REFINITIV

# DELTA REPORT

## 10-Q

LOW - LOWES COMPANIES INC

10-Q - NOVEMBER 03, 2023 COMPARED TO 10-Q - AUGUST 04, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 632 |
| --- | --- |
| CHANGES | 189 |
| DELETIONS | 217 |
| ADDITIONS | 226 |

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**FORM 10-Q**

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended August 4, 2023November 3, 2023**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____**

**Commission File Number 1-7898**

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# LOWE'S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **North Carolina** | **56-0578072** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1000 Lowes Blvd., Mooresville, North Carolina** | **28117** |
| (Address of principal executive offices) | (Zip Code) |
| Registrant's telephone number, including area code: | **(704) 758-1000** |

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, par value $0.50 per share** | **LOW** | **New York Stock Exchange** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☐ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| CLASS | OUTSTANDING AT 8/28/ 11/27/2023 |
|---|---|
| **Common Stock, $0.50 par value** | **577,115,219575,112,600** |

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**LOWE'S COMPANIES, INC.**

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**FORWARD-LOOKING STATEMENTS**

This Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as "believe", "expect", "anticipate", "plan", "desire", "project", "estimate", "intend", "will", "should", "could", "would", "may", "strategy", "potential", "opportunity", "outlook", "scenario", "guidance", and similar expressions are forward-looking statements. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives (including objectives related to environmental, social, and governance matters), business outlook, priorities, sales growth, shareholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for products and services, share repurchases, Lowe's strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. Such statements involve risks and uncertainties and we can give no assurance that they will prove to be correct. Actual results may differ materially from those expressed or implied in such statements.

A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements including, but not limited to, changes in general economic conditions, such as volatility and/or lack of liquidity from time to time in U.S. and world financial markets and the consequent reduced availability and/or higher cost of borrowing to Lowe's and its customers, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, interest rate and currency fluctuations, home price appreciation or decreasing housing turnover, age of housing stock, the availability of consumer credit and of mortgage financing, trade policy changes or additional tariffs, outbreaks of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, acts of both domestic and international terrorism, and other factors that can negatively affect our customers.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in “Item 1A - Risk Factors” and “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” in our most recent Annual Report on Form 10-K and as may be updated from time to time in our quarterly reports on Form 10-Q or other subsequent filings with the SEC. All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.



**Part I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

| | | Three Months Ended | | | | Six Months Ended | | | | | Three Months Ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | | July 29, 2022 | | August 4, 2023 | | July 29, 2022 | | | November 3, 2023 | | October 28, 2022 | | Novem |
| **Current Earnings** | **Current Earnings** | **Amount** | **% Sales** | **Amount** | **% Sales** | **Amount** | **% Sales** | **Amount** | **% Sales** | **Current Earnings** | **Amount** | **% Sales** | **Amount** | **% Sales** | **Amour** |
| **Net sales** | **Net sales** | **$ 24,956** | **100.00 %** | **$ 27,476** | **100.00 %** | **$ 47,304** | **100.00 %** | **$ 51,135** | **100.00 %** | **Net sales** | **$ 20,471** | **100.00 %** | **$ 23,479** | **100.00 %** | **$ 67,77** |
| Cost of sales | Cost of sales | 16,557 | 66.34 | 18,343 | 66.76 | 31,378 | 66.33 | 33,952 | 66.40 | Cost of sales | 13,580 | 66.34 | 15,661 | 66.70 | 44,95 |
| **Gross margin** | **Gross margin** | **8,399** | **33.66** | **9,133** | **33.24** | **15,926** | **33.67** | **17,183** | **33.60** | **Gross margin** | **6,891** | **33.66** | **7,818** | **33.30** | **22,81** |
| Expenses: | Expenses: | | | | | | | | | Expenses: | | | | | |
| Selling, general and administrative | Selling, general and administrative | 4,086 | 16.38 | 4,455 | 16.22 | 7,912 | 16.73 | 8,758 | 17.12 | Selling, general and administrative | 3,761 | 18.37 | 6,443 | 27.45 | 11,67 |
| Depreciation and amortization | Depreciation and amortization | 427 | 1.71 | 449 | 1.63 | 841 | 1.78 | 894 | 1.75 | Depreciation and amortization | 434 | 2.12 | 451 | 1.92 | 1,27 |
| **Operating income** | **Operating income** | **3,886** | **15.57** | **4,229** | **15.39** | **7,173** | **15.16** | **7,531** | **14.73** | **Operating income** | **2,696** | **13.17** | **924** | **3.93** | **9,86** |
| Interest – net | Interest – net | 341 | 1.36 | 264 | 0.96 | 689 | 1.45 | 507 | 0.99 | Interest – net | 345 | 1.68 | 295 | 1.25 | 1,03 |
| **Pre-tax earnings** | **Pre-tax earnings** | **3,545** | **14.21** | **3,965** | **14.43** | **6,484** | **13.71** | **7,024** | **13.74** | **Pre-tax earnings** | **2,351** | **11.49** | **629** | **2.68** | **8,83** |
| Income tax provision | Income tax provision | 872 | 3.50 | 973 | 3.54 | 1,551 | 3.28 | 1,699 | 3.33 | Income tax provision | 578 | 2.83 | 475 | 2.02 | 2,13 |
| **Net earnings** | **Net earnings** | **$ 2,673** | **10.71 %** | **$ 2,992** | **10.89 %** | **$ 4,933** | **10.43 %** | **$ 5,325** | **10.41 %** | **Net earnings** | **$ 1,773** | **8.66 %** | **$ 154** | **0.66 %** | **$ 6,70** |
| Weighted average common shares outstanding – basic | Weighted average common shares outstanding – basic | 584 | | 638 | | 590 | | 649 | | Weighted average common shares outstanding – basic | 576 | | 618 | | 58 |
| **Basic earnings per common share** | **Basic earnings per common share** | **$ 4.56** | | **$ 4.68** | | **$ 8.34** | | **$ 8.18** | | **Basic earnings per common share** | **$ 3.07** | | **$ 0.25** | | **$ 11.4** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Weighted average common shares outstanding – diluted | Weighted average common shares outstanding – diluted | 585 | 639 | 591 | 651 | Weighted average common shares outstanding – diluted | 577 | 620 | 58 |
| **Diluted earnings per common share** | **Diluted earnings per common share** | **$ 4.56** | **$ 4.67** | **$ 8.32** | **$ 8.16** | **Diluted earnings per common share** | **$ 3.06** | **$ 0.25** | **$ 11.4** |

See accompanying notes to the consolidated financial statements (unaudited).

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

| | | Three Months Ended | | | | Six Months Ended | | | | | Three Months Ended | | | | Ni |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | | July 29, 2022 | | August 4, 2023 | | July 29, 2022 | | | November 3, 2023 | | October 28, 2022 | | Novem 202 |
| | | Amount | % Sales | Amount | % Sales | Amount | % Sales | Amount | % Sales | | Amount | % Sales | Amount | % Sales | Amount |
| **Net earnings** | **Net earnings** | **$ 2,673** | **10.71 %** | **$ 2,992** | **10.89 %** | **$ 4,933** | **10.43 %** | **$ 5,325** | **10.41 %** | **Net earnings** | **$ 1,773** | **8.66 %** | **$ 154** | **0.66 %** | **$ 6,706** |
| Foreign currency translation adjustments – net of tax | Foreign currency translation adjustments – net of tax | 5 | 0.01 | 12 | 0.05 | 5 | 0.01 | (5) | (0.02) | Foreign currency translation adjustments – net of tax | — | — | (168) | (0.72) | 5 |
| Cash flow hedges – net of tax | Cash flow hedges – net of tax | (3) | (0.01) | (38) | (0.14) | (6) | (0.02) | 181 | 0.36 | Cash flow hedges – net of tax | (4) | (0.01) | 170 | 0.72 | (10) |
| Other | Other | — | — | (1) | — | — | — | (3) | 0.01 | Other | — | — | 1 | — | — |
| **Other comprehensive income/(loss)** | | **2** | **—** | **(27)** | **(0.09)** | **(1)** | **(0.01)** | **173** | **0.35** | | | | | | |
| **Other comprehensive (loss)/income** | | | | | | | | | | **Other comprehensive (loss)/income** | **(4)** | **(0.01)** | **3** | **—** | **(5)** |
| **Comprehensive income** | **Comprehensive income** | **$ 2,675** | **10.71 %** | **$ 2,965** | **10.80 %** | **$ 4,932** | **10.42 %** | **$ 5,498** | **10.76 %** | **Comprehensive income** | **$ 1,769** | **8.65 %** | **$ 157** | **0.66 %** | **$ 6,701** |

See accompanying notes to the consolidated financial statements (unaudited).

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

| | | August 4, 2023 | July 29, 2022 | February 3, 2023 | | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | **Assets** | | | | **Assets** | | | |
| **Current assets:** | **Current assets:** | | | | **Current assets:** | | | |
| Cash and cash equivalents | Cash and cash equivalents | $ 3,494 | $ 1,482 | $ 1,348 | Cash and cash equivalents | $ 1,210 | $ 3,192 | $ 1,348 |
| Short-term investments | Short-term investments | 374 | 450 | 384 | Short-term investments | 321 | 464 | 384 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Merchandise inventory – net | Merchandise inventory – net | 17,422 | 19,329 | 18,532 | Merchandise inventory – net | 17,530 | 19,817 | 18,532 |
| Other current assets | Other current assets | 946 | 1,406 | 1,178 | Other current assets | 907 | 1,518 | 1,178 |
| **Total current assets** | **Total current assets** | **22,236** | **22,667** | **21,442** | **Total current assets** | **19,968** | **24,991** | **21,442** |
| Property, less accumulated depreciation | Property, less accumulated depreciation | 17,373 | 18,713 | 17,567 | Property, less accumulated depreciation | 17,527 | 17,275 | 17,567 |
| Operating lease right-of-use assets | Operating lease right-of-use assets | 3,650 | 4,158 | 3,518 | Operating lease right-of-use assets | 3,647 | 3,512 | 3,518 |
| Long-term investments | Long-term investments | 182 | 56 | 121 | Long-term investments | 238 | 63 | 121 |
| Deferred income taxes – net | Deferred income taxes – net | 230 | 104 | 250 | Deferred income taxes – net | 280 | 301 | 250 |
| Other assets | Other assets | 850 | 1,027 | 810 | Other assets | 859 | 831 | 810 |
| **Total assets** | **Total assets** | **$ 44,521** | **$ 46,725** | **$ 43,708** | **Total assets** | **$ 42,519** | **$ 46,973** | **$ 43,708** |
| **Liabilities and shareholders' deficit** | **Liabilities and shareholders' deficit** | | | | **Liabilities and shareholders' deficit** | | | |
| **Current liabilities:** | **Current liabilities:** | | | | **Current liabilities:** | | | |
| Short-term borrowings | Short-term borrowings | $ — | $ — | $ 499 | Short-term borrowings | $ — | $ — | $ 499 |
| Current maturities of long-term debt | Current maturities of long-term debt | 592 | 121 | 585 | Current maturities of long-term debt | 544 | 609 | 585 |
| Current operating lease liabilities | Current operating lease liabilities | 534 | 652 | 522 | Current operating lease liabilities | 533 | 651 | 522 |
| Accounts payable | Accounts payable | 10,333 | 12,631 | 10,524 | Accounts payable | 9,914 | 12,249 | 10,524 |
| Accrued compensation and employee benefits | Accrued compensation and employee benefits | 1,026 | 1,227 | 1,109 | Accrued compensation and employee benefits | 750 | 1,405 | 1,109 |
| Deferred revenue | Deferred revenue | 1,566 | 1,968 | 1,603 | Deferred revenue | 1,499 | 1,736 | 1,603 |
| Income taxes payable | Income taxes payable | 91 | 330 | 1,181 | Income taxes payable | 121 | 913 | 1,181 |
| Other current liabilities | Other current liabilities | 3,470 | 3,437 | 3,488 | Other current liabilities | 3,135 | 3,313 | 3,488 |
| **Total current liabilities** | **Total current liabilities** | **17,612** | **20,366** | **19,511** | **Total current liabilities** | **16,496** | **20,876** | **19,511** |
| Long-term debt, excluding current maturities | Long-term debt, excluding current maturities | 35,839 | 28,763 | 32,876 | Long-term debt, excluding current maturities | 35,374 | 32,904 | 32,876 |
| Noncurrent operating lease liabilities | Noncurrent operating lease liabilities | 3,611 | 4,069 | 3,512 | Noncurrent operating lease liabilities | 3,602 | 4,048 | 3,512 |
| Deferred revenue – Lowe's protection plans | Deferred revenue – Lowe's protection plans | 1,231 | 1,169 | 1,201 | Deferred revenue – Lowe's protection plans | 1,228 | 1,184 | 1,201 |
| Other liabilities | Other liabilities | 960 | 800 | 862 | Other liabilities | 966 | 829 | 862 |
| **Total liabilities** | **Total liabilities** | **59,253** | **55,167** | **57,962** | **Total liabilities** | **57,666** | **59,841** | **57,962** |
| **Shareholders' deficit:** | **Shareholders' deficit:** | | | | **Shareholders' deficit:** | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Preferred stock, $5 par value: Authorized – 5.0 million shares; Issued and outstanding – none | Preferred stock, $5 par value: Authorized – 5.0 million shares; Issued and outstanding – none | — | — | — | 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 – 582 million, 631 million, and 601 million shares, respectively | | 291 | 316 | 301 | | | | |
| Common stock, $0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 575 million, 611 million, and 601 million shares, respectively | | | | | Common stock, $0.50 par value: Authorized – 5.6 billion shares; Issued and outstanding – 575 million, 611 million, and 601 million shares, respectively | 288 | 305 | 301 |
| Capital in excess of par value | Capital in excess of par value | 12 | — | — | Capital in excess of par value | 7 | — | — |
| Accumulated deficit | Accumulated deficit | (15,341) | (8,895) | (14,862) | Accumulated deficit | (15,744) | (13,313) | (14,862) |
| Accumulated other comprehensive income | Accumulated other comprehensive income | 306 | 137 | 307 | Accumulated other comprehensive income | 302 | 140 | 307 |
| **Total shareholders' deficit** | **Total shareholders' deficit** | **(14,732)** | **(8,442)** | **(14,254)** | **Total shareholders' deficit** | **(15,147)** | **(12,868)** | **(14,254)** |
| **Total liabilities and shareholders' deficit** | **Total liabilities and shareholders' deficit** | **$ 44,521** | **$ 46,725** | **$ 43,708** | **Total liabilities and shareholders' deficit** | **$ 42,519** | **$ 46,973** | **$ 43,708** |

See accompanying notes to the consolidated financial statements (unaudited).

lowes logo.jpg



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

| | **Three Months Ended August 4, 2023** | | | | | | | | | | | **Three Mont** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Common Stock** | | **Capital in Excess of Par Value** | **Accumulated Deficit** | **Accumulated Other Comprehensive Income** | | | **Common Stock** | | | | **Ca Ex o V** |
| | **Shares** | **Amount** | | | | **Shares** | **Total** | | **Amount** | **Capital in Excess of Par Value** | | |
| **Balance May 5, 2023** | **592** | **$ 296** | **$ —** | **$ (15,310)** | **Total** | **$304** | | **$ (14,710)** | | | | |
| **Balance August 4, 2023** | | | | | | | | | | | | **Balance August 4, 2023** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net earnings | Net earnings | — | — | — | 2,673 | — | 2,673 | Net earnings | — | — |
| Other comprehensive income | | — | — | — | — | 2 | 2 | | | |
| Other comprehensive loss | | | | | | | | | | Other comprehensive loss |
| Cash dividends declared, $1.10 per share | Cash dividends declared, $1.10 per share | — | — | — | (641) | — | (641) | Cash dividends declared, $1.10 per share | — | — |
| Share-based payment expense | Share-based payment expense | — | — | 58 | — | — | 58 | Share-based payment expense | — | — |
| Repurchases of common stock | Repurchases of common stock | (10) | (5) | (117) | (2,063) | — | (2,185) | Repurchases of common stock | (7) | (3) |
| Issuance of common stock under share-based payment plans | Issuance of common stock under share-based payment plans | — | — | 71 | — | — | 71 | Issuance of common stock under share-based payment plans | — | — |
| **Balance August 4, 2023** | | **582** | **$ 291** | **$ 12** | **$ (15,341)** | **$ 306** | **$(14,732)** | | | |
| **Balance November 3, 2023** | | | | | | | | | | **Balance November 3, 2023** |

| | | Six Months Ended August 4, 2023 | | | | | | | | | Nine Montl |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Common Stock** | | | | | | | **Common Stock** | | **Ca** |
| | | **Shares** | **Amount** | **Capital in Excess of Par Value** | **Accumulated Deficit** | **Accumulated Other Comprehensive Income** | **Shares** | **Total** | **Amount** | **Capital in Excess of Par Value** | **Ex of V** |
| **Balance February 3, 2023** | **Balance February 3, 2023** | **601** | **$ 301** | **$ —** | **$ (14,862)** | **Total** | **$307** | **$ (14,254)** | **Balance February 3, 2023** | **601** | |
| Net earnings | Net earnings | — | — | — | 4,933 | — | | 4,933 | Net earnings | — | — |
| Other comprehensive loss | Other comprehensive loss | — | — | — | — | (1) | | (1) | Other comprehensive loss | — | — |
| Cash dividends declared, $2.15 per share | | — | — | — | (1,266) | — | | (1,266) | | | |
| Cash dividends declared, $3.25 per share | | | | | | | | | | | Cash dividends declared, $3.25 per share |
| Share-based payment expense | Share-based payment expense | — | — | 113 | — | — | | 113 | Share-based payment expense | — | — |
| Repurchases of common stock | Repurchases of common stock | (21) | (11) | (176) | (4,146) | — | | (4,333) | Repurchases of common stock | (28) | (14) |
| Issuance of common stock under share-based payment plans | Issuance of common stock under share-based payment plans | 2 | 1 | 75 | — | — | | 76 | Issuance of common stock under share-based payment plans | 2 | 1 |
| **Balance August 4, 2023** | | **582** | **$ 291** | **$ 12** | **$ (15,341)** | **$ 306** | | **$(14,732)** | | | |
| **Balance November 3, 2023** | | | | | | | | | | | **Balance November 3, 2023** |

2023 2023



lowes logo.jpg

| | | Three Months Ended July 29, 2022 | | | | | | | Three Montl | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Common Stock | | Capital in Excess of Par Value | Accumulated Deficit | Accumulated Other Comprehensive Income | Shares | Total | | Common Stock | Cap ir Exc of P Val |
| | | Shares | Amount | | | | | | | Amount | Capital in Excess of Par Value |
| Balance April 29, 2022 | | 652 | $ 326 | $ — | $ (7,367) Total | $164 | | $ (6,877) | | | |
| Balance July 29, 2022 | | | | | | | | | | | Balance July 29, 2022 |
| Net earnings | Net earnings | — | — | — | 2,992 | — | | 2,992 | Net earnings | — | — |
| Other comprehensive loss | | — | — | — | — | (27) | | (27) | | | |
| Other comprehensive income | | | | | | | | | | | Other comprehensive income |
| Cash dividends declared, $1.05 per share | Cash dividends declared, $1.05 per share | — | — | — | (666) | — | | (666) | Cash dividends declared, $1.05 per share | — | — |
| Share-based payment expense | Share-based payment expense | — | — | 65 | — | — | | 65 | Share-based payment expense | — | — |
| Repurchases of common stock | Repurchases of common stock | (22) | (11) | (137) | (3,854) | — | | (4,002) | Repurchases of common stock | (20) | (11) |
| Issuance of common stock under share-based payment plans | Issuance of common stock under share-based payment plans | 1 | 1 | 72 | — | — | | 73 | Issuance of common stock under share-based payment plans | — | — |
| Balance July 29, 2022 | | 631 | $ 316 | $ — | $ (8,895) | $ 137 | | $(8,442) | | | |
| Balance October 28, 2022 | | | | | | | | | | | Balance October 28, 2022 |

| | | Six Months Ended July 29, 2022 | | | | | | | Nine Month | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Common Stock | | Capital in Excess of Par Value | Accumulated Deficit | Accumulated Other Comprehensive (Loss)/Income | Shares | Total | | Common Stock | Cap ir Exc of P Val |
| | | Shares | Amount | | | | | | | Amount | Capital in Excess of Par Value |
| Balance January 28, 2022 | Balance January 28, 2022 | 670 | $ 335 | $ — | $ (5,115) Total | $ (36) | | $ (4,816) | Balance January 28, 2022 | 670 | |
| Net earnings | Net earnings | — | — | — | 5,325 | — | | 5,325 | Net earnings | — | — |
| Other comprehensive income | Other comprehensive income | — | — | — | — | 173 | | 173 | Other comprehensive income | — | — |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash dividends declared, $1.85 per share | | — | — | — | (1,190) | — | (1,190) | | | |
| Cash dividends declared, $2.90 per share | | | | | | | | Cash dividends declared, $2.90 per share | | |
| Share-based payment expense | Share-based payment expense | — | — | 110 | — | — | 110 | Share-based payment expense | — | — |
| Repurchases of common stock | Repurchases of common stock | (41) | (20) | (183) | (7,915) | — | (8,118) | Repurchases of common stock | (61) | (31) |
| Issuance of common stock under share-based payment plans | Issuance of common stock under share-based payment plans | 2 | 1 | 73 | — | — | 74 | Issuance of common stock under share-based payment plans | 2 | 1 |
| **Balance July 29, 2022** | | **631** | **$ 316** | **$ —** | **$ (8,895)** | **$ 137** | **$(8,442)** | | | |
| **Balance October 28, 2022** | | | | | | | | **Balance October 28, 2022** | | |

See accompanying notes to the consolidated financial statements (unaudited).

lowes logo.jpg



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

| | | Six Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|---|
| | | **August 4, 2023** | **July 29, 2022** | | **November 3, 2023** | **October 28, 2022** |
| **Cash flows from operating activities:** | **Cash flows from operating activities:** | | | **Cash flows from operating activities:** | | |
| Net earnings | Net earnings | $ 4,933 | $ 5,325 | Net earnings | $ 6,706 | $ 5,479 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | Adjustments to reconcile net earnings to net cash provided by operating activities: | | | Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | Depreciation and amortization | 941 | 1,007 | Depreciation and amortization | 1,427 | 1,509 |
| Noncash lease expense | Noncash lease expense | 241 | 273 | Noncash lease expense | 370 | 403 |
| Deferred income taxes | Deferred income taxes | 23 | — | Deferred income taxes | (27) | (252) |
| Asset impairment and loss on property – net | Asset impairment and loss on property – net | 23 | 32 | Asset impairment and loss on property – net | 50 | 2,113 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Gain on sale of business | Gain on sale of business | (67) | — | Gain on sale of business | (79) | — |
| Share-based payment expense | Share-based payment expense | 113 | 110 | Share-based payment expense | 160 | 165 |
| Changes in operating assets and liabilities: | Changes in operating assets and liabilities: | | | Changes in operating assets and liabilities: | | |
| Merchandise inventory – net | Merchandise inventory – net | 1,109 | (1,728) | Merchandise inventory – net | 1,002 | (2,308) |
| Other operating assets | Other operating assets | 224 | (120) | Other operating assets | 236 | 20 |
| Accounts payable | Accounts payable | (191) | 1,279 | Accounts payable | (610) | 921 |
| Deferred revenue | Deferred revenue | (6) | 97 | Deferred revenue | (77) | (117) |
| Other operating liabilities | Other operating liabilities | (1,375) | (263) | Other operating liabilities | (2,126) | 205 |
| **Net cash provided by operating activities** | **Net cash provided by operating activities** | **5,968** | **6,012** | **Net cash provided by operating activities** | **7,032** | **8,138** |
| **Cash flows from investing activities:** | **Cash flows from investing activities:** | | | **Cash flows from investing activities:** | | |
| Purchases of investments | Purchases of investments | (878) | (330) | Purchases of investments | (1,283) | (659) |
| Proceeds from sale/maturity of investments | Proceeds from sale/maturity of investments | 811 | 290 | Proceeds from sale/maturity of investments | 1,215 | 597 |
| Capital expenditures | Capital expenditures | (765) | (687) | Capital expenditures | (1,344) | (1,090) |
| Proceeds from sale of property and other long-term assets | Proceeds from sale of property and other long-term assets | 17 | 19 | Proceeds from sale of property and other long-term assets | 29 | 37 |
| Proceeds from sale of business | Proceeds from sale of business | 123 | — | Proceeds from sale of business | 100 | — |
| Other – net | Other – net | (23) | (1) | Other – net | (23) | — |
| **Net cash used in investing activities** | **Net cash used in investing activities** | **(715)** | **(709)** | **Net cash used in investing activities** | **(1,306)** | **(1,115)** |
| **Cash flows from financing activities:** | **Cash flows from financing activities:** | | | **Cash flows from financing activities:** | | |
| Net change in commercial paper | Net change in commercial paper | (499) | — | Net change in commercial paper | (499) | — |
| Net proceeds from issuance of debt | Net proceeds from issuance of debt | 2,983 | 4,964 | Net proceeds from issuance of debt | 2,983 | 9,667 |
| Repayment of debt | Repayment of debt | (45) | (799) | Repayment of debt | (576) | (831) |
| Proceeds from issuance of common stock under share-based payment plans | Proceeds from issuance of common stock under share-based payment plans | 76 | 72 | Proceeds from issuance of common stock under share-based payment plans | 79 | 86 |
| Cash dividend payments | Cash dividend payments | (1,257) | (1,061) | Cash dividend payments | (1,899) | (1,727) |
| Repurchases of common stock | Repurchases of common stock | (4,356) | (8,128) | Repurchases of common stock | (5,937) | (12,127) |
| Other – net | Other – net | (9) | (2) | Other – net | (15) | — |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Net cash used in financing activities** | **Net cash used in financing activities** | **(3,107)** | **(4,954)** | **Net cash used in financing activities** | **(5,864)** | **(4,932)** |
| **Effect of exchange rate changes on cash** | | | | **Effect of exchange rate changes on cash** | **—** | **(32)** |
| Net increase in cash and cash equivalents | | 2,146 | 349 | | | |
| Net (decrease)/increase in cash and cash equivalents | | | | Net (decrease)/increase in cash and cash equivalents | (138) | 2,059 |
| Cash and cash equivalents, beginning of period | Cash and cash equivalents, beginning of period | 1,348 | 1,133 | Cash and cash equivalents, beginning of period | 1,348 | 1,133 |
| **Cash and cash equivalents, end of period** | **Cash and cash equivalents, end of period** | **$ 3,494** | **$ 1,482** | **Cash and cash equivalents, end of period** | **$ 1,210** | **$ 3,192** |

See accompanying notes to the consolidated financial statements (unaudited).

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**Lowe's Companies, Inc.**
**Notes to Consolidated Financial Statements (Unaudited)**

## Note 1: Summary of Significant Accounting Policies

*Basis of Presentation*

The accompanying condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The condensed consolidated financial statements (unaudited), in the opinion of management, contain all normal recurring adjustments necessary to present fairly the consolidated balance sheets as of August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, and the statements of earnings, comprehensive income, and shareholders' deficit for the three and six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, and cash flows for the six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022. The February 3, 2023, consolidated balance sheet was derived from the audited financial statements.

These interim condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Lowe's Companies, Inc. (the Company) Annual Report on Form 10-K for the fiscal year ended February 3, 2023 (the Annual Report). The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

*Accounting Pronouncements Not Yet Adopted*

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2025, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q or in the 2022 Form 10-K are either not applicable to the Company or are not expected to have a material impact on the Company.

## Note 2: Revenue

Net sales consists primarily of revenue, net of sales tax, associated with contracts with customers for the sale of goods and services in amounts that reflect consideration the Company is entitled to in exchange for those goods and services.

The following table presents the Company's sources of revenue:

| | | Three Months Ended | | Six Months Ended | | | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 | November 3, 2023 | October 28, 2022 |
| Products | Products | $ 24,035 | $ 26,477 | $ 45,605 | $ 49,360 | Products | $ 19,599 | $ 22,511 | $ 65,204 | $ 71,872 |
| Services | Services | 578 | 588 | 1,107 | 1,125 | Services | 517 | 568 | 1,623 | 1,692 |
| Other | Other | 343 | 411 | 592 | 650 | Other | 355 | 400 | 948 | 1,050 |
| **Net sales** | **Net sales** | **$ 24,956** | **$ 27,476** | **$ 47,304** | **$ 51,135** | **Net sales** | **$ 20,471** | **$ 23,479** | **$ 67,775** | **$ 74,614** |

A provision for anticipated merchandise returns is provided through a reduction of sales and cost of sales in the period that the related sales are recorded. The merchandise return reserve is presented on a gross basis, with a separate asset and liability included in the consolidated balance sheets. The balances and classification within the consolidated balance sheets for anticipated sales returns and the associated right of return assets are as follows:

| (In millions) | **Classification** | **August 4, 2023** | **July 29, 2022** | **February 3, 2023** |
|---|---|---|---|---|
| Anticipated sales returns | Other current liabilities | $ 256 | $ 302 | $ 234 |
| Right of return assets | Other current assets | 149 | 183 | 139 |

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| (In millions) | **Classification** | **November 3, 2023** | **October 28, 2022** | **February 3, 2023** |
|---|---|---|---|---|
| Anticipated sales returns | Other current liabilities | $ 241 | $ 302 | $ 234 |
| Right of return assets | Other current assets | 140 | 183 | 139 |

*Deferred revenue - retail and stored-value cards*

Retail deferred revenue consists of amounts received for which customers have not yet taken possession of the merchandise or for which installation has not yet been completed. The majority of revenue for goods and services is recognized in the quarter following revenue deferral. Stored-value cards deferred revenue includes outstanding stored-value cards such as gift cards and

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returned merchandise credits that have not yet been redeemed. Deferred revenue for retail and stored-value cards are as follows:

| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | February 3, 2023 | (In millions) | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| Retail deferred revenue | Retail deferred revenue | $ 1,006 | $ 1,397 | $ 933 | Retail deferred revenue | $ 984 | $ 1,168 | $ 933 |
| Stored-value cards deferred revenue | Stored-value cards deferred revenue | 560 | 571 | 670 | Stored-value cards deferred revenue | 515 | 568 | 670 |
| **Deferred revenue** | **Deferred revenue** | **$ 1,566** | **$ 1,968** | **$ 1,603** | **Deferred revenue** | **$ 1,499** | **$ 1,736** | **$ 1,603** |

*Deferred revenue - Lowe's protection plans*

The Company defers revenues for its separately-priced long-term extended protection plan contracts (Lowe's protection plans) and recognizes revenue on a straight-line basis over the respective contract term. Expenses for claims are recognized in cost of sales when incurred.

| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | February 3, 2023 | (In millions) | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| Deferred revenue - Lowe's protection plans | Deferred revenue - Lowe's protection plans | $ 1,231 | $ 1,169 | $ 1,201 | Deferred revenue - Lowe's protection plans | $ 1,228 | $ 1,184 | $ 1,201 |

| | | Three Months Ended | | Six Months Ended | | | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 | November 3, 2023 | October 28, 2022 |
| Lowe's protection plans deferred revenue recognized into sales | Lowe's protection plans deferred revenue recognized into sales | $ 136 | $ 129 | $ 272 | $ 256 | Lowe's protection plans deferred revenue recognized into sales | $ 139 | $ 133 | $ 411 | $ 389 |
| Lowe's protection plans claim expenses | Lowe's protection plans claim expenses | 54 | 48 | 107 | 93 | Lowe's protection plans claim expenses | 64 | 40 | 171 | 134 |

*Disaggregation of Revenues*

The following table presents the Company's net sales disaggregated by merchandise division:

| | | Three Months Ended | | | | Six Months Ended | | | | | Three Months Ended | | | | Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | | July 29, 2022 | | August 4, 2023 | | July 29, 2022 | | | November 3, 2023 | | October 28, 2022 | | November 3, 2023 | | October 28, 2022 | |
| (In millions) | (In millions) | Net Sales | % | Net Sales | % | Net Sales | % | Net Sales | % | (In millions) | Net Sales | % | Net Sales | % | Net Sales | % | Net Sales | % |
| Home Décor [1] | Home Décor [1] | $ 8,725 | 35.0 % | $ 9,521 | 34.7 % | $16,962 | 35.9 % | $18,209 | 35.6 % | Home Décor [1] | $ 7,799 | 38.1 % | $ 9,019 | 38.4 % | $24,763 | 36.5 % | $27,227 | 36.5 % |
| Hardlines [2] | | 8,348 | 33.5 | 8,900 | 32.4 | 15,165 | 32.1 | 15,599 | 30.5 | | | | | | | | | |
| Building Products [3] | | 7,245 | 29.0 | 8,347 | 30.4 | 14,032 | 29.7 | 16,116 | 31.5 | | | | | | | | | |
| Building Products [2] | | | | | | | | | | Building Products [2] | 6,812 | 33.3 | 7,854 | 33.4 | 20,990 | 31.0 | 24,135 | 32.3 |
| Hardlines [3] | | | | | | | | | | Hardlines [3] | 5,230 | 25.5 | 5,905 | 25.1 | 20,249 | 29.9 | 21,351 | 28.6 |
| Other | Other | 638 | 2.5 | 708 | 2.5 | 1,145 | 2.3 | 1,211 | 2.4 | Other | 630 | 3.1 | 702 | 3.1 | 1,773 | 2.6 | 1,901 | 2.6 |
| **Total** | **Total** | **$ 24,956** | **100.0 %** | **$ 27,476** | **100.0 %** | **$47,304** | **100.0 %** | **$51,135** | **100.0 %** | **Total** | **$20,471** | **100.0 %** | **$23,479** | **100.0 %** | **$67,775** | **100.0 %** | **$74,614** | **100.0 %** |

*Note: Merchandise division net sales for the prior period have been reclassified to conform to the current period presentation.*

1 *Home Décor includes the following product categories: Appliances, Décor, Flooring, Kitchens & Bath, and Paint.*

2 *Building Products includes the following product categories: Building Materials, Electrical, Lumber, Millwork, and Rough Plumbing.*

3 *Hardlines includes the following product categories: Hardware, Lawn & Garden, Seasonal & Outdoor Living, and Tools.*

3 *Building Products includes the following product categories: Building Materials, Electrical, Lumber, Millwork, and Rough Plumbing.*

The following table presents the Company's net sales disaggregated by geographical area:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In millions) | August 4, 2023 | July 29, 2022 | August 4, 2023 | July 29, 2022 |
| United States | $ 24,956 | $ 25,817 | $ 47,304 | $ 48,243 |
| Canada [1] | — | 1,659 | — | 2,892 |
| **Net Sales** | **$ 24,956** | **$ 27,476** | **$ 47,304** | **$ 51,135** |

1 *The Canadian retail business was sold on February 3, 2023.*

The following table presents the Company's net sales disaggregated by geographical area:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| (In millions) | November 3, 2023 | October 28, 2022 | November 3, 2023 | October 28, 2022 |
| United States | $ 20,471 | $ 22,280 | $ 67,775 | $ 70,524 |
| Canada[1] | — | 1,200 | — | 4,090 |
| **Net sales** | **$ 20,471** | **$ 23,479** | **$ 67,775** | **$ 74,614** |

[1] *The Canadian retail business was sold on February 3, 2023.*

**Note 3: Restricted Investments**

Short-term and long-term investments include restricted balances pledged as collateral primarily for the Lowe's protection plans program and are as follows:

| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | February 3, 2023 | (In millions) | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| Short-term restricted investments | Short-term restricted investments | $ 374 | $ 450 | $ 384 | Short-term restricted investments | $ 321 | $ 464 | $ 384 |
| Long-term restricted investments | Long-term restricted investments | 182 | 56 | 100 | Long-term restricted investments | 238 | 63 | 100 |
| **Total restricted investments** | **Total restricted investments** | **$ 556** | **$ 506** | **$ 484** | **Total restricted investments** | **$ 559** | **$ 527** | **$ 484** |

**Note 4: Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 **-** inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 **-** inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 **-** inputs to the valuation techniques that are unobservable for the assets or liabilities

*Assets and Liabilities that are Measured at Fair Value on a Recurring Basis*

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of August 4, 2023 November 3, 2023, July 29, 2022 October 28, 2022, and February 3, 2023:

| | | | Fair Value Measurements at | | |
|---|---|---|---|---|---|
| (In millions) | Classification | Measurement Level | August 4, 2023 | July 29, 2022 | February 3, 2023 |
| **Available-for-sale debt securities:** | | | | | |
| U.S. Treasury securities | Short-term investments | Level 1 | $ 138 | $ 214 | $ 157 |
| Money market funds | Short-term investments | Level 1 | 85 | 119 | 43 |
| Certificates of deposit | Short-term investments | Level 1 | 72 | 4 | 40 |
| Corporate debt securities | Short-term investments | Level 2 | 62 | 54 | 78 |
| Commercial paper | Short-term investments | Level 2 | 17 | 35 | 52 |
| Foreign government debt securities | Short-term investments | Level 2 | — | 14 | 14 |

| | | | | | |
|---|---|---|---|---|---|
| Municipal obligations | Short-term investments | Level 2 | — | 10 | — |
| U.S. Treasury securities | Long-term investments | Level 1 | 166 | 31 | 86 |
| Corporate debt securities | Long-term investments | Level 2 | 14 | 23 | 12 |
| Municipal obligations | Long-term investments | Level 2 | 2 | 2 | 2 |
| **Derivative instruments:** | | | | | |
| Forward interest rate swaps | Other current assets | Level 2 | $ — | $ 216 | $ 251 |
| Fixed-to-floating interest rate swaps | Other liabilities | Level 2 | 92 | 56 | 88 |
| **Other financial instruments:** | | | | | |
| Contingent consideration | Long-term investments | Level 3 | $ — | $ — | $ 21 |



| | | | Fair Value Measurements at | | |
|---|---|---|---|---|---|
| (In millions) | **Classification** | **Measurement Level** | **November 3, 2023** | **October 28, 2022** | **February 3, 2023** |
| **Available-for-sale debt securities:** | | | | | |
| U.S. Treasury securities | Short-term investments | Level 1 | $ 143 | $ 216 | $ 157 |
| Corporate debt securities | Short-term investments | Level 2 | 62 | 51 | 78 |
| Money market funds | Short-term investments | Level 1 | 49 | 133 | 43 |
| Certificates of deposit | Short-term investments | Level 1 | 35 | 7 | 40 |
| Commercial paper | Short-term investments | Level 2 | 30 | 43 | 52 |
| Municipal obligations | Short-term investments | Level 2 | 2 | — | — |
| Foreign government debt securities | Short-term investments | Level 2 | — | 14 | 14 |
| U.S. Treasury securities | Long-term investments | Level 1 | 215 | 31 | 86 |
| Corporate debt securities | Long-term investments | Level 2 | 23 | 30 | 12 |
| Municipal obligations | Long-term investments | Level 2 | — | 2 | 2 |
| **Derivative instruments:** | | | | | |
| Forward interest rate swaps | Other current assets | Level 2 | $ — | $ 303 | $ 251 |
| Fixed-to-floating interest rate swaps | Other liabilities | Level 2 | 92 | 98 | 88 |
| **Other financial instruments:** | | | | | |
| Contingent consideration | Long-term investments | Level 3 | $ — | $ — | $ 21 |

There were no transfers between Levels 1, 2, or 3 during any of the periods presented.

When available, quoted prices were used to determine fair value. When quoted prices in active markets were available, financial assets were classified within Level 1 of the fair value hierarchy. When quoted prices in active markets were not available, fair values for financial assets and liabilities classified within Level 2 were determined using pricing models, and the



inputs to those pricing models were based on observable market inputs. The inputs to the pricing models were typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The performance-based contingent consideration is related to the fiscal 2022 sale of the Canadian retail business and is classified as a Level 3 long-term investment. The Company determined the initial fair value of contingent consideration as of February 3, 2023, based on an income approach using an option pricing model, calculated using significant unobservable inputs such as total equity value, volatility, and expected term. Subsequent measurements of fair value of the contingent consideration are based on an income approach, which requires certain assumptions considering operating performance of the business and a risk-adjusted discount rate. Changes in the estimated fair value of the contingent consideration are recognized as gain or loss included within selling, general and administrative expense expenses (SG&A) in the consolidated statements of earnings.

The rollforward of the fair value of contingent consideration for the three and six nine months ended August 4, 2023 November 3, 2023, is as follows:

| (In millions) | Three Months Ended<br>August 4, November 3, 2023 | | Six Nine Months Ended<br>August 4, November 3, 2023 | |
|---|---|---|---|---|
| **Beginning balance** | **$** | **—** | **$** | **21** |
| Change in fair value | | — | | 102 |
| Proceeds received | | — | | (123) |
| **Ending balance** | **$** | **—** | **$** | **—** |

*Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis*

During the three and six nine months ended August 4, 2023, and July 29, 2022 November 3, 2023, the Company had no material measurements of assets and liabilities at fair value on a nonrecurring basis subsequent to their initial recognition. During the three and nine months ended October 28, 2022, the Company's only significant assets measured at fair value on a nonrecurring basis subsequent to their initial recognition were certain long-lived assets as further described below.



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The Company reviews the carrying amounts of long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. When evaluating long-lived assets for impairment, the asset group is generally at an individual location level, as that is the lowest level for which cash flows are identifiable. Cash flows for individual locations do not include an allocation of corporate overhead. The Company evaluates long-lived assets for triggering events on a quarterly basis to determine when assets may not be recoverable. An impairment loss is recognized when the carrying amount of the asset (disposal) group is not recoverable and exceeds its fair value. The Company estimates the fair values of assets subject to long-lived asset impairment based on the Company's own judgments about the assumptions that market participants would use in pricing the assets and on observable market data, when available. The Company classifies these fair value measurements as Level 3.

During the three months ended October 28, 2022, the Company determined it was more likely than not that the assets within the Canadian retail business would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and these assets were evaluated for recoverability. Based on the proposed transaction, the Company reconsidered the appropriate asset grouping of long-lived assets attributable to the Company's Canadian locations given the change in the Company's expectations regarding use and disposition of its associated assets. The Company determined the total Canadian retail business (Canada asset group) to be the appropriate asset group for which the long-lived assets should be evaluated, as this represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The carrying value of the Canada asset group includes substantially all assets and liabilities of the Canadian retail business, including accounts receivable, inventory, property, operating and finance lease right-of-use assets, definite-lived intangible assets, operating liabilities including accounts payable and accrued compensation, and operating and finance lease liabilities. A market approach of an orderly transaction under current market conditions was used in determining the estimated fair value of the Canada asset group, which was based on the proposed transaction price, inclusive of performance-based contingent consideration. The estimated fair value of the Canada asset group was determined to be $421 million. As a result, the Company recorded $2.1 billion of long-lived asset impairment within SG&A in the consolidated statements of earnings, which reflected the full carrying value of the long-lived assets of the Canada asset group as of October 28, 2022.

The following table presents the Company's impairment losses resulting from non-financial assets measured at estimated fair value on a nonrecurring basis included in earnings for the three and nine months ended October 28, 2022:

| (In millions) | Three Months Ended<br>October 28, 2022 | | Nine Months Ended<br>October 28, 2022 | |
|---|---|---|---|---|
| Canada asset group: | | | | |
| Property, less accumulated depreciation | $ | 1,258 | $ | 1,258 |
| Operating lease right-of-use assets | | 621 | | 621 |
| Other assets | | 182 | | 182 |
| Other | | 7 | | 35 |
| **Total** | **$** | **2,068** | **$** | **2,096** |

*Other Fair Value Disclosures*

The Company's financial assets and liabilities not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable, and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature. As further described in Note 7, certain long-term debt is associated with a fair value hedge and the changes in fair value of the hedged debt is included in the carrying value of long-term debt on in the consolidated balance sheets. The fair values of the Company's unsecured notes were estimated using quoted market prices. The fair values of the Company's mortgage notes were estimated using discounted cash flow analyses, based on the future cash outflows associated with these arrangements and discounted using the applicable incremental borrowing rate.

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Carrying amounts and the related estimated fair value of the Company's long-term debt, excluding finance lease obligations, are as follows:

| | | August 4, 2023 | | July 29, 2022 | | February 3, 2023 | | | November 3, 2023 | | October 28, 2022 | | February 3, 2023 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value | (In millions) | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Unsecured notes (Level 1) | Unsecured notes (Level 1) | $ 35,881 | $ 31,898 | $ 28,237 | $ 26,586 | $ 32,897 | $ 30,190 | Unsecured notes (Level 1) | $ 35,387 | $ 30,207 | $ 32,886 | $ 27,879 | $ 32,897 | $ 30,190 |
| Mortgage notes (Level 2) | Mortgage notes (Level 2) | 2 | 2 | 4 | 5 | 2 | 2 | Mortgage notes (Level 2) | 2 | 2 | 4 | 4 | 2 | 2 |
| **Long-term debt (excluding finance lease obligations)** | **Long-term debt (excluding finance lease obligations)** | **$ 35,883** | **$ 31,900** | **$ 28,241** | **$ 26,591** | **$ 32,899** | **$ 30,192** | **Long-term debt (excluding finance lease obligations)** | **$ 35,389** | **$ 30,209** | **$ 32,890** | **$ 27,883** | **$ 32,899** | **$ 30,192** |

## Note 5: Accounts Payable

The Company has agreements with third parties to provide supplier finance programs which facilitate participating suppliers' ability to finance payment obligations from the Company with designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to finance one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to participating financial institutions. The Company's outstanding payment obligations that suppliers financed to participating financial institutions, which are included in accounts payable on the



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consolidated balance sheets, are as follows:

| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | February 3, 2023 | (In millions) | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| Financed payment obligations | Financed payment obligations | $ 1,475 | $ 2,320 | $ 2,257 | Financed payment obligations | $ 1,640 | $ 2,635 | $ 2,257 |

## Note 6: Debt

*Commercial Paper Program*

The In September 2023, the Company entered into an amended and restated $2.0 billion five-year unsecured revolving credit agreement (2023 Credit Agreement), which amended and restated the Company's commercial paper program is supported by the $2.0 billion five-year unsecured revolving credit agreement entered into in March 2020, and as amended (2020 Credit Agreement), and to extend the term until September 2028. The 2023 Credit Agreement, along with the $2.0 billion five-year unsecured third amended and restated credit agreement entered into in December 2021, and as amended (Third Amended and Restated Credit Agreement). , support the Company's commercial paper program. The amounts available to be drawn under the 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement are reduced by the amount of borrowings under the commercial paper program. As of August 4, 2023 November 3, 2023, there were no outstanding borrowings under the Company's commercial paper program, the 2023 Credit Agreement, or the Third Amended and July 29, 2022 Restated Credit Agreement. As of October 28, 2022, there were no outstanding borrowings under the Company's commercial paper program, the 2020 Credit Agreement, or the Third Amended and Restated Credit Agreement. As of February 3, 2023, there were $499 million of outstanding borrowings under the Company's commercial paper program with a weighted average interest rate of 4.78%. There were no outstanding borrowings under the Company's 2020 Credit Agreement or the Third Amended and Restated Credit Agreement as of February 3, 2023. Total combined availability under the 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement was $4.0 billion as of August 4, 2023 November 3, 2023.

*Long-Term Debt*

On March 30, 2023, the Company issued $3.0 billion of unsecured fixed rate notes (March 2023 Notes) as follows:

| Principal Amount (in millions) | | Maturity Date | Interest Rate | Discount (in millions) | |
|---|---|---|---|---|---|
| $ | 1,000 | April 2026 | 4.800% | $ | 3 |
| $ | 1,000 | July 2033 | 5.150% | $ | 4 |
| $ | 500 | July 2053 | 5.750% | $ | 5 |
| $ | 500 | April 2063 | 5.850% | $ | 5 |

Interest on the March 2023 Notes with April maturity dates is payable semiannually in arrears in April and October of each year until maturity. Interest on the March 2023 Notes with July maturity dates is payable semiannually in arrears in January and July of each year until maturity.

The indenture governing the March 2023 Notes contains a provision that allows the Company to redeem these notes at any time, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, up to, but excluding, the date



of redemption. The indenture also contains a provision that allows the holders of the notes to require the Company to repurchase all or any part of their notes if a change of control triggering event occurs. If elected under the change of control provisions, the repurchase of the notes will occur at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such notes up to, but excluding, the date of purchase. The indentures indenture governing the March 2023 Notes does not limit the aggregate principal amount of debt securities that the Company may issue and does not require the Company to maintain specified financial ratios or levels of net worth or liquidity.

**Note 7: Derivative Instruments**

The Company utilizes forward interest rate swap agreements to hedge its exposure to changes in benchmark interest rates on forecasted debt issuances. The Company also utilizes fixed-to-floating interest rate swap agreements as fair value hedges on certain debt. The notional amounts for the Company's material derivative instruments are as follows:

| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | February 3, 2023 | (In millions) | November 3, 2023 | October 28, 2022 | February 3, 2023 |
|---|---|---|---|---|---|---|---|---|
| **Cash flow hedges:** | **Cash flow hedges:** | | | | **Cash flow hedges:** | | | |
| Forward interest rate swap agreement notional amounts | Forward interest rate swap agreement notional amounts | $ — | $ 2,065 | $ 1,290 | Forward interest rate swap agreement notional amounts | $ — | $ 1,210 | $ 1,290 |
| **Fair value hedges:** | **Fair value hedges:** | | | | **Fair value hedges:** | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fixed-to-floating interest rate swap agreement notional amounts | Fixed-to-floating interest rate swap agreement notional amounts | $ 850 | $ 850 | $ 850 | Fixed-to-floating interest rate swap agreement notional amounts | $ 850 | $ 850 | $ 850 |

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See Note 4 for the gross fair values of the Company's outstanding derivative financial instruments and corresponding fair value classifications. The cash flows related to settlement of the Company's hedging derivative financial instruments are classified in the consolidated statements of cash flows based on the nature of the underlying hedged items.

*Cash Flow Hedges*

The Company accounts for the forward interest rate swap contracts as cash flow hedges, thus the effective portion of gains and losses resulting from changes in fair value are recognized in other comprehensive income/(loss), /income, net of tax effects, in the consolidated statements of comprehensive income and is amortized to interest expense over the term of the respective debt. In connection with the issuance of our March 2023 Notes, we settled forward interest rate swap contracts with a combined notional amount of $2.0 billion and received a payment of $247 million. The (loss)/gain from forward interest rate swap agreements, both settled and outstanding, designated as cash flow hedges recorded in other comprehensive income/(loss) /income and net earnings for the three and six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, including its line item in the financial statements, is as follows:

| | | Three Months Ended | | Six Months Ended | | | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 | November 3, 2023 | October 28, 2022 |
| **Other comprehensive income/(loss):** | | | | | | | | | | |
| Cash flow hedges – net of tax benefit/(expense) of $1 million, $12 million, $3 million, and ($61) million, respectively | | $ (3) | $ (34) | $ (6) | $ 184 | | | | | |
| **Other comprehensive (loss)/income:** | | | | | | **Other comprehensive (loss)/income:** | | | | |
| Cash flow hedges – net of tax benefit/(expense) of $1 million, ($55) million, $4 million, and ($116) million, respectively | | | | | | Cash flow hedges – net of tax benefit/(expense) of $1 million, ($55) million, $4 million, and ($116) million, respectively | $ (4) | $ 166 | $ (10) | $ 350 |
| **Net earnings:** | **Net earnings:** | | | | | **Net earnings:** | | | | |
| Interest – net | Interest – net | $ 4 | $ — | $ 7 | $ (1) | Interest – net | $ 4 | $ 1 | $ 11 | $ — |

*Fair Value Hedges*

The Company accounts for the fixed-to-floating interest rate swap agreements as fair value hedges using the shortcut method of accounting under which the hedges are assumed to be perfectly effective. Thus, the change in fair value of the derivative instruments offsets the change in fair value on the hedged debt, and there is no net impact in the consolidated statements of earnings from the fair value of the derivatives.

**Note 8: Shareholders' Deficit**

The Company has a share repurchase program that is executed through purchases made from time to time either in the open market, which may be made under pre-set trading plans meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934, or through private off-market transactions. Shares purchased under the repurchase program are returned to

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authorized and unissued status. Any excess of cost over par value is charged to additional paid-in capital to the extent that a balance is present. Once additional paid-in capital is fully depleted, remaining excess of cost over par value is charged to accumulated deficit. As of August 4, 2023 November 3, 2023, the Company had $16.6 billion $15.0 billion remaining in its share repurchase program.

During the six nine months ended August 4, 2023 November 3, 2023, the Company entered into Accelerated Share Repurchase (ASR) agreements with third-party financial institutions to repurchase a total of 8.4 15.4 million shares of the Company's common stock for $1.8 $3.3 billion. The terms of the ASR agreements entered into during the six nine months ended August 4, 2023 November 3, 2023, are as follows (in millions):

| Agreement Execution Date | Agreement Execution Date | Agreement Settlement Date | ASR Agreement Amount | Initial Shares Delivered at Inception | Additional Shares Delivered at Settlement | Total Shares Delivered | Agreement Execution Date | Agreement Settlement Date | ASR Agreement Amount | Initial Shares Delivered at Inception | Additional Shares Delivered at Settlement | Total Shares Delivered |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Q1 2023 | | Q1 2023 | $ 750 | 3.1 | 0.7 | 3.8 | | Q1 2023 | $ 750 | 3.1 | 0.7 | 3.8 |
| Q2 2023 | | Q2 2023 | 1,000 | 3.9 | 0.7 | 4.6 | | Q2 2023 | 1,000 | 3.9 | 0.7 | 4.6 |
| Q3 2023 | | | | | | | | Q3 2023 | 1,500 | 5.3 | 1.7 | 7.0 |

In addition, the Company repurchased shares of its common stock through the open market as follows:

| | | Three Months Ended August 4, 2023 | | Six Months Ended August 4, 2023 | | | Three Months Ended November 3, 2023 | | Nine Months Ended November 3, 2023 | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | Shares | Cost | Shares | Cost | (In millions) | Shares | Cost | Shares | Cost |
| Open market share repurchases | Open market share repurchases | 5.5 | $ 1,182 | 11.6 | $ 2,450 | Open market share repurchases | 0.3 | $ 95 | 11.9 | $ 2,545 |



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The Company also withholds shares from employees to satisfy either the exercise price of stock options exercised or the statutory withholding tax liability resulting from the vesting of share-based awards.

Total shares repurchased for the three and six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, were as follows:

| | | Three Months Ended | | | | | Three Months Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | | July 29, 2022 | | | November 3, 2023 | | October 28, 2022 | |
| (In millions) | (In millions) | Shares | Cost | Shares | Cost | (In millions) | Shares | Cost | Shares | Cost |
| Share repurchase program 1 | Share repurchase program 1 | 10.1 | $ 2,182 | 21.5 | $ 4,000 | Share repurchase program 1 | 7.3 | $ 1,595 | 20.5 | $ 4,000 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Shares withheld from employees | Shares withheld from employees | — | 3 | 0.1 | 2 | Shares withheld from employees | — | 1 | — | 3 |
| **Total share repurchases** | **Total share repurchases** | **10.1** | **$ 2,185** | **21.6** | **$ 4,002** | **Total share repurchases** | **7.3** | **$ 1,596** | **20.5** | **$ 4,003** |

| | | Six Months Ended | | | | | Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **August 4, 2023** | | **July 29, 2022** | | | **November 3, 2023** | | **October 28, 2022** | |
| (In millions) | (In millions) | **Shares** | **Cost** | **Shares** | **Cost** | (In millions) | **Shares** | **Cost** | **Shares** | **Cost** |
| Share repurchase program [1] | Share repurchase program [1] | 20.0 | $4,200 | 40.1 | $8,000 | Share repurchase program [1] | 27.3 | $5,795 | 60.6 | $12,000 |
| Shares withheld from employees | Shares withheld from employees | 0.7 | 133 | 0.6 | 119 | Shares withheld from employees | 0.7 | 135 | 0.6 | 122 |
| **Total share repurchases** | **Total share repurchases** | **20.7** | **$4,333** | **40.7** | **$8,119** | **Total share repurchases** | **28.0** | **$5,930** | **61.2** | **$12,122** |

[1] *Beginning January 1, 2023, share repurchases in excess of issuances are subject to a 1% excise tax, which is included as part of the cost basis of the shares acquired.*

## Note 9: Earnings Per Share

The Company calculates basic and diluted earnings per common share using the two-class method. The following table reconciles earnings per common share for the three and six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| (In millions, except per share data) | **August 4, 2023** | **July 29, 2022** | **August 4, 2023** | **July 29, 2022** |
| **Basic earnings per common share:** | | | | |
| Net earnings | $ 2,673 | $ 2,992 | $ 4,933 | $ 5,325 |
| Less: Net earnings allocable to participating securities | (7) | (9) | (13) | (17) |
| **Net earnings allocable to common shares, basic** | **$ 2,666** | **$ 2,983** | **$ 4,920** | **$ 5,308** |
| **Weighted-average common shares outstanding** | **584** | **638** | **590** | **649** |
| **Basic earnings per common share** | **$ 4.56** | **$ 4.68** | **$ 8.34** | **$ 8.18** |
| **Diluted earnings per common share:** | | | | |
| Net earnings | $ 2,673 | $ 2,992 | $ 4,933 | $ 5,325 |
| Less: Net earnings allocable to participating securities | (7) | (9) | (13) | (17) |
| **Net earnings allocable to common shares, diluted** | **$ 2,666** | **$ 2,983** | **$ 4,920** | **$ 5,308** |
| Weighted-average common shares outstanding | 584 | 638 | 590 | 649 |
| Dilutive effect of non-participating share-based awards | 1 | 1 | 1 | 2 |
| **Weighted-average common shares, as adjusted** | **585** | **639** | **591** | **651** |
| **Diluted earnings per common share** | **$ 4.56** | **$ 4.67** | **$ 8.32** | **$ 8.16** |
| Anti-dilutive securities excluded from diluted weighted-average common shares | 0.5 | 1.3 | 0.5 | 0.5 |

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| (In millions, except per share data) | **November 3, 2023** | **October 28, 2022** | **November 3, 2023** | **October 28, 2022** |
| **Basic earnings per common share:** | | | | |
| Net earnings | $ 1,773 | $ 154 | $ 6,706 | $ 5,479 |
| Less: Net earnings allocable to participating securities | (4) | (2) | (18) | (17) |
| **Net earnings allocable to common shares, basic** | **$ 1,769** | **$ 152** | **$ 6,688** | **$ 5,462** |

| (In millions, except per share data) | Three Months Ended November 3, 2023 | Three Months Ended October 28, 2022 | Nine Months Ended November 3, 2023 | Nine Months Ended October 28, 2022 |
|---|---|---|---|---|
| **Weighted-average common shares outstanding** | **576** | **618** | **585** | **638** |
| **Basic earnings per common share** | **$ 3.07** | **$ 0.25** | **$ 11.43** | **$ 8.56** |
| **Diluted earnings per common share:** | | | | |
| Net earnings | $ 1,773 | $ 154 | $ 6,706 | $ 5,479 |
| Less: Net earnings allocable to participating securities | (4) | (2) | (18) | (17) |
| **Net earnings allocable to common shares, diluted** | **$ 1,769** | **$ 152** | **$ 6,688** | **$ 5,462** |
| Weighted-average common shares outstanding | 576 | 618 | 585 | 638 |
| Dilutive effect of non-participating share-based awards | 1 | 2 | 2 | 2 |
| **Weighted-average common shares, as adjusted** | **577** | **620** | **587** | **640** |
| **Diluted earnings per common share** | **$ 3.06** | **$ 0.25** | **$ 11.40** | **$ 8.53** |
| Anti-dilutive securities excluded from diluted weighted-average common shares | 0.6 | 0.6 | 0.5 | 0.5 |

**Note 10: Income Taxes**

The Company's effective income tax rates were 24.6% and 24.1% for the three and nine months ended November 3, 2023, respectively, and 75.5% and 28.4% for the three and nine months ended October 28, 2022, respectively. The decrease in the effective tax rate for the three months ended November 3, 2023, is primarily due to the prior year impact of the increase in the valuation allowance for deferred taxes related to the long-lived asset impairment associated with RONA inc.

*Income Tax Relief*

On October 5, 2022, the Internal Revenue Service announced that businesses in certain states, including North Carolina, affected by Hurricane Ian would receive tax relief by postponing certain tax-payment deadlines. Under this relief, the Company's quarterly federal estimated income tax payments originally due by October 15, 2022 and January 15, 2023, were deferred until February 15, 2023. As of October 28, 2022, and February 3, 2023, the Company deferred $600 million and $1.2 billion, respectively, of federal income taxes payable, which are included in income taxes payable in the consolidated balance sheet.

**Note 10: 11: Supplemental Disclosure**

Net interest expense is comprised of the following:

| (In millions) | (In millions) | Three Months Ended August 4, 2023 | Three Months Ended July 29, 2022 | Six Months Ended August 4, 2023 | Six Months Ended July 29, 2022 | (In millions) | Three Months Ended November 3, 2023 | Three Months Ended October 28, 2022 | Nine Months Ended November 3, 2023 | Nine Months Ended October 28, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Long-term debt | Long-term debt | $ 368 | $ 257 | $ 711 | $ 487 | Long-term debt | $ 365 | $ 295 | $ 1,075 | $ 782 |
| Short-term borrowings | Short-term borrowings | 1 | — | 15 | 1 | Short-term borrowings | — | 4 | 15 | 5 |
| Lease obligations | Lease obligations | 6 | 7 | 12 | 14 | Lease obligations | 6 | 7 | 19 | 21 |
| Interest income | Interest income | (35) | (5) | (51) | (7) | Interest income | (27) | (14) | (78) | (21) |
| Interest capitalized | Interest capitalized | (1) | (1) | (2) | (2) | Interest capitalized | (1) | (1) | (4) | (3) |
| Interest on tax uncertainties | Interest on tax uncertainties | — | — | — | 3 | Interest on tax uncertainties | — | — | — | 3 |
| Other | Other | 2 | 6 | 4 | 11 | Other | 2 | 4 | 6 | 15 |
| **Interest – net** | **Interest – net** | **$ 341** | **$ 264** | **$ 689** | **$ 507** | **Interest – net** | **$ 345** | **$ 295** | **$ 1,033** | **$ 802** |

Supplemental disclosures of cash flow information:

| | | Six Months Ended | | | | | Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | | July 29, 2022 | | (In millions) | November 3, 2023 | | October 28, 2022 | |
| Cash paid for interest, net of amount capitalized | Cash paid for interest, net of amount capitalized | $ | 716 | $ | 436 | Cash paid for interest, net of amount capitalized | $ | 1,415 | $ | 909 |
| Cash paid for income taxes – net | Cash paid for income taxes – net | | 2,565 | | 1,415 | Cash paid for income taxes – net | | 3,163 | | 1,540 |
| Non-cash investing and financing activities: | Non-cash investing and financing activities: | | | | | Non-cash investing and financing activities: | | | | |
| Leased assets obtained in exchange for new finance lease liabilities | Leased assets obtained in exchange for new finance lease liabilities | $ | 22 | $ | 32 | Leased assets obtained in exchange for new finance lease liabilities | $ | 46 | $ | 46 |
| Leased assets obtained in exchange for new operating lease liabilities [1] | Leased assets obtained in exchange for new operating lease liabilities [1] | | 379 | | 328 | Leased assets obtained in exchange for new operating lease liabilities [1] | | 497 | | 465 |
| Cash dividends declared but not paid | Cash dividends declared but not paid | | 641 | | 666 | Cash dividends declared but not paid | | 633 | | 643 |

[1] *Excludes $319 $260 million of leases signed but not yet commenced as of August 4, 2023 November 3, 2023.*



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Lowe's Companies, Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheets of Lowe's Companies, Inc. and subsidiaries (the "Company") as of August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, the related consolidated statements of earnings, comprehensive income, and shareholders' deficit for the fiscal three-month and six-month nine-month periods ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, and cash flows for the fiscal six-month nine-month periods ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of February 3, 2023, and the related consolidated statements of earnings, comprehensive income, shareholders' deficit, and cash flows for the fiscal year then ended (not presented herein); and in our report dated March 27, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 3, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our review in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina
August 30, November 29, 2023



**Item 2.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**
**FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity and capital resources during the three and six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2023 (the Annual Report), as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of fiscal 2022. In fiscal 2023, there is a one week shift as a result of the 53rd week in fiscal 2022. For the purposes of the following discussion, comparable sales, comparable customer transactions, and comparable average ticket are based upon the comparable 13-week and 26-week 39-week periods from fiscal 2022. This discussion and analysis is presented in four sections:

- Executive Overview
- Operations
- Financial Condition, Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

## EXECUTIVE OVERVIEW

Net sales in the second third quarter of fiscal 2023 declined 9.2% 12.8% to $25.0 billion $20.5 billion compared to net sales of $27.5 billion $23.5 billion in the second third quarter of fiscal 2022. Prior year sales included $1.7 billion $1.2 billion generated by our Canadian retail business, which was sold in the fourth quarter of fiscal 2022. Comparable sales for the second third quarter of fiscal 2023 decreased 1.6% 7.4%, consisting of a 1.9% 6.9% decrease in comparable customer transactions partially offset by and a 0.5% decrease in comparable average ticket increase of 0.3%. ticket. Net earnings in the second third quarter of fiscal 2023 were $2.7 billion $1.8 billion, which represents a decrease of 10.7% compared to net earnings of $154 million in the second third quarter of fiscal 2022. Diluted earnings per common share were $4.56 $3.06 in the second third quarter of fiscal 2023 compared to $4.67 $0.25 in the second third quarter of fiscal 2022. Included in the third quarter of 2022 results was a $2.1 billion pre-tax long-lived asset impairment associated with the Canadian retail business, which decreased diluted earnings per common share by $3.02. Excluding the impact of this item in the third quarter of 2022, adjusted diluted earnings per common share was $3.27 in the third quarter of 2022 (see the non-GAAP financial measures discussion).

For the first six nine months of fiscal 2023, cash flows from operating activities were approximately $6.0 billion $7.0 billion, with $765 million $1.3 billion used for capital expenditures. Continuing to deliver on our commitment to return excess cash to shareholders, during the three months ended November 3, 2023, we repurchased $2.2 billion $1.6 billion of common stock and paid $624 million $642 million in dividends during the three months ended August 4, 2023. dividends.

Second Third quarter fiscal 2023 comparable sales declined 1.6% 7.4%, driven by lumber commodity deflation and continued a decline in DIY discretionary spending, particularly in bigger-ticket categories as homeowners scaled back on larger projects given the current macroeconomic pressure affecting Do-It-Yourself (DIY) consumer discretionary spending. environment. Despite lumber deflation, soft DIY demand, we experienced delivered positive comparable sales growth during the quarter with our Pro customers, which reflects demonstrating that we are making progress with our investments to improve our Pro service offering, including increasing loyalty through our MVP Pro rewards program, improving job site delivery, enhancing service levels in our stores, and creating a more seamless online experience.

In managing our business through this challenging macroeconomic environment, we remain focused on delivering value and convenience, excellent customer experience, and our strategic priorities. Our merchandising and marketing efforts highlight the success everyday value available at Lowe's, including this quarter's launch of Lowe's Lowest Price Guarantee. We are also pleased with the traction gained through our rural store format and Lowe's Outlet stores. Our rural assortment provides our customers located in rural areas across the country an enhanced total home solution, while our smaller format Lowe's Outlet stores offer savings opportunities to our value-conscious customers. We have also enhanced the customer experience through expedited fulfillment options and the continued expansion of our expanded national and private brands, MVPs Pro Rewards and Partnership ProgramTM, and enhanced online capabilities.market-delivery model.

We drove positive online comparable sales in the second quarter as we continue to improve our omnichannel experience. Our associates leverage our omnichannel investments, including mobile devices and order picking carts with mobile printers, to reduce picking time for online orders. For those customers seeking expedited delivery, we launched a new same-day delivery option nationwide for eligible orders placed on Lowes.com and our mobile app. This capability enables product to be delivered directly to Pro job sites and consumer homes within hours of ordering.

Also during the quarter, we expanded our rural framework to approximately 300 stores, including scaling our store-within-a-store concept with Petco®. Our work to optimize our rural stores is part of our broader localization strategy to drive market share gains and increase inventory productivity and operating margin.

The growth initiatives embedded in our Total Home strategy should enable us to grow market share, while navigating near-term market uncertainty. We also remain focused on improving productivity through our Perpetual Productivity Improvement (PPI) initiatives, which give us the agility to adapt and manage expenses our operational processes through periods of unpredictable demand. This has been enhanced by the technology and capability investments we have made over the last several years that have given us greater flexibility to manage costs. We believe the combination of these growth and productivity initiatives, in conjunction with our disciplined capital allocation strategy, positions us to deliver meaningful long-term shareholder value.





## OPERATIONS

The following table sets forth the percentage relationship to net sales of each line item of the consolidated statements of earnings (unaudited), as well as the percentage change in dollar amounts from the prior period. This table should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

| | | Three Months Ended | | Basis Point Increase/(Decrease) in Percentage of Net Sales from Prior Period | Percentage Increase/(Decrease) in Dollar Amounts from Prior Period | | Three Months Ended | | Basis Point Increase/(Decrease) in Percentage of Net Sales from Prior Period | Percen Increase/(D in Dollar A from Prior |
|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | July 29, 2022 | 2023 vs. 2022 | 2023 vs. 2022 | | November 3, 2023 | October 28, 2022 | 2023 vs. 2022 | 2023 vs. |
| **Net sales** | **Net sales** | **100.00 %** | **100.00 %** | **N/A** | **(9.2) %** | **Net sales** | **100.00 %** | **100.00 %** | **N/A** | **(1** |
| **Gross margin** | **Gross margin** | **33.66** | **33.24** | **42** | **(8.0)** | **Gross margin** | **33.66** | **33.30** | **36** | **(1** |
| Expenses: | Expenses: | | | | | Expenses: | | | | |
| Selling, general and administrative | Selling, general and administrative | 16.38 | 16.22 | 16 | (8.3) | Selling, general and administrative | 18.37 | 27.45 | (908) | (4 |
| Depreciation and amortization | Depreciation and amortization | 1.71 | 1.63 | 8 | (4.9) | Depreciation and amortization | 2.12 | 1.92 | 20 | ( |
| **Operating income** | **Operating income** | **15.57** | **15.39** | **18** | **(8.1)** | **Operating income** | **13.17** | **3.93** | **924** | **19** |
| Interest – net | Interest – net | 1.36 | 0.96 | 40 | 29.2 | Interest – net | 1.68 | 1.25 | 43 | 1 |
| **Pre-tax earnings** | **Pre-tax earnings** | **14.21** | **14.43** | **(22)** | **(10.6)** | **Pre-tax earnings** | **11.49** | **2.68** | **881** | **27** |
| Income tax provision | Income tax provision | 3.50 | 3.54 | (4) | (10.3) | Income tax provision | 2.83 | 2.02 | 81 | 2 |
| **Net earnings** | **Net earnings** | **10.71 %** | **10.89 %** | **(18)** | **(10.7) %** | **Net earnings** | **8.66 %** | **0.66 %** | **800** | |

| | | Six Months Ended | | Basis Point Increase/(Decrease) in Percentage of Net Sales from Prior Period | Percentage Increase/(Decrease) in Dollar Amounts from Prior Period | | | Nine Months Ended | | Basis Point Increase/(Decrease) in Percentage of Net Sales from Prior Period | Percen Increase/(D in Dollar A from Prior |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | August 4, 2023 | July 29, 2022 | 2023 vs. 2022 | 2023 vs. 2022 | | | November 3, 2023 | October 28, 2022 | 2023 vs. 2022 | 2023 vs. |
| **Net sales** | **Net sales** | **100.00 %** | **100.00 %** | **N/A** | **(7.5)** | **%** | **Net sales** | **100.00 %** | **100.00 %** | **N/A** | **(** |
| **Gross margin** | **Gross margin** | **33.67** | **33.60** | **7** | **(7.3)** | | **Gross margin** | **33.67** | **33.51** | **16** | **(** |
| Expenses: | Expenses: | | | | | | Expenses: | | | | |
| Selling, general and administrative | Selling, general and administrative | 16.73 | 17.12 | (39) | (9.7) | | Selling, general and administrative | 17.23 | 20.38 | (315) | (2 |
| Depreciation and amortization | Depreciation and amortization | 1.78 | 1.75 | 3 | (5.9) | | Depreciation and amortization | 1.88 | 1.80 | 8 | ( |
| **Operating income** | **Operating income** | **15.16** | **14.73** | **43** | **(4.7)** | | **Operating income** | **14.56** | **11.33** | **323** | **1** |
| Interest – net | Interest – net | 1.45 | 0.99 | 46 | 35.9 | | Interest – net | 1.52 | 1.07 | 45 | 2 |
| **Pre-tax earnings** | **Pre-tax earnings** | **13.71** | **13.74** | **(3)** | **(7.7)** | | **Pre-tax earnings** | **13.04** | **10.26** | **278** | **1** |
| Income tax provision | Income tax provision | 3.28 | 3.33 | (5) | (8.7) | | Income tax provision | 3.14 | 2.92 | 22 | ( |
| **Net earnings** | **Net earnings** | **10.43 %** | **10.41 %** | **2** | **(7.4)** | **%** | **Net earnings** | **9.90 %** | **7.34 %** | **256** | **2** |

The following table sets forth key metrics utilized by management in assessing business performance. This table should be read in conjunction with the following discussion and analysis and the consolidated financial statements (unaudited), including the related notes to the consolidated financial statements (unaudited).

During the three months ended August 4, 2023, the The Company adjusted its comparable sales metric to exclude days affected by national outages with its third-party credit and debit processor in during the prior year. second quarter of fiscal 2022. By excluding the days impacted by the outages, and the corresponding days in the comparable periods, comparable sales decreased by approximately 10 basis points and five basis points for the three and six nine months ended August 4, 2023 November 3, 2023, respectively, and increased by approximately 30 basis points and 10 basis points for the three and six nine months ended July 29, 2022 October 28, 2022. The comparable sales metric for the three months ended November 3, 2023 and October 28, 2022, respectively. was not impacted or adjusted by similar outages.

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| Other Metrics | Other Metrics | Three Months Ended August 4, 2023 | Three Months Ended July 29, 2022 | Six Months Ended August 4, 2023 | Six Months Ended July 29, 2022 | Other Metrics | Three Months Ended November 3, 2023 | Three Months Ended October 28, 2022 | Nine Months Ended November 3, 2023 | Nine Months Ended October 28, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Comparable sales decrease [1] | | (1.6) % | (0.3) % | (2.9) % | (2.1) % | | | | | |
| Comparable sales (decrease)/increase [1] | | | | | | Comparable sales (decrease)/increase [1] | (7.4) % | 2.2 % | (4.3) % | (0.8) % |
| Total customer transactions (in millions) | Total customer transactions (in millions) | 244 | 268 | 458 | 494 | Total customer transactions (in millions) | 197 | 225 | 655 | 719 |
| Average ticket [2] | Average ticket [2] | $ 102.35 | $ 102.45 | $ 103.33 | $ 103.41 | Average ticket [2] | $ 104.02 | $ 104.54 | $ 103.54 | $ 103.76 |
| **At end of period:** | **At end of period:** | | | | | **At end of period:** | | | | |
| Number of stores | Number of stores | 1,742 | 1,969 | | | Number of stores | 1,746 | 1,969 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Sales floor square feet (in millions) | Sales floor square feet (in millions) | 195 | 208 | Sales floor square feet (in millions) | 195 | 208 |
| Average store size selling square feet (in thousands) [3] | Average store size selling square feet (in thousands) [3] | 112 | 106 | Average store size selling square feet (in thousands) [3] | 112 | 105 |
| Net earnings to average debt and shareholders' deficit [4] | Net earnings to average debt and shareholders' deficit [4] | 23.7 % | 31.4 % | Net earnings to average debt and shareholders' deficit [4] | 30.5 % | 24.4 % |
| Return on invested capital [4] | Return on invested capital [4] | 27.8 % | 34.5 % | Return on invested capital [4] | 35.0 % | 27.6 % |

*1 A comparable location is defined as a retail location that has been open longer than 13 months. A location that is identified for relocation is no longer considered comparable in the month of its relocation. The relocated location must then remain open longer than 13 months to be considered comparable. A location we decide to close is no longer considered comparable as of the beginning of the month in which we announce its closing. Operating locations which are sold are included in comparable sales until the date of sale. Comparable sales are presented on a transacted basis when tender is accepted from a customer. Comparable sales include online sales, which impacted second third quarter fiscal 2023 and fiscal 2022 comparable sales by approximately 70 -40 basis points and 55 80 basis points, respectively, and year-to-date fiscal 2023 and fiscal 2022 comparable sales by approximately 65 30 basis points and 25 45 basis points, respectively. The comparable store sales calculation included in the preceding table was calculated using comparable 13-week and 26-week 39-week periods.*

*2 Average ticket is defined as net sales divided by the total number of customer transactions.*

*3 Average store size selling square feet is defined as sales floor square feet divided by the number of stores open at the end of the period. The average Lowe's-branded home improvement store has approximately 112,000 square feet of retail selling space.*

*4 Return on invested capital is calculated using a non-GAAP financial measure. Net earnings to average debt and shareholders' deficit is the most comparable GAAP ratio. As of August 4, 2023 November 3, 2023, and October 28, 2022, return on invested capital was negatively impacted 750 125 basis points and 590 basis points, respectively, as a result of the sale of the Canadian retail business. See below for additional information and reconciliations of non-GAAP measures.*

## Non-GAAP Financial Measures

*Adjusted Diluted Earnings Per Share*

Adjusted diluted earnings per share is considered a non-GAAP financial measure. The Company believes this non-GAAP financial measure provides useful insight for analysts and investors in understanding the comparison of operational performance for the third quarter of fiscal 2022. Adjusted diluted earnings per share excludes the impact of a certain item, further described below, not contemplated in the Company's business outlook for fiscal 2022. There were no non-GAAP adjustments to diluted earnings per share for the three months ended November 3, 2023.

*Fiscal 2022 Impacts*

- In the third quarter of fiscal 2022, the Company recognized a pre-tax $2.1 billion long-lived asset impairment of the Canadian retail business (Canadian retail business transaction).

Adjusted diluted earnings per share should not be considered an alternative to, or more meaningful indicator of, the Company's diluted earnings per common 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.



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| | Three Months Ended | | |
|---|---|---|---|
| | October 28, 2022 | | |
| | Pre-Tax Earnings | Tax [1] | Net Earnings |
| **Diluted earnings per share, as reported** | | | **$ 0.25** |
| **Non-GAAP adjustments – per share impacts** | | | |





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| | | | |
|---|---|---|---|
| Canadian retail business transaction | 3.32 | (0.30) | 3.02 |
| **Adjusted diluted earnings per share** | | $ | **3.27** |

[1] *Represents the corresponding tax benefit or expense specifically related to the item excluded from adjusted diluted earnings per share.*

*Return on Invested Capital*

Return on Invested Capital (ROIC) is calculated using a non-GAAP financial measure. Management 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:

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| | | For the Periods Ended | | | For the Periods Ended | |
|---|---|---|---|---|---|---|
| (In millions, except percentage data) | (In millions, except percentage data) | **August 4, 2023** | **July 29, 2022** | (In millions, except percentage data) | **November 3, 2023** | **October 28, 2022** |
| **Calculation of Return on Invested Capital** | **Calculation of Return on Invested Capital** | | | **Calculation of Return on Invested Capital** | | |
| **Numerator** | **Numerator** | | | **Numerator** | | |
| Net Earnings | Net Earnings | $ 6,044 | $ 8,427 | Net Earnings | $ 7,664 | $ 6,686 |
| Plus: | Plus: | | | Plus: | | |
| Interest expense – net | Interest expense – net | 1,305 | 966 | Interest expense – net | 1,355 | 1,037 |
| Operating lease interest | Operating lease interest | 158 | 159 | Operating lease interest | 158 | 160 |
| Provision for income taxes | Provision for income taxes | 2,452 | 2,776 | Provision for income taxes | 2,554 | 2,581 |
| Lease adjusted net operating profit | Lease adjusted net operating profit | 9,959 | 12,328 | Lease adjusted net operating profit | 11,731 | 10,464 |
| Less: | Less: | | | Less: | | |
| Income tax adjustment [1] | Income tax adjustment [1] | 2,874 | 3,055 | Income tax adjustment [1] | 2,933 | 2,915 |
| Lease adjusted net operating profit after tax | Lease adjusted net operating profit after tax | $ 7,085 | $ 9,273 | Lease adjusted net operating profit after tax | $ 8,798 | $ 7,549 |
| **Denominator** | **Denominator** | | | **Denominator** | | |
| Average debt and shareholders' deficit [2] | Average debt and shareholders' deficit [2] | $ 25,504 | $ 26,849 | Average debt and shareholders' deficit [2] | $ 25,125 | $ 27,355 |
| **Net earnings to average debt and shareholders' deficit** | **Net earnings to average debt and shareholders' deficit** | **23.7** % | **31.4** % | **Net earnings to average debt and shareholders' deficit** | **30.5** % | **24.4** % |
| **Return on invested capital** [3] | **Return on invested capital** [3] | **27.8** % | **34.5** % | **Return on invested capital** [3] | **35.0** % | **27.6** % |

[1] *Income tax adjustment is defined as lease adjusted net operating profit multiplied by the effective tax rate, which was 28.9% 25.0% and 24.8% 27.9% for the periods ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022, respectively.*

2 *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.*

3 *For the period ended August 4, 2023 November 3, 2023, and October 28, 2022, return on invested capital was negatively impacted 750 125 basis points and 590 basis points, respectively, as a result of the sale of the Canadian retail business.*

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### Results of Operations

*Net Sales* – Net sales in the second third quarter of 2023 decreased 9.2% 12.8% to $25.0 billion $20.5 billion. The decrease in total sales was primarily driven by the sale a comparable sales decline of the Canadian retail business in fiscal 2022, which generated $1.7 billion of net sales in the second quarter of 2022. Comparable sales declined 1.6% 7.4% over the same period, consisting of a 1.9% 6.9% decline in comparable customer transactions partially offset by and a 0.3% increase 0.5% decline in comparable average ticket. Prior year sales included $1.2 billion generated by our Canadian retail business, which was sold in the fourth quarter of fiscal 2022. Total sales also declined approximately $335 million $115 million due to the timing shift in our fiscal calendar, in which the second third quarter of fiscal 2023 (a 52-week year) included one less week of spring summer and one more week of summer fall than fiscal 2022 (a 53-week year).

During the second third quarter of 2023, we experienced delivered positive comparable sales increases in six of 14 product categories, led by Building Materials, Lawn & Garden, and Seasonal & Outdoor Living. Strength in Building Materials, reflects continued growth with our Pro customers. Lawn & Garden partly driven by strong performance in Pro-heavy categories like roofing and Seasonal & Outdoor Living benefited from delayed seasonal sales from drywall. Our DIY customer categories were impacted by lower DIY discretionary demand as consumers continue to navigate the first quarter due to the late start to spring weather. Although our lowest comparable sales were in Lumber due to significant commodity deflation, the highest unit sales increases were also in this category, demonstrating strong Pro customer demand. macroeconomic environment.

Net sales decreased 7.5% 9.2% to $47.3 billion $67.8 billion for the first six nine months of 2023 compared to 2022. The decrease in total sales was primarily driven by the sale of the Canadian retail business in fiscal 2022, which generated $2.9 billion $4.1 billion of net sales in the first six nine months of 2022. Comparable sales also declined 2.9% 4.3% over the same period, driven by a 2.9% 4.1% decline in comparable customer transactions while and a 0.2% decline in comparable average ticket was flat. ticket.

*Gross Margin* – For the second third quarter of 2023, gross margin as a percentage of sales increased 42 36 basis points. The gross margin increase for the quarter is driven by lower transportation costs, productivity initiatives, favorable product mix and productivity initiatives, lower transportation costs, partially offset by higher costs associated with the expansion of our supply chain network.

Gross margin as a percentage of sales increased seven 16 basis points in the first six nine months of 2023 compared to 2022 primarily due to the same factors that impacted gross margin for the second third quarter.

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*SG&A* – For the second third quarter of 2023, SG&A expense deleveraged 16 leveraged 908 basis points as a percentage of sales compared to the second third quarter of 2022, primarily due to the prior year long-lived asset impairment related to our Canadian retail business and ongoing productivity initiatives, partially offset by fixed cost pressure compared due to lower sales, which was partially offset by the benefit of a legal settlement. sales.

SG&A expense as a percentage of sales leveraged 39 315 basis points as a percentage of sales for the first six nine months of 2023 compared to 2022, primarily due to legal settlements the prior year long-lived asset impairment and the current year gain on contingent consideration associated with the fiscal 2022 sale of the Canadian retail business, and legal settlements, partially offset by fixed cost pressure compared due to lower sales.

*Depreciation and Amortization* – Depreciation and amortization deleveraged 20 basis points as a percentage of sales for the third quarter of 2023 compared to 2022, primarily due to lower sales.

Depreciation and amortization deleveraged eight basis points as a percentage of sales for the second quarter of 2023 compared to 2022.

Depreciation and amortization deleveraged three basis points as a percentage of sales for the first six nine months of 2023 compared to 2022.

*Interest – Net* – Net interest expense for the second third quarter of 2023 deleveraged 40 43 basis points, primarily due to interest expense related to the issuance of unsecured notes over the past year, partially offset by interest income on our cash equivalents and short-term investments.

Net interest expense for the first six nine months of 2023 deleveraged 46 45 basis points, primarily due to the same factors that impacted interest expense for the second third quarter.

*Income Tax Provision* – Our effective income tax rates were 24.6% and 24.5% 75.5% for the three months ended August 4, 2023 November 3, 2023 and July 29, 2022 October 28, 2022, respectively, and 23.9% 24.1% and 24.2% 28.4% for the six nine months ended August 4, 2023 November 3, 2023 and July 29, 2022 October 28, 2022, respectively. The favorable tax rate for the three and nine months ended November 3, 2023 compared to 2022 is largely driven by the prior year impact of increase in the valuation allowance for deferred taxes related to the long-lived asset impairment associated with RONA inc.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity

Cash flows from operations, combined with our continued access to capital markets on both a short-term and long-term basis, as needed, remain adequate to fund our operations, make strategic investments to support long-term growth, and return excess



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cash to shareholders in the form of dividends and share repurchases. We believe these sources of liquidity will continue to support our business for the next twelve months. As of August 4, 2023 November 3, 2023, we held $3.5 billion $1.2 billion of cash and cash equivalents, as well as $4.0 billion in undrawn capacity on our revolving credit facilities.

***Cash Flows Provided by Operating Activities***

| | | Six Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 |
| Net cash provided by operating activities | Net cash provided by operating activities | $ 5,968 | $ 6,012 | Net cash provided by operating activities | $ 7,032 | $ 8,138 |

Cash flows from operating activities continued to provide the primary source of our liquidity. The decrease in net cash provided by operating activities for the six nine months ended August 4, 2023 November 3, 2023, compared to the six nine months ended July 29, 2022 October 28, 2022, was primarily driven primarily by timing of income tax payments, and a decline in net earnings, partially offset by other changes in working capital. Other operating liabilities decreased operating cash flows by $1.4 billion $2.1 billion during the first six nine months of fiscal 2023. This decrease is was primarily driven by the payment of our third and fourth quarter fiscal 2022 estimated federal tax payments that were deferred until the first quarter of fiscal 2023 under the income tax relief announced by the Internal Revenue Service for businesses located in states impacted by Hurricane Ian. Inventory increased operating cash flows for the nine months ended November 3, 2023, by approximately $1.1 billion $1.0 billion. Inventory declined in the current year as we continue to manage inventory replenishment in line with sales trends.

***Cash Flows Used in Investing Activities***

| | | Six Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 |
| Net cash used in investing activities | Net cash used in investing activities | $ (715) | $ (709) | Net cash used in investing activities | $ (1,306) | $ (1,115) |

Net cash used in investing activities primarily consists of transactions related to capital expenditures.

*Capital expenditures*

Our capital expenditures generally consist of investments in our strategic initiatives to enhance our ability to serve customers, improve existing stores, and support expansion plans. The following table provides our capital expenditures for the six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022:

| | | Six Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 |
| Existing store investments [1] | Existing store investments [1] | $ 570 | $ 495 | Existing store investments [1] | $ 973 | $ 826 |
| Strategic initiatives [2] | Strategic initiatives [2] | 170 | 103 | Strategic initiatives [2] | 333 | 171 |
| New stores and corporate facilities [3] | New stores and corporate facilities [3] | 25 | 89 | New stores and corporate facilities [3] | 38 | 93 |
| **Total capital expenditures** | **Total capital expenditures** | **$ 765** | **$ 687** | **Total capital expenditures** | **$ 1,344** | **$ 1,090** |

1 *Includes merchandising resets, facility repairs, replacements of IT and store equipment, among other specific efforts.*

2 *Represents investments related to our strategic focus areas aimed at improving customers' experience and driving improved performance in the near and long term.*

3 *Represents expenditures primarily related to land purchases, buildings, and personal property for new store and corporate facilities projects.*

For fiscal 2023, our guidance for capital expenditures is up to $2.0 billion.



***Cash Flows Used in Financing Activities***

| | | Six Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|---|
| (In millions) | (In millions) | August 4, 2023 | July 29, 2022 | (In millions) | November 3, 2023 | October 28, 2022 |
| Net cash used in financing activities | Net cash used in financing activities | $ (3,107) | $ (4,954) | Net cash used in financing activities | $ (5,864) | $ (4,932) |

Net cash used in financing activities primarily consists of transactions related to our long-term debt, share repurchases, and cash dividend payments.

*Total Debt*

During the six nine months ended August 4, 2023 November 3, 2023, we issued $3.0 billion of unsecured notes, the proceeds of which were designated for general corporate purposes. During the nine months ended November 3, 2023, we also paid $500 million due to the scheduled payoff of notes at maturity.

Our commercial paper program is supported by the 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement. The amounts available to be drawn under the 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement are reduced by the amount of borrowings under our commercial paper program. There were no outstanding borrowings under our commercial paper program, 2020 2023 Credit Agreement, or the Third Amended and Restated Credit Agreement as of August 4, 2023 November 3, 2023. Total combined availability under the 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement as of August 4, 2023 November 3, 2023 was $4.0 billion.

The 2020 2023 Credit Agreement and the Third Amended and Restated Credit Agreement contain customary representations, warranties, and covenants. We were in compliance with those covenants at August 4, 2023 November 3, 2023.

The following table includes additional information related to our debt for the six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022:

| (In millions) | (In millions) | Six Months Ended August 4, 2023 | Six Months Ended July 29, 2022 | (In millions) | Nine Months Ended November 3, 2023 | Nine Months Ended October 28, 2022 |
|---|---|---|---|---|---|---|
| Net proceeds from issuance of debt | Net proceeds from issuance of debt | $ 2,983 | $ 4,964 | Net proceeds from issuance of debt | $ 2,983 | $ 9,667 |
| Repayment of debt | Repayment of debt | (45) | (799) | Repayment of debt | (576) | (831) |
| Net change in commercial paper | Net change in commercial paper | (499) | — | Net change in commercial paper | (499) | — |
| Maximum commercial paper outstanding at any period | Maximum commercial paper outstanding at any period | 2,195 | 1,361 | Maximum commercial paper outstanding at any period | 2,195 | 2,470 |

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*Share Repurchases*

We have an ongoing share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time either in the open market or through private off-market transactions. We also withhold shares from employees to satisfy tax withholding liabilities. Shares repurchased are retired and returned to authorized and unissued status. The following table provides, on a settlement date basis, the total number of shares repurchased, average price paid per share, and the total cash used to repurchase shares for the six nine months ended August 4, 2023 November 3, 2023, and July 29, 2022 October 28, 2022:

| (In millions, except per share data) | (In millions, except per share data) | Six Months Ended August 4, 2023 | Six Months Ended July 29, 2022 | (In millions, except per share data) | Nine Months Ended November 3, 2023 | Nine Months Ended October 28, 2022 |
|---|---|---|---|---|---|---|
| Total amount paid for share repurchases | Total amount paid for share repurchases | $ 4,356 | $ 8,128 | Total amount paid for share repurchases | $ 5,937 | $ 12,127 |
| Total number of shares repurchased | Total number of shares repurchased | 21.0 | 40.7 | Total number of shares repurchased | 21.0 | 61.2 |
| Average price paid per share | Average price paid per share | $ 207.60 | $ 199.61 | Average price paid per share | $ 207.60 | $ 198.12 |

As of August 4, 2023 November 3, 2023, we had $16.6 billion $15.0 billion remaining available under our share repurchase program with no expiration date. The Company determines the timing and amount of repurchases based on its assessment of various factors including prevailing market conditions, alternate uses of capital, liquidity, the economic environment and other factors. The timing and amount of these share repurchases are subject to change at any time.

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*Dividends*





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Dividends are paid in the quarter immediately following the quarter in which they are declared. Dividends paid per share increased from $1.60 $2.65 per share for the six nine months ended July 29, 2022 October 28, 2022, to $2.10 $3.20 per share for the six nine months ended August 4, 2023 November 3, 2023.

### Capital Resources

We expect to continue to have access to the capital markets on both a short-term and long-term basis when needed for liquidity purposes by issuing commercial paper or new long-term debt. The availability and the borrowing costs of these funds could be adversely affected, however, by a downgrade of our debt ratings or a deterioration of certain financial ratios. The table below reflects our debt ratings by Standard & Poor's (S&P) and Moody's as of August 30, 2023 November 29, 2023, which we are disclosing to enhance understanding of our sources of liquidity and the effect of our ratings on our cost of funds. Our debt ratings have enabled, and should continue to enable, us the option to refinance our debt as it becomes due at favorable rates in capital markets. due. Our commercial paper and senior debt ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

| Debt Ratings | S&P | Moody's |
|---|---|---|
| Commercial Paper | A-2 | P-2 |
| Senior Debt | BBB+ | Baa1 |
| **Senior Debt Outlook** | **Stable** | **Stable** |

There are no provisions in any agreements that would require early cash settlement of existing debt or leases as a result of a downgrade in our debt rating or a decrease in our stock price.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 to the consolidated financial statements presented in the Annual Report. Our critical accounting policies and estimates are described in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report. Our significant and critical accounting policies and estimates have not changed significantly since the filing of the Annual Report.

**Item 3. - Quantitative and Qualitative Disclosures about Market Risk**

The Company is exposed to certain market risks, including changes in interest rates and commodity prices. The Company's market risks have not changed materially from those disclosed in the Annual Report for the fiscal year ended February 3, 2023.



**Item 4. - Controls and Procedures**

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's "disclosure controls and procedures," (as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of August 4, 2023 November 3, 2023, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

The Company is undergoing a multi-year technology transformation which includes updating and modernizing our merchandise selling system, as well as certain accounting and finance systems. These updates are expected to continue for the next few years, and management will continue to evaluate the design and implementation of the Company's internal controls over financial reporting as the transformation continues. No change in the Company's internal control over financial reporting occurred during the quarter ended August 4, 2023 November 3, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.



**Part II – OTHER INFORMATION**

**Item 1. - Legal Proceedings**

In addition to the matter referenced in our annual report on Form 10-K for the fiscal year ended February 3, 2023, the The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on its results of operations, financial position or cash flows. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

As previously reported, the U.S. Attorney's Office for the Central District of California and the U.S. Environmental Protection Agency's Region 9 Office are conducting an investigation with respect to whether the Company and independent contractors who performed installations under the Company's third-party installer program complied with applicable recordkeeping requirements and lead-safe practices under the Toxic Substances Control Act, the Environmental Protection Agency's Lead Renovation, Repair and Painting Rules, and with an Environmental Protection Agency civil consent decree that the Company entered into in 2014 in the context of projects in homes constructed before 1978. In the third quarter of fiscal 2023, the EPA's Region 5 and other EPA and U.S. Department of Justice representatives informed the Company that they have identified possible deviations from the consent decree. While we cannot predict the ultimate outcomes of these matters, we do not expect them to have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

**Item 1A. - Risk Factors**

There have been no material changes in the Company's risk factors from those disclosed in Part I, "Item 1A. Risk Factors" in our Annual Report filed with the SEC on March 27, 2023.

**Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds**

**Issuer Purchases of Equity Securities**

The following table sets forth information with respect to purchases of the Company's common stock on a trade date basis made during the three months ended August 4, 2023 November 3, 2023:

| | Total Number of Shares Purchased [1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2, 3] |
|---|---|---|---|---|
| May 6, 2023 - June 2, 2023 [4] | 6,474,323 | $ 212.42 | 6,470,714 | $ 17,208,764,263 |
| June 3, 2023 - July 7, 2023 | 2,971,519 | 217.04 | 2,961,820 | 16,566,000,487 |
| July 8, 2023 - August 4, 2023 [4] | 661,646 | 217.86 | 661,498 | 16,566,000,487 |
| **As of August 4, 2023** | **10,107,488** | **$ 214.14** | **10,094,032** | **$ 16,566,000,487** |

| | Total Number of Shares Purchased [1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2, 3] |
|---|---|---|---|---|
| August 5, 2023 - September 1, 2023 [4] | 5,541,653 | $ 216.58 | 5,541,611 | $ 15,006,000,589 |
| September 2, 2023 - October 6, 2023 | 1,759,337 | 216.61 | 1,753,359 | 14,986,000,605 |
| October 7, 2023 - November 3, 2023 [4] | 603 | 194.39 | — | 14,986,000,605 |
| **As of November 3, 2023** | **7,301,593** | **$ 216.58** | **7,294,970** | **$ 14,986,000,605** |

1 *The total number of shares repurchased includes shares withheld from employees to satisfy either the exercise price of stock options or the statutory withholding tax liability upon the vesting of share-based awards.*

2 *On December 7, 2022, the Company announced that its Board of Directors authorized an additional $15.0 billion of share repurchases, in addition to the $13.0 billion of share repurchases authorized by the Board of Directors in December 2021, with no expiration.*

3 *Beginning January 1, 2023, the Company's share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred on share repurchases is recognized as part of the cost basis of the shares acquired in the consolidated statements of shareholders' deficit.*

4 *In May August 2023, the Company entered into an Accelerated Share Repurchase (ASR) agreement with a third-party financial institution to repurchase the Company's common stock. At inception, pursuant to the agreement, the Company paid $1.0 billion $1.5 billion to the financial institution and received an initial delivery of 3.9 million 5.3 million shares. In August, prior to the end of the second quarter, October, the Company finalized the transaction and received an additional 0.7 million 1.7 million shares. The average price paid per share in settlement of the ASR agreement included in the table above was determined with reference to the volume-weighted average price of the Company's common stock over the term of the ASR agreement. See Note 8 to the consolidated financial statements included herein for additional information regarding share repurchases.*

**Item 5. - Other Information**

During the three months ended August 4, 2023 November 3, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Regulation S-K, Item 408).



**Item 6. - Exhibits**

| Exhibit Number | Exhibit Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date |
|---|---|---|---|---|---|
| 3.1 | Restated Charter of Lowe's Companies, Inc. | 10-Q | 001-07898 | 3.1 | September 1, 2009 |
| 3.2 | Bylaws of Lowe's Companies, Inc., as amended and restated November 11, 2022. | 8-K | 001-07898 | 3.1 | November 16, 2022 |
| 10.1 | Form of Lowe's Companies, Inc. Deferred Stock Unit Agreement for Nonemployee Directors.*‡ | | | | |
| 15.1 | Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡ | | | | |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 101.INS | Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.‡ | | | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.‡ | | | | |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.‡ | | | | |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.‡ | | | | |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.‡ | | | | |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.‡ | | | | |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).‡ | | | | |

* Indicates a management contract or compensatory plan or arrangement.
‡ Filed herewith.
† Furnished herewith.

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date |
| 3.1 | Restated Charter of Lowe's Companies, Inc. | 10-Q | 001-07898 | 3.1 | September 1, 2009 |
| 3.2 | Bylaws of Lowe's Companies, Inc., as amended and restated November 11, 2022. | 8-K | 001-07898 | 3.1 | November 16, 2022 |
| 10.1 | Amended and Restated Credit Agreement, dated as of September 1, 2023, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent, swing line lender and a letter of credit issuer, U.S. Bank National Association and Wells Fargo Bank, National Association, as co-syndication agents and letter of credit issuers, Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Barclays Bank PLC, as co-documentation agents, and the other lenders party thereto. | 8-K | 001-07898 | 10.1 | September 7, 2023 |
| 15.1 | Deloitte & Touche LLP Letter re Unaudited Interim Financial Information.‡ | | | | |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.‡ | | | | |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.† | | | | |
| 99.1 | Amendment Number 2023-2 to the Lowe's 401(k) Plan, effective September 25, 2023 (filed to include this amendment as an exhibit to the Registration Statement on Form S-8, Registration No.033-29772).‡ | | | | |
| 101.INS | Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.‡ | | | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.‡ | | | | |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.‡ | | | | |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.‡ | | | | |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.‡ | | | | |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.‡ | | | | |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).‡ | | | | |

| | |
|---|---|
| * | Indicates a management contract or compensatory plan or arrangement. |
| ‡ | Filed herewith. |
| † | Furnished herewith. |



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOWE'S COMPANIES, INC.

(Registrant)

| | |
|---|---|
| August 30, November 29, 2023 | By: /s/ Dan C. Griggs, Jr. |
| Date | Dan C. Griggs, Jr. |
| | Senior Vice President, Tax and Chief Accounting Officer |

25 lowes logo.jpg 28

**Exhibit 10.1**

# DEFERRED STOCK UNIT AGREEMENT
# FOR NONEMPLOYEE DIRECTORS

*Non-transferable*

G R A N T T O

(the "Grantee")

by Lowe's Companies, Inc. of units representing the right to receive

________________________

shares of its Common Stock, $0.50 par value pursuant to and subject to the provisions of the Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated, and to the Terms and Conditions set forth on the following page.

Except as otherwise provided in Section 2 of the Terms and Conditions, the Units shall vest and no longer be subject to forfeiture as to the following percentage of the Units awarded hereunder, on the following date:

| Percentage of Units | Date of Vesting |
|---|---|
| 100% | The earlier of the first anniversary of the Date of Grant and the day immediately preceding the [ ] Annual Meeting of Shareholders |

Notwithstanding the vesting of the Units on the Date of Vesting set forth above or as otherwise provided in Section 2 of the Terms and Conditions, the Grantee's rights in and to Shares shall be subject to Sections 4 and 5 of the Terms and Conditions.

IN WITNESS WHEREOF, Lowe's Companies, Inc., acting by and through its duly authorized officer, has caused this Agreement to be executed as of the Award Date.

LOWE'S COMPANIES, INC.

By:

Date of Grant:

Accepted by Grantee:

TERMS AND CONDITIONS

1. Grant of Units. Lowe's Companies, Inc. (the "Company") hereby grants to the Grantee named on Page 1 hereof ("Grantee"), subject to the restrictions and the other terms and conditions set forth in the Lowe's Companies, Inc. 2006 Long Term Incentive Plan, as amended and restated (the "Plan") and in this award agreement (this "Agreement"), deferred stock units (the "Units") representing the right to receive the number of shares indicated on Page 1 hereof of the Company's Common Stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Units. As of the Date of Grant, the Units shall be "Unvested Units" and fully forfeitable. Unvested Units shall fully vest and cease to be forfeitable, and become "Vested Units," as of the earliest to occur of the following:

   a. The Date of Vesting as specified on Page 1 hereof;
   b. The date Grantee's service to the Board of Directors of the Company is terminated by reason of Grantee's death or Disability; or
   c. The date Grantee retires or otherwise terminates service on the Board of Directors if approved by the Committee in its sole discretion (with Grantee, if a member of such Committee, abstaining from such determination).

   If Grantee's service to the Board of Directors of the Company terminates for any reason prior to the Unvested Units becoming Vested Units in accordance with this Section 2, Grantee shall forfeit all of Grantee's right, title and interest in and to the Unvested Units as of the date of Grantee's termination of service, and no Shares shall be issuable with respect to such Unvested Units.

3. Deferral Account; Dividend Units. Vested Units shall be credited to a bookkeeping account in the name of the Grantee on the books and records of the Company (the "Deferral Account"). Within thirty (30) days after the payment date of any cash dividend with respect to shares of Common Stock of the Company, the Grantee's Deferral Account in addition shall be credited with the number of Units determined by dividing (a) the product of the total number of Unvested Units held by the Grantee plus the number of Units credited to the Grantee's Deferral Account as of the record date for such dividend multiplied by the per share amount of the dividend, by (b) the Fair Market Value of a share of Common Stock on such record date (the "Dividend Units"). Dividend Units shall be immediately one hundred percent (100%) vested in the Grantee when credited to the Grantee's Deferral Account.

4. Receipt of Shares. The Company will issue all of the Shares represented by Vested Units plus any additional shares of Common Stock of the Company represented by Dividend Units credited to the Grantee's Deferral Account to the Grantee, or in the event of the Grantee's death to the Grantee's estate, as soon as practicable following the Grantee's termination of service as a member of the Board of Directors of the Company. The form of payment shall be one share of the Company's Common Stock for each Unit credited to the Grantee's Deferral Account and cash for any fractional Unit.

5. Limitation of Rights. The Units and Dividend Units do not confer to Grantee any rights of a shareholder of the Company unless and until shares of Common Stock of the Company are in fact issued to the Grantee pursuant to Section 4.

6. Restrictions on Transfer and Pledge. No right or interest of the Grantee in the Units and Dividend Units may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an affiliate, or shall be subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an affiliate.

7. Plan Controls. The terms contained in the Plan (including without limitation provisions regarding changes in capital structure of the Company) are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

8. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

9. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

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10. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Lowe's Companies, Inc.
1000 Lowes Boulevard
Mooresville, NC 28117
Attn: Executive Vice President, Chief Legal Officer and Corporate Secretary

or any other address designated by the Company in a written notice to Grantee. Notices to the Grantee will be directed to the address of the Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

11. Beneficiary Designation. Grantee may designate a beneficiary or beneficiaries to exercise this award and receive Shares issued pursuant to this award on or after the Participant's death. Such designation shall be in the form provided by or approved and accepted by the Plan administrator. Such designation shall be effective only if and when it is properly completed and delivered by Grantee during the Grantee's lifetime in paper form to the Plan administrator. In the absence of any such valid and effective designation, benefits remaining unpaid at the Grantee's death shall be paid to the Grantee's estate.

**Exhibit 15.1**

August 30, November 29, 2023

The Board of Directors and Shareholders of Lowe's Companies, Inc.

Lowe's Companies, Inc.
1000 Lowes Boulevard
Mooresville, North Carolina 28117

We are aware that our report dated August 30, 2023 November 29, 2023, on our review of the interim financial information of Lowe's Companies, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended August 4, 2023 November 3, 2023, is incorporated by reference in the following Registration Statements:

| Description | Registration Statement Number |
|---|---|
| **Form S-3 ASR** | |
| Lowe's Stock Advantage Direct Stock Purchase Plan | 333-248600 333-248600; 333-274288 |
| Debt Securities, Preferred Stock, Common Stock | 333-258108 |
| **Form S-8** | |
| Lowe's 401(k) Plan | 033-29772 |
| Lowe's Companies Benefit Restoration Plan | 333-97811 |
| Lowe's Companies Cash Deferral Plan | 333-114435 |
| Lowe's Companies, Inc. 2006 Long-Term Incentive Plan | 333-138031; 333-196513 |
| Lowe's Companies, Inc. 2020 Employee Stock Purchase Plan | 333-249586 |

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

**Exhibit 31.1**

**CERTIFICATION**

I, Marvin R. Ellison, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended August 4, 2023 November 3, 2023 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

| | |
|---|---|
| August 30, November 29, 2023 | /s/ Marvin R. Ellison |
| Date | Marvin R. Ellison<br>Chairman, President and Chief Executive Officer |

**Exhibit 31.2**

**CERTIFICATION**

I, Brandon J. Sink, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended August 4, 2023 November 3, 2023 of Lowe's Companies, Inc. (the Registrant);

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

(5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

| | |
|---|---|
| August 30, November 29, 2023 | /s/ Brandon J. Sink |
| Date | Brandon J. Sink<br>Executive Vice President, Chief Financial Officer |

**Exhibit 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended August 4, 2023 November 3, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Marvin R. Ellison, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marvin R. Ellison
Marvin R. Ellison
Chairman, President and Chief Executive Officer
August 30, November 29, 2023

**Exhibit 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Lowe's Companies, Inc. (the Company) for the period ended August 4, 2023 November 3, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Brandon J. Sink, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brandon J. Sink
Brandon J. Sink
Executive Vice President, Chief Financial Officer
August 30, November 29, 2023

**Exhibit 99.1**

**AMENDMENT NUMBER 2023-2**

**LOWE'S 401(k) PLAN**

This Amendment Number 2023-2 to the Lowe's 401(k) Plan, as amended and restated effective as of January 1, 2023 (the "Plan") is adopted by Lowe's Companies, Inc. (the "Company").

**W I T N E S S E T H:**

**WHEREAS**, the Company maintains the Plan for the benefit of its eligible employees and the eligible employees of its wholly-owned subsidiaries, which have adopted and participate in the Plan; and

**WHEREAS**, Section 15 of the Plan authorizes the amendment of the Plan by action of the Board of Directors of the Company or the Committee;

**WHEREAS**, the Company desires to amend the Plan to adopt certain provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"); and

**NOW, THEREFORE**, the Company does hereby declare that the Plan be, and hereby is, amended as follows:

1. A new Section 17(d) of the Plan is added effective as of January 1, 2023 and reads as follows:

(d)**Coronavirus Aid, Relief, and Economic Security Act**.

Notwithstanding the foregoing provisions of Section 17 of the Plan, whether a participant or beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are equal to the 2020 RMDs, will have the opportunity to elect whether or not to receive the 2020 RMD. All 2020 RMDs will be distributed as elected by the applicable participant or beneficiary. In the absence of a participant or beneficiary election as described in the preceding sentence, a participant or beneficiary's 2020 RMD was **distributed in accordance with the provisions of Section 17(a) – (c)**.

2. A new Section 9(j), Coronavirus Related Distributions, is added to the Plan added and reads as follows:

(j)**Coronavirus Related Distributions**.

Notwithstanding any provision of the Plan to the contrary and subject to the provisions of this Section, a Participant who is a Qualified Individual (defined below) may request, by following such procedures as shall be specified by the Committee, a Coronavirus-Related Distribution from the individual's nonforfeitable amount of such Participant's Vested Accounts other than amounts that are pledged as security for a loan, for distribution during the period from January 1, 2020 through December 31, 2020 (the "CRD Distribution Period").

(i)For purposes of this Section, the following definitions shall apply:

(X) The term Qualified Individual means a Participant who satisfies at least one of the following criteria: (i) the individual is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 ("COVID-19") by a test approved by the Centers for Disease Control and Prevention ("CDC"); (ii) the individual's spouse or dependent (as defined in Code section 152) is diagnosed with the virus SARS-CoV-2 or with COVID-19 by a test approved by the CDC; (iii) the individual experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to the virus SARS-CoV-2 or COVID-19, being unable to work due to lack of child care due to the virus SARS-CoV-2 or COVID-19, closing or reducing hours of a business owned or operated by the individual due to the virus SARS-CoV-2 or COVID-19; (iv) the individual has a reduction in pay (or self-employment income), a job offer rescinded, or a start date for a job delayed, in each case, due to COVID-19; (v) the individual's spouse or a member of the individual's household is quarantined, furloughed, or laid off, has work hours reduced, is unable to work due to lack of childcare, has a reduction in pay (or self-employment income), has a job offer rescinded, or has a start date for a job delayed, in each case, due to COVID-19; (vi) the individual's spouse or a member of the individual's household owns or operates a business that closes or has reduced hours due to COVID-19; or (vii) other factors as determined by the Secretary of Treasury (or the Secretary's delegate).The Corporate Benefits Committee may rely on the individual's certification that the individual has satisfied the conditions for being treated as a Qualified Individual

(Y) A Coronavirus-Related Distribution means any distribution from the Plan to the Qualified Individual made during the CRD Distribution Period.In no event shall the aggregate amount of such distributions from the Plan and all other plans maintained by the Company or an affiliated company (within the meaning of Code section 414(b), (c), (m) or (o)) to the Qualified Individual exceed $100,000.

(ii)Repayment.A Qualified Individual who receives a Coronavirus-Related Distribution may, at any time during the three-year period beginning on the day after the date on which the Coronavirus-Related Distribution was received by the Qualified Individual, repay all or a portion of such Coronavirus-Related Distribution by making one or more contributions to the Plan in an aggregate amount not to exceed the amount of the Coronavirus-Related Distribution.The Plan's receipt of any amount of a Coronavirus-Related Distribution that is so repaid within the three-year period shall be treated as the receipt of an eligible rollover distribution (as defined in Code section 402(c)(4) of the Code) having transferred in a direct trustee-to-trustee transfer within sixty (60) days of distribution.The Committee may apply the provisions of this clause (b) to the repayment of a Plan distribution that was made to a Qualified Individual during the CRD Distribution Period but was not treated as a Coronavirus-Related Distribution by the Plan at the time of distribution despite being eligible for such treatment as a Coronavirus-Related Distribution

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(iii)Interpretation and Administration. This Section shall be interpreted and administered in accordance with the requirements of Section 2202(a) of the Coronavirus Aid, Relief, and Economic Security Act and any guidance issued thereunder, including I.R.S. Notice 2020-50. The Corporate Benefits Committee may establish such rules or procedures necessary to implement the provisions of this Section in accordance with such Act and such guidance."

3. Except as expressly or by necessary implication amended hereby, the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Committee has caused this Amendment 2023-2 to be executed by a duly authorized member and effective on September 25, 2023.

LOWE'S COMPANIES, INC.

By: /s/ David R. Green

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