

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				Nine Months Ended			
	October 29, 2021		October 30, 2020		October 29, 2021		October 30, 2020	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Current Earnings								
Net sales	\$ 22,918	100.00	\$ 22,309	100.00	\$ 74,911	100.00	\$ 69,286	100.00
Cost of sales	15,331	66.90	15,009	67.28	49,882	66.59	46,170	66.64
Gross margin	7,587	33.10	7,300	32.72	25,029	33.41	23,116	33.36
Expenses:								
Selling, general and administrative	4,373	19.08	4,770	21.38	13,559	18.10	13,985	20.18
Depreciation and amortization	425	1.85	355	1.59	1,226	1.64	1,008	1.46
Operating income	2,789	12.17	2,175	9.75	10,244	13.67	8,123	11.72
Interest – net	223	0.97	221	0.99	650	0.86	644	0.93
Loss on extinguishment of debt	—	—	1,060	4.75	—	—	1,060	1.53
Pre-tax earnings	2,566	11.20	894	4.01	9,594	12.81	6,419	9.26
Income tax provision	670	2.93	202	0.91	2,359	3.15	1,562	2.25
Net earnings	\$ 1,896	8.27	\$ 692	3.10	\$ 7,235	9.66	\$ 4,857	7.01
Weighted average common shares outstanding – basic	690		752		704		753	
Basic earnings per common share ⁽¹⁾	\$ 2.74		\$ 0.92		\$ 10.23		\$ 6.42	
Weighted average common shares outstanding – diluted	692		754		706		754	
Diluted earnings per common share ⁽¹⁾	\$ 2.73		\$ 0.91		\$ 10.21		\$ 6.41	
Cash dividends per share	\$ 0.80		\$ 0.60		\$ 2.20		\$ 1.70	
Retained Earnings/(Accumulated Deficit)								
Balance at beginning of period	\$ (460)		\$ 4,134		\$ 1,117		\$ 1,727	
Net earnings	1,896		692		7,235		4,857	
Cash dividends declared	(551)		(452)		(1,544)		(1,284)	
Share repurchases	(2,798)		(432)		(8,721)		(1,358)	
Balance at end of period	\$ (1,913)		\$ 3,942		\$ (1,913)		\$ 3,942	

⁽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 \$1,889 million for the three months ended October 29, 2021, and \$689 million for the three months ended October 30, 2020. Net earnings allocable to common shares used in the basic and diluted earnings per share calculation were \$7,207 million for the nine months ended October 29, 2021, and \$4,837 million for the nine months ended October 30, 2020.

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

In Millions, Except Percentage Data

	Three Months Ended				Nine Months Ended			
	October 29, 2021		October 30, 2020		October 29, 2021		October 30, 2020	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Net earnings	\$ 1,896	8.27	\$ 692	3.10	\$ 7,235	9.66	\$ 4,857	7.01
Foreign currency translation adjustments – net of tax	19	0.08	18	0.08	78	0.10	(27)	(0.04)
Cash flow hedges – net of tax	41	0.18	24	0.11	56	0.07	(84)	(0.12)
Other	(1)	—	(2)	(0.01)	(4)	—	2	—
Other comprehensive income/(loss)	59	0.26	40	0.18	130	0.17	(109)	(0.16)
Comprehensive income	\$ 1,955	8.53	\$ 732	3.28	\$ 7,365	9.83	\$ 4,748	6.85

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

	October 29, 2021	October 30, 2020	January 29, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,121	\$ 8,249	\$ 4,690
Short-term investments	552	1,852	506
Merchandise inventory – net	16,685	15,712	16,193
Other current assets	1,491	1,103	937
Total current assets	24,849	26,916	22,326
Property, less accumulated depreciation ⁽¹⁾	18,925	18,798	19,155
Operating lease right-of-use assets	4,161	3,823	3,832
Long-term investments	213	202	200
Deferred income taxes – net	220	241	340
Other assets ⁽¹⁾	1,032	900	882
Total assets	\$ 49,400	\$ 50,880	\$ 46,735
Liabilities and shareholders' (deficit)/equity			
Current liabilities:			
Short-term borrowings	\$ 1,000	\$ —	\$ —
Current maturities of long-term debt	1,352	609	1,112
Current operating lease liabilities	573	530	541
Accounts payable	11,334	12,759	10,884
Accrued compensation and employee benefits	1,353	1,117	1,350
Deferred revenue	1,954	1,614	1,608
Other current liabilities	3,268	2,935	3,235
Total current liabilities	20,834	19,564	18,730
Long-term debt, excluding current maturities	23,881	21,185	20,668
Noncurrent operating lease liabilities	4,136	3,907	3,890
Deferred revenue – Lowe's protection plans	1,119	1,007	1,019
Other liabilities	1,006	1,144	991
Total liabilities	50,976	46,807	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 – 686 million, 752 million, and 731 million shares, respectively	343	376	366
Capital in excess of par value	—	—	90
(Accumulated deficit)/retained earnings	(1,913)	3,942	1,117
Accumulated other comprehensive loss	(6)	(245)	(136)
Total shareholders' (deficit)/equity	(1,576)	4,073	1,437
Total liabilities and shareholders' (deficit)/equity	\$ 49,400	\$ 50,880	\$ 46,735

⁽¹⁾ 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 October 30, 2020, has been revised to conform with current presentation.

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

	Nine Months Ended	
	October 29, 2021	October 30, 2020
Cash flows from operating activities:		
Net earnings	\$ 7,235	\$ 4,857
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,388	1,152
Noncash lease expense	383	356
Deferred income taxes	96	5
Loss on property and other assets – net	25	114
Loss on extinguishment of debt	—	1,060
Share-based payment expense	169	107
Changes in operating assets and liabilities:		
Merchandise inventory – net	(446)	(2,545)
Other operating assets	(130)	147
Accounts payable	436	5,099
Deferred revenue	444	508
Other operating liabilities	(421)	625
Net cash provided by operating activities	9,179	11,485
Cash flows from investing activities:		
Purchases of investments	(2,325)	(2,548)
Proceeds from sale/maturity of investments	2,261	1,032
Capital expenditures	(1,256)	(1,172)
Proceeds from sale of property and other long-term assets	94	60
Other – net	(134)	(24)
Net cash used in investing activities	(1,360)	(2,652)
Cash flows from financing activities:		
Net change in commercial paper	—	(941)
Net proceeds from issuance of debt	4,972	7,929
Repayment of debt	(595)	(5,582)
Proceeds from issuance of common stock under share-based payment plans	72	102
Cash dividend payments	(1,433)	(1,252)
Repurchases of common stock	(8,999)	(1,528)
Other – net	(408)	(32)
Net cash used in financing activities	(6,391)	(1,304)
Effect of exchange rate changes on cash	3	4
Net increase in cash and cash equivalents	1,431	7,533
Cash and cash equivalents, beginning of period	4,690	716
Cash and cash equivalents, end of period	\$ 6,121	\$ 8,249

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

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

Fiscal 2020 Impacts

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

- In the third quarter of fiscal 2020, the Company recognized a \$1.1 billion loss on extinguishment of debt in connection with the cash tender offers on an aggregate principal amount of \$3.0 billion in outstanding notes (Loss on extinguishment of debt).
- 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 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		
	(Unaudited)		
	October 30, 2020		
	Pre-Tax Earnings	Tax	Net Earnings
Diluted earnings per share, as reported			\$ 0.91
Non-GAAP adjustments – per share impacts			
Loss on extinguishment of debt	1.40	(0.35)	1.05
Canada restructuring	0.02	—	0.02
Adjusted diluted earnings per share			\$ 1.98