

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

In Millions, Except Per Share and Percentage Data

	Three Months Ended				Six Months Ended			
	July 30, 2021		July 31, 2020		July 30, 2021		July 31, 2020	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Current Earnings</b>								
<b>Net sales</b>	\$ 27,570	100.00	\$ 27,302	100.00	\$ 51,993	100.00	\$ 46,977	100.00
Cost of sales	18,258	66.22	17,998	65.92	34,551	66.45	31,161	66.33
<b>Gross margin</b>	<b>9,312</b>	<b>33.78</b>	<b>9,304</b>	<b>34.08</b>	<b>17,442</b>	<b>33.55</b>	<b>15,816</b>	<b>33.67</b>
Expenses:								
Selling, general and administrative	4,693	17.02	5,020	18.39	9,187	17.67	9,215	19.62
Depreciation and amortization	409	1.49	327	1.20	800	1.54	653	1.39
<b>Operating income</b>	<b>4,210</b>	<b>15.27</b>	<b>3,957</b>	<b>14.49</b>	<b>7,455</b>	<b>14.34</b>	<b>5,948</b>	<b>12.66</b>
Interest – net	216	0.78	219	0.80	427	0.82	423	0.90
<b>Pre-tax earnings</b>	<b>3,994</b>	<b>14.49</b>	<b>3,738</b>	<b>13.69</b>	<b>7,028</b>	<b>13.52</b>	<b>5,525</b>	<b>11.76</b>
Income tax provision	976	3.54	910	3.33	1,688	3.25	1,360	2.89
<b>Net earnings</b>	<b>\$ 3,018</b>	<b>10.95</b>	<b>\$ 2,828</b>	<b>10.36</b>	<b>\$ 5,340</b>	<b>10.27</b>	<b>\$ 4,165</b>	<b>8.87</b>
Weighted average common shares outstanding – basic	705		752		711		754	
<b>Basic earnings per common share <sup>(1)</sup></b>	<b>\$ 4.27</b>		<b>\$ 3.74</b>		<b>\$ 7.48</b>		<b>\$ 5.50</b>	
Weighted average common shares outstanding – diluted	707		753		713		755	
<b>Diluted earnings per common share <sup>(1)</sup></b>	<b>\$ 4.25</b>		<b>\$ 3.74</b>		<b>\$ 7.46</b>		<b>\$ 5.50</b>	
<b>Cash dividends per share</b>	<b>\$ 0.80</b>		<b>\$ 0.55</b>		<b>\$ 1.40</b>		<b>\$ 1.10</b>	
<b>Retained Earnings/(Accumulated Deficit)</b>								
<b>Balance at beginning of period</b>	<b>\$ 98</b>		<b>\$ 1,722</b>		<b>\$ 1,117</b>		<b>\$ 1,727</b>	
Net earnings	3,018		2,828		5,340		4,165	
Cash dividends declared	(563)		(416)		(993)		(831)	
Share repurchases	(3,013)		—		(5,924)		(927)	
<b>Balance at end of period</b>	<b>\$ (460)</b>		<b>\$ 4,134</b>		<b>\$ (460)</b>		<b>\$ 4,134</b>	

<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 \$3,007 million for the three months ended July 30, 2021, and \$2,816 million for the three months ended July 31, 2020. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$5,318 million for the six months ended July 30, 2021, and \$4,149 million for the six months ended July 31, 2020.

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

In Millions, Except Percentage Data

	Three Months Ended				Six Months Ended			
	July 30, 2021		July 31, 2020		July 30, 2021		July 31, 2020	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
<b>Net earnings</b>	<b>\$ 3,018</b>	<b>10.95</b>	<b>\$ 2,828</b>	<b>10.36</b>	<b>\$ 5,340</b>	<b>10.27</b>	<b>\$ 4,165</b>	<b>8.87</b>
Foreign currency translation adjustments – net of tax	(44)	(0.17)	114	0.41	58	0.11	(45)	(0.10)
Cash flow hedges – net of tax	(9)	(0.03)	(5)	(0.02)	15	0.03	(108)	(0.23)
Other	(1)	—	(1)	—	(2)	—	4	0.01
<b>Other comprehensive (loss)/income</b>	<b>(54)</b>	<b>(0.20)</b>	<b>108</b>	<b>0.39</b>	<b>71</b>	<b>0.14</b>	<b>(149)</b>	<b>(0.32)</b>
<b>Comprehensive income</b>	<b>\$ 2,964</b>	<b>10.75</b>	<b>\$ 2,936</b>	<b>10.75</b>	<b>\$ 5,411</b>	<b>10.41</b>	<b>\$ 4,016</b>	<b>8.55</b>

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

	July 30, 2021	July 31, 2020	January 29, 2021
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 4,835	\$ 11,641	\$ 4,690
Short-term investments	1,420	1,085	506
Merchandise inventory – net	17,322	13,831	16,193
Other current assets	1,506	1,160	937
<b>Total current assets</b>	<b>25,083</b>	<b>27,717</b>	<b>22,326</b>
Property, less accumulated depreciation <sup>(1)</sup>	19,031	18,734	19,155
Operating lease right-of-use assets	3,820	3,798	3,832
Long-term investments	225	326	200
Deferred income taxes – net	221	267	340
Other assets <sup>(1)</sup>	1,024	921	882
<b>Total assets</b>	<b>\$ 49,404</b>	<b>\$ 51,763</b>	<b>\$ 46,735</b>
<b>Liabilities and shareholders' (deficit)/equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings	\$ 1,000	\$ 1,000	\$ —
Current maturities of long-term debt	1,344	609	1,112
Current operating lease liabilities	557	520	541
Accounts payable	12,011	12,916	10,884
Accrued compensation and employee benefits	1,331	1,139	1,350
Deferred revenue	2,041	1,715	1,608
Other current liabilities	3,380	3,471	3,235
<b>Total current liabilities</b>	<b>21,664</b>	<b>21,370</b>	<b>18,730</b>
Long-term debt, excluding current maturities	21,967	20,197	20,668
Noncurrent operating lease liabilities	3,841	3,859	3,890
Deferred revenue – extended protection plans	1,097	981	1,019
Other liabilities	1,010	1,000	991
<b>Total liabilities</b>	<b>49,579</b>	<b>47,407</b>	<b>45,298</b>
<b>Shareholders' (deficit)/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 – 699 million, 756 million, and 731 million shares, respectively	350	378	366
Capital in excess of par value	—	129	90
(Accumulated deficit)/retained earnings	(460)	4,134	1,117
Accumulated other comprehensive loss	(65)	(285)	(136)
<b>Total shareholders' (deficit)/equity</b>	<b>(175)</b>	<b>4,356</b>	<b>1,437</b>
<b>Total liabilities and shareholders' (deficit)/equity</b>	<b>\$ 49,404</b>	<b>\$ 51,763</b>	<b>\$ 46,735</b>

<sup>(1)</sup> Effective for the year ending January 29, 2021, excess property amounts previously reported in other assets were reclassified to property, less accumulated depreciation. The consolidated balance sheet as of July 31, 2020, has been revised to conform with current presentation.

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

	Six Months Ended	
	July 30, 2021	July 31, 2020
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 5,340	\$ 4,165
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	907	747
Noncash lease expense	252	234
Deferred income taxes	110	(14)
Loss on property and other assets – net	1	80
Share-based payment expense	115	64
Changes in operating assets and liabilities:		
Merchandise inventory – net	(1,096)	(674)
Other operating assets	(203)	66
Accounts payable	1,115	5,259
Deferred revenue	511	583
Other operating liabilities	(139)	1,242
<b>Net cash provided by operating activities</b>	<b>6,913</b>	<b>11,752</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,635)	(1,132)
Proceeds from sale/maturity of investments	692	260
Capital expenditures	(846)	(710)
Proceeds from sale of property and other long-term assets	78	46
Other – net	(134)	(24)
<b>Net cash used in investing activities</b>	<b>(1,845)</b>	<b>(1,560)</b>
<b>Cash flows from financing activities:</b>		
Net change in commercial paper	—	(941)
Net proceeds from issuance of debt	2,988	3,961
Repayment of debt	(568)	(568)
Proceeds from issuance of common stock under share-based payment plans	63	83
Cash dividend payments	(870)	(836)
Repurchases of common stock	(6,174)	(966)
Other – net	(366)	(4)
<b>Net cash (used in) provided by financing activities</b>	<b>(4,927)</b>	<b>729</b>
<b>Effect of exchange rate changes on cash</b>	<b>4</b>	<b>4</b>
Net increase in cash and cash equivalents	145	10,925
Cash and cash equivalents, beginning of period	4,690	716
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,835</b>	<b>\$ 11,641</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 the three months ended July 31, 2020. This measure excludes the impact of a discrete item, further described below, not contemplated in Lowe's Business Outlook for the second quarter of fiscal 2020 to assist analysts and investors in understanding operational performance for the second 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 second 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 second quarter of fiscal 2020, the Company recognized \$10 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.

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

(in millions, except per share data)	<b>Three Months Ended</b>		
	<b>(Unaudited)</b>		
	<b>July 31, 2020</b>		
	<b>Pre-Tax Earnings</b>	<b>Tax</b>	<b>Net Earnings</b>
<b>Diluted earnings per share, as reported</b>			<b>\$ 3.74</b>
<b>Non-GAAP adjustments – per share impacts</b>			
Canada restructuring	0.01	—	0.01
<b>Adjusted diluted earnings per share</b>			<b>\$ 3.75</b>