ 1.77 | | | \$ 1.22 |