# 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 October 28, 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: 1-9595**

# BEST BUY CO., INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Minnesota** | **41-0907483** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **7601 Penn Avenue South**<br>**Richfield, Minnesota** | **55423** |
| (Address of principal executive offices) | (Zip Code) |

**(612) 291-1000**
(Registrant's telephone number, including area code)

**N/A**
(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol | Name of exchange on which registered |
|---|---|---|
| **Common Stock, $0.10 par value per share** | **BBY** | **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, a 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** ☒

The registrant had 215,395,970 shares of common stock outstanding as of November 29, 2023.

**BEST BUY CO., INC.**
**FORM 10-Q FOR THE QUARTER ENDED OCTOBER 28, 2023**

## TABLE OF CONTENTS



## WEBSITE AND SOCIAL MEDIA DISCLOSURE

We disclose information to the public concerning Best Buy, Best Buy's products, content and services and other items through our websites in order to achieve broad, non-exclusionary distribution of information to the public. Some of the information distributed through this channel may be considered material information. Investors and others are encouraged to review the information we make public in the locations below.* This list may be updated from time to time.

- For information concerning Best Buy and its products, content and services, please visit: https://bestbuy.com.
- For information provided to the investment community, including news releases, events and presentations, and filings with the SEC, please visit: https://investors.bestbuy.com.
- For the latest information from Best Buy, including press releases, please visit: https://corporate.bestbuy.com/archive/.

* These corporate websites, and the contents thereof, are not incorporated by reference into this Quarterly Report on Form 10-Q nor deemed filed with the SEC.

## PART I — FINANCIAL INFORMATION

### Item 1. Financial Statements

**Condensed Consolidated Balance Sheets**
*$ in millions, except per share amounts (unaudited)*

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | $ 636 | $ 1,874 | $ 932 |
| Receivables, net | 901 | 1,141 | 1,050 |
| Merchandise inventories | 7,562 | 5,140 | 7,294 |
| Other current assets | 766 | 647 | 646 |
| Total current assets | 9,865 | 8,802 | 9,922 |
| **Property and equipment, net** | 2,313 | 2,352 | 2,373 |
| **Operating lease assets** | 2,827 | 2,746 | 2,799 |
| **Goodwill** | 1,383 | 1,383 | 1,383 |
| **Other assets** | 494 | 520 | 544 |
| **Total assets** | $ 16,882 | $ 15,803 | $ 17,021 |
| | | | |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Accounts payable | $ 7,133 | $ 5,687 | $ 7,056 |
| Unredeemed gift card liabilities | 245 | 274 | 273 |
| Deferred revenue | 934 | 1,116 | 1,080 |
| Accrued compensation and related expenses | 309 | 405 | 363 |
| Accrued liabilities | 760 | 843 | 744 |
| Current portion of operating lease liabilities | 614 | 638 | 638 |
| Current portion of long-term debt | 15 | 16 | 16 |
| Total current liabilities | 10,010 | 8,979 | 10,170 |
| **Long-term operating lease liabilities** | 2,270 | 2,164 | 2,216 |
| **Long-term debt** | 1,130 | 1,160 | 1,142 |
| **Long-term liabilities** | 660 | 705 | 500 |
| **Contingencies (Note 10)** | | | |
| **Equity** | | | |
| Best Buy Co., Inc. Shareholders' Equity | | | |
| Preferred stock, $1.00 par value: Authorized - 400,000 shares; Issued and outstanding - none | - | - | - |
| Common stock, $0.10 par value: Authorized - 1.0 billion shares; Issued and outstanding - 216.3 million, 218.1 million and 225.2 million shares, respectively | 22 | 22 | 22 |
| Additional paid-in capital | - | 21 | 61 |
| Retained earnings | 2,482 | 2,430 | 2,597 |
| Accumulated other comprehensive income | 308 | 322 | 313 |
| Total equity | 2,812 | 2,795 | 2,993 |
| **Total liabilities and equity** | $ 16,882 | $ 15,803 | $ 17,021 |

NOTE: The Consolidated Balance Sheet as of January 28, 2023, has been condensed from the audited consolidated financial statements.

See Notes to Condensed Consolidated Financial Statements.

**Condensed Consolidated Statements of Earnings**
*$ and shares in millions, except per share amounts (unaudited)*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Revenue | $ 9,756 | $ 10,587 | $ 28,806 | $ 31,563 |
| Cost of sales | 7,524 | 8,255 | 22,204 | 24,591 |
| Gross profit | 2,232 | 2,332 | 6,602 | 6,972 |
| Selling, general and administrative expenses | 1,878 | 1,941 | 5,605 | 5,713 |
| Restructuring charges | - | 26 | (16) | 61 |
| Operating income | 354 | 365 | 1,013 | 1,198 |
| Other income (expense): | | | | |
| Gain on sale of subsidiary, net | - | - | 21 | - |
| Investment income and other | 8 | 4 | 41 | 2 |
| Interest expense | (14) | (10) | (38) | (23) |
| Earnings before income tax expense and equity in income (loss) of affiliates | 348 | 359 | 1,037 | 1,177 |
| Income tax expense | 86 | 84 | 257 | 252 |
| Equity in income (loss) of affiliates | 1 | 2 | 1 | (1) |
| Net earnings | $ 263 | $ 277 | $ 781 | $ 924 |
| | | | | |
| Basic earnings per share | $ 1.21 | $ 1.23 | $ 3.58 | $ 4.09 |
| Diluted earnings per share | $ 1.21 | $ 1.22 | $ 3.57 | $ 4.07 |
| | | | | |
| Weighted-average common shares outstanding: | | | | |
| Basic | 217.8 | 225.5 | 218.4 | 225.9 |
| Diluted | 218.3 | 226.2 | 219.1 | 226.9 |

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

**Condensed Consolidated Statements of Comprehensive Income**
*$ in millions (unaudited)*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Net earnings | $ 263 | $ 277 | $ 781 | $ 924 |
| Foreign currency translation adjustments, net of tax | (14) | (15) | (14) | (16) |
| Comprehensive income | $ 249 | $ 262 | $ 767 | $ 908 |

See Notes to Condensed Consolidated Financial Statements.

**Condensed Consolidated Statements of Cash Flows**
*$ in millions (unaudited)*

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| **Operating activities** | | |
| Net earnings | $ 781 | $ 924 |
| Adjustments to reconcile net earnings to total cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 702 | 679 |
| Restructuring charges | (16) | 61 |
| Stock-based compensation | 110 | 98 |
| Gain on sale of subsidiary, net | (21) | - |
| Other, net | 7 | 19 |
| Changes in operating assets and liabilities: | | |
| Receivables | 240 | (14) |
| Merchandise inventories | (2,444) | (1,365) |
| Other assets | (17) | (1) |
| Accounts payable | 1,468 | 224 |
| Income taxes | (200) | 28 |
| Other liabilities | (320) | (761) |
| Total cash provided by (used in) operating activities | 290 | (108) |
| **Investing activities** | | |
| Additions to property and equipment | (612) | (696) |
| Purchases of investments | (7) | (46) |
| Net proceeds from sale of subsidiary | 14 | - |
| Other, net | 5 | 6 |
| Total cash used in investing activities | (600) | (736) |
| **Financing activities** | | |
| Repurchase of common stock | (270) | (465) |
| Dividends paid | (603) | (595) |
| Other, net | 1 | 2 |
| Total cash used in financing activities | (872) | (1,058) |
| **Effect of exchange rate changes on cash and cash equivalents** | (12) | (10) |
| **Decrease in cash, cash equivalents and restricted cash** | (1,194) | (1,912) |
| **Cash, cash equivalents and restricted cash at beginning of period** | 2,253 | 3,205 |
| **Cash, cash equivalents and restricted cash at end of period** | $ 1,059 | $ 1,293 |

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

**Condensed Consolidated Statements of Changes in Shareholders' Equity**
*$ and shares in millions, except per share amounts (unaudited)*

| | Common Shares | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|---|
| **Balances at July 29, 2023** | 217.9 | $ 22 | $ - | $ 2,491 | $ 322 | $ 2,835 |
| Net earnings, three months ended October 28, 2023 | - | - | - | 263 | - | 263 |
| Other comprehensive loss: | | | | | | |
| Foreign currency translation adjustments, net of tax | - | - | - | - | (14) | (14) |
| Stock-based compensation | - | - | 35 | - | - | 35 |
| Issuance of common stock | 0.1 | - | 7 | - | - | 7 |
| Common stock dividends, $0.92 per share | - | - | 4 | (204) | - | (200) |
| Repurchase of common stock | (1.7) | - | (46) | (68) | - | (114) |
| **Balances at October 28, 2023** | 216.3 | $ 22 | $ - | $ 2,482 | $ 308 | $ 2,812 |
| | | | | | | |
| **Balances at January 28, 2023** | 218.1 | $ 22 | $ 21 | $ 2,430 | $ 322 | $ 2,795 |
| Net earnings, nine months ended October 28, 2023 | - | - | - | 781 | - | 781 |
| Other comprehensive loss: | | | | | | |
| Foreign currency translation adjustments, net of tax | - | - | - | - | (14) | (14) |
| Stock-based compensation | - | - | 110 | - | - | 110 |
| Issuance of common stock | 1.9 | - | 17 | - | - | 17 |
| Common stock dividends, $2.76 per share | - | - | 11 | (614) | - | (603) |
| Repurchase of common stock | (3.7) | - | (159) | (115) | - | (274) |
| **Balances at October 28, 2023** | 216.3 | $ 22 | $ - | $ 2,482 | $ 308 | $ 2,812 |
| | | | | | | |
| **Balances at July 30, 2022** | 225.1 | $ 22 | $ 20 | $ 2,522 | $ 328 | $ 2,892 |
| Net earnings, three months ended October 29, 2022 | - | - | - | 277 | - | 277 |
| Other comprehensive loss: | | | | | | |
| Foreign currency translation adjustments, net of tax | - | - | - | - | (15) | (15) |
| Stock-based compensation | - | - | 33 | - | - | 33 |
| Issuance of common stock | 0.1 | - | 5 | - | - | 5 |
| Common stock dividends, $0.88 per share | - | - | 3 | (202) | - | (199) |
| **Balances at October 29, 2022** | 225.2 | $ 22 | $ 61 | $ 2,597 | $ 313 | $ 2,993 |
| | | | | | | |
| **Balances at January 29, 2022** | 227.4 | $ 23 | $ - | $ 2,668 | $ 329 | $ 3,020 |
| Net earnings, nine months ended October 29, 2022 | - | - | - | 924 | - | 924 |
| Other comprehensive loss: | | | | | | |
| Foreign currency translation adjustments, net of tax | - | - | - | - | (16) | (16) |
| Stock-based compensation | - | - | 98 | - | - | 98 |
| Issuance of common stock | 2.4 | - | 15 | - | - | 15 |
| Common stock dividends, $2.64 per share | - | - | 10 | (606) | - | (596) |
| Repurchase of common stock | (4.6) | (1) | (62) | (389) | - | (452) |
| **Balances at October 29, 2022** | 225.2 | $ 22 | $ 61 | $ 2,597 | $ 313 | $ 2,993 |

See Notes to Condensed Consolidated Financial Statements.

**Notes to Condensed Consolidated Financial Statements**
*(unaudited)*

## 1. Basis of Presentation

Unless the context otherwise requires, the use of the terms "Best Buy," "we," "us" and "our" in these Notes to Condensed Consolidated Financial Statements refers to Best Buy Co., Inc. and, as applicable, its consolidated subsidiaries.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments necessary for a fair presentation as prescribed by accounting principles generally accepted in the U.S. ("GAAP"). All adjustments were comprised of normal recurring adjustments, except as noted in these Notes to Condensed Consolidated Financial Statements.

A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season. Due to the seasonal nature of our business, interim results are not necessarily indicative of results for the entire fiscal year. The interim financial statements and the related notes included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023. The first nine months of fiscal 2024 and fiscal 2023 included 39 weeks.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from October 28, 2023, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. No such events were identified.

*Sale of Subsidiary*

In the second quarter of fiscal 2024, we completed the sale of a Mexico subsidiary subsequent to our exit from operations in Mexico and recognized a $21 million gain within Gain on sale of subsidiary, net on our Condensed Consolidated Statements of Earnings for the nine months ended October 28, 2023.

*Adopted Accounting Pronouncements*

In the first quarter of fiscal 2024, we adopted Accounting Standards Update 2022-04 ("ASU 2022-04"), *Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. ASU 2022-04 requires entities to disclose the key terms of supplier finance programs they use in connection with the purchase of goods and services, along with the amount of obligations outstanding at the end of each period and an annual roll-forward of such obligations. Below are the interim disclosures as a result of ASU 2022-04.

*Supply Chain Financing*

We have a supply chain financing program with an independent financial institution, whereby some of our suppliers have the opportunity to receive accounts payable settlements early, at a discount, facilitated by the financial institution. Under this program, the financial institution agrees to terms with our suppliers, including amounts that are eligible for early payment, the timing of such payments and the discounts. The financial institution then pays the supplier based on the payment terms agreed to. Suppliers' participation in this program is at their own option. The financial institution can vary discounts offered at their own discretion. Our rights and obligations to our suppliers – which are typically formalized in standardized agreements – are not affected by the existence of the program. Our liability associated with the funded participation in the program, which is included in Accounts payable on our Condensed Consolidated Balance Sheets, was $680 million, $386 million and $713 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively.

*Total Cash, Cash Equivalents and Restricted Cash*

Cash, cash equivalents and restricted cash reported on our Condensed Consolidated Balance Sheets are reconciled to the total shown on our Condensed Consolidated Statements of Cash Flows as follows ($ in millions):

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Cash and cash equivalents | $ 636 | $ 1,874 | $ 932 |
| Restricted cash included in Other current assets | 423 | 379 | 361 |
| Total cash, cash equivalents and restricted cash | $ 1,059 | $ 2,253 | $ 1,293 |

Amounts included in restricted cash are primarily restricted to cover product protection plans provided under our membership offerings and other self-insurance liabilities.

*Reclassifications*

Certain reclassifications of immaterial amounts previously reported have been made to the accompanying Condensed Consolidated Statements of Cash Flows to maintain consistency and comparability between periods presented.

## 2. Restructuring

*Fiscal 2023 Resource Optimization Initiative*

In light of ongoing changes in business trends, during the second quarter of fiscal 2023, we commenced an enterprise-wide initiative to better align our spending with critical strategies and operations, as well as to optimize our cost structure. We do not expect to incur material future restructuring charges related to this initiative.

All charges incurred related to this initiative were comprised of employee termination benefits from continuing operations and were presented within Restructuring charges on our Condensed Consolidated Statements of Earnings as follows ($ in millions):

| | Three Months Ended | | Nine Months Ended | | Cumulative Amount |
|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 | As of October 28, 2023 |
| Domestic | $ 1 | $ 25 | $ (14) | $ 59 | $ 126 |
| International | (1) | - | (2) | - | 3 |
| Total | $ - | $ 25 | $ (16) | $ 59 | $ 129 |

Restructuring accrual activity related to this initiative was as follows ($ in millions):

| | Termination Benefits | | |
|---|---|---|---|
| | Domestic | International | Total |
| Balances at January 29, 2022 | $ - | $ - | $ - |
| Charges | 62 | - | 62 |
| Cash payments | (28) | - | (28) |
| Adjustments(1) | (3) | - | (3) |
| Balances at October 29, 2022 | $ 31 | $ - | $ 31 |
| | | | |
| Balances at January 28, 2023 | $ 102 | $ 5 | $ 107 |
| Cash payments | (64) | (3) | (67) |
| Adjustments(1) | (14) | (2) | (16) |
| Balances at October 28, 2023 | $ 24 | $ - | $ 24 |

(1) Represents adjustments primarily related to higher-than-expected employee retention from previously planned organizational changes.

## 3. Goodwill and Intangible Assets

*Goodwill*

Goodwill balances were as follows ($ in millions):

| | October 28, 2023 | | January 28, 2023 | | October 29, 2022 | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Cumulative Impairment | Gross Carrying Amount | Cumulative Impairment | Gross Carrying Amount | Cumulative Impairment |
| Domestic | $ 1,450 | $ (67) | $ 1,450 | $ (67) | $ 1,450 | $ (67) |
| International | 608 | (608) | 608 | (608) | 608 | (608) |
| Total | $ 2,058 | $ (675) | $ 2,058 | $ (675) | $ 2,058 | $ (675) |

No impairment charges were recorded during the periods presented.

*Definite-Lived Intangible Assets*

We have definite-lived intangible assets recorded within Other assets on our Condensed Consolidated Balance Sheets as follows ($ in millions):

| | October 28, 2023 | | January 28, 2023 | | October 29, 2022 | | Weighted-Average Useful Life Remaining as of October 28, 2023 (in years) |
|---|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization | |
| Customer relationships | $ 360 | $ 274 | $ 360 | $ 236 | $ 360 | $ 222 | 10.3 |
| Tradenames | 108 | 66 | 108 | 56 | 108 | 52 | 5.0 |
| Developed technology | 64 | 59 | 64 | 51 | 64 | 48 | 4.0 |
| Total | $ 532 | $ 399 | $ 532 | $ 343 | $ 532 | $ 322 | 8.4 |

Amortization expense was as follows ($ in millions):

| | | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|---|
| | Statement of Earnings Location | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Amortization expense | SG&A | $ 15 | $ 21 | $ 56 | $ 65 |

Amortization expense expected to be recognized in future periods is as follows ($ in millions):

| | Amortization Expense |
|---|---|
| Remainder of fiscal 2024 | $ 6 |
| Fiscal 2025 | 21 |
| Fiscal 2026 | 21 |
| Fiscal 2027 | 18 |
| Fiscal 2028 | 12 |
| Fiscal 2029 | 10 |
| Thereafter | 45 |

### 4. Fair Value Measurements

Fair value measurements are reported in one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

*Recurring Fair Value Measurements*

Financial assets accounted for at fair value were as follows ($ in millions):

| | | | Fair Value at | | |
|---|---|---|---|---|---|
| | Balance Sheet Location[1] | Fair Value Hierarchy | October 28, 2023 | January 28, 2023 | October 29, 2022 |
| **Assets** | | | | | |
| Money market funds[2] | Cash and cash equivalents | Level 1 | $ 3 | $ 280 | $ 76 |
| Time deposits[3] | Cash and cash equivalents | Level 2 | 26 | 203 | 25 |
| Money market funds[2] | Other current assets | Level 1 | 170 | 178 | 176 |
| Time deposits[3] | Other current assets | Level 2 | 81 | - | - |
| Marketable securities that fund deferred compensation[4] | Other assets | Level 1 | 44 | 47 | 44 |
| | | | | | |
| **Liabilities** | | | | | |
| Interest rate swap derivative instruments[5] | Long-term liabilities | Level 2 | 36 | 7 | 27 |

(1) Balance sheet location is determined by the length to maturity at date of purchase and whether the assets are restricted for particular use.

(2) Valued at quoted market prices in active markets at period end.

(3) Valued at face value plus accrued interest at period end, which approximates fair value.

(4) Valued using the performance of mutual funds that trade with sufficient frequency and volume to obtain pricing information on an ongoing basis.

(5) Valued using readily observable market inputs. These instruments are custom, over-the-counter contracts with various bank counterparties that are not traded on an active market. See Note 5, *Derivative Instruments*, for additional information.

*Fair Value of Financial Instruments*

The fair values of cash, certain restricted cash, receivables, accounts payable and other payables approximated their carrying values because of the short-term nature of these instruments. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy. Fair values for other investments held at cost are not readily available, but we estimate that the carrying values for these investments approximate their fair values.

Long-term debt is presented at carrying value on our Condensed Consolidated Balance Sheets. If our long-term debt were recorded at fair value, it would be classified as Level 2 in the fair value hierarchy. Long-term debt balances were as follows ($ in millions):

| | October 28, 2023 | | January 28, 2023 | | October 29, 2022 | |
|---|---|---|---|---|---|---|
| | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value |
| Long-term debt[1] | $ 931 | $ 1,114 | $ 1,019 | $ 1,143 | $ 925 | $ 1,123 |

(1) Excludes debt discounts, issuance costs and finance lease obligations.

## 5. Derivative Instruments

We manage our economic and transaction exposure to certain risks by using foreign exchange forward contracts to hedge against the effect of Canadian dollar exchange rate fluctuations on a portion of our net investment in our Canadian operations and by using interest rate swaps to mitigate the effect of interest rate fluctuations on our $500 million of principal amount of notes due October 1, 2028. In addition, we use foreign currency forward contracts not designated as hedging instruments to manage the impact of fluctuations in foreign currency exchange rates relative to recognized receivable and payable balances denominated in non-functional currencies.

Our derivative instruments designated as net investment hedges and interest rate swaps are recorded on our Condensed Consolidated Balance Sheets at fair value. When significant, the gross fair values of our outstanding derivative instruments and corresponding fair value classifications are included in Note 4, *Fair Value Measurements*.

Notional amounts of our derivative instruments were as follows ($ in millions):

| Contract Type | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Derivatives designated as net investment hedges | $ 102 | $ 114 | $ 118 |
| Derivatives designated as interest rate swap contracts | 500 | 500 | 500 |
| No hedge designation (foreign exchange contracts) | 93 | 56 | 112 |
| Total | $ 695 | $ 670 | $ 730 |

Effects of our derivative instruments on our Condensed Consolidated Statements of Earnings were as follows ($ in millions):

| | | Gain (Loss) Recognized | | | |
|---|---|---|---|---|---|
| | | Three Months Ended | | Nine Months Ended | |
| | Statement of Earnings Location | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Interest rate swap contracts | Interest expense | $ (15) | $ (45) | $ (29) | $ (76) |
| Adjustments to carrying value of long-term debt | Interest expense | 15 | 45 | 29 | 76 |
| Total | | $ - | $ - | $ - | $ - |

## 6. Debt

*Short-Term Debt*

*U.S. Revolving Credit Facility*

On April 12, 2023, we entered into a $1.25 billion five-year senior unsecured revolving credit facility agreement (the “Five-Year Facility Agreement”) with a syndicate of banks. The Five-Year Facility Agreement replaced the previous $1.25 billion senior unsecured revolving credit facility (the “Previous Facility”) with a syndicate of banks, which was entered into in May 2021 and scheduled to expire in May 2026, but was terminated on April 12, 2023. The Five-Year Facility Agreement permits borrowings of up to $1.25 billion and expires in April 2028. There were no borrowings outstanding under the Five-Year Facility Agreement as of October 28, 2023, or the Previous Facility as of January 28, 2023, or October 29, 2022.

*Long-Term Debt*

Long-term debt consisted of the following ($ in millions):

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Notes, 4.45%, due October 1, 2028 | $ 500 | $ 500 | $ 500 |
| Notes, 1.95%, due October 1, 2030 | 650 | 650 | 650 |
| Interest rate swap valuation adjustments | (36) | (7) | (27) |
| Subtotal | 1,114 | 1,143 | 1,123 |
| Debt discounts and issuance costs | (8) | (9) | (9) |
| Finance lease obligations | 39 | 42 | 44 |
| Total long-term debt | 1,145 | 1,176 | 1,158 |
| Less current portion | 15 | 16 | 16 |
| Total long-term debt, less current portion | $ 1,130 | $ 1,160 | $ 1,142 |

*Fair Value and Future Maturities*

See Note 4, *Fair Value Measurements*, for the fair value of long-term debt. Other than the $500 million of principal amount of notes due October 1, 2028, we do not have any future maturities of long-term debt within the next five fiscal years.

## 7. Revenue

We generate substantially all of our revenue from contracts with customers from the sale of products and services. Contract balances primarily consist of receivables and liabilities related to unfulfilled membership benefits and services not yet completed, product merchandise not yet delivered to customers, deferred revenue from our private label and co-branded credit card arrangement and unredeemed gift cards. Contract balances were as follows ($ in millions):

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Receivables, net[1] | $ 555 | $ 581 | $ 654 |
| Short-term contract liabilities included in: | | | |
| Unredeemed gift card liabilities | 245 | 274 | 273 |
| Deferred revenue | 934 | 1,116 | 1,080 |
| Accrued liabilities | 59 | 66 | 77 |
| Long-term contract liabilities included in: | | | |
| Long-term liabilities | 250 | 265 | 5 |

(1) Receivables are recorded net of allowances for doubtful accounts of $19 million, $22 million and $20 million as of October 28, 2023, January 28, 2023, and October 29, 2022, respectively.

During the first nine months of fiscal 2024 and fiscal 2023, $1,192 million and $1,251 million of revenue was recognized, respectively, that was included in the contract liabilities at the beginning of the respective periods.

Estimated revenue from our contract liability balances expected to be recognized in future periods if the performance of the contract is expected to have an initial duration of more than one year is as follows ($ in millions):

| Fiscal Year | Amount |
|---|---|
| Remainder of fiscal 2024 | $ 10 |
| Fiscal 2025 | 31 |
| Fiscal 2026 | 30 |
| Fiscal 2027 | 24 |
| Fiscal 2028 | 24 |
| Fiscal 2029 | 24 |
| Thereafter | 136 |

See Note 11, *Segments*, for information on our revenue by reportable segment and product category.

## 8. Earnings per Share

We compute our basic earnings per share based on the weighted-average number of common shares outstanding and our diluted earnings per share based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had potentially dilutive common shares been issued.

Reconciliations of the numerators and denominators of basic and diluted earnings per share were as follows ($ and shares in millions, except per share amounts):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| **Numerator** | | | | |
| Net earnings | $ 263 | $ 277 | $ 781 | $ 924 |
| **Denominator** | | | | |
| Weighted-average common shares outstanding | 217.8 | 225.5 | 218.4 | 225.9 |
| Dilutive effect of stock compensation plan awards | 0.5 | 0.7 | 0.7 | 1.0 |
| Weighted-average common shares outstanding, assuming dilution | 218.3 | 226.2 | 219.1 | 226.9 |
| Potential shares which were anti-dilutive and excluded from weighted-average share computations | 0.3 | 2.3 | 0.4 | 2.3 |
| Basic earnings per share | $ 1.21 | $ 1.23 | $ 3.58 | $ 4.09 |
| Diluted earnings per share | $ 1.21 | $ 1.22 | $ 3.57 | $ 4.07 |

## 9. Repurchase of Common Stock

On February 28, 2022, our Board of Directors approved a $5.0 billion share repurchase program, which replaced the $5.0 billion share repurchase program authorized on February 16, 2021. There is no expiration date governing the period over which we can repurchase shares under this authorization.

Information regarding share repurchases was as follows ($ and shares in millions, except per share amounts):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Total cost of shares repurchased | $ 128 | $ - | $ 278 | $ 452 |
| Average price per share | $ 71.61 | $ - | $ 74.16 | $ 96.83 |
| Total number of shares repurchased | 1.8 | - | 3.7 | 4.6 |

As of October 28, 2023, $3.8 billion of the $5.0 billion share repurchase authorization was available. Between the end of the third quarter of fiscal 2024 on October 28, 2023, and November 29, 2023, we repurchased an incremental 1.0 million shares of our common stock at a cost of $63 million. We currently expect total share repurchases of approximately $350 million in fiscal 2024.

## 10. Contingencies

We are involved in a number of legal proceedings. Where appropriate, we have made accruals with respect to these matters, which are reflected on our Condensed Consolidated Financial Statements. However, there are cases where liability is not probable or the amount cannot be reasonably estimated and, therefore, accruals have not been made. We provide disclosure of matters where we believe it is reasonably possible the impact may be material to our Condensed Consolidated Financial Statements.

## 11. Segments

Reportable segment and product category revenue information was as follows ($ in millions):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| **Revenue by reportable segment** | | | | |
| Domestic | $ 8,996 | $ 9,800 | $ 26,687 | $ 29,263 |
| International | 760 | 787 | 2,119 | 2,300 |
| Total revenue | $ 9,756 | $ 10,587 | $ 28,806 | $ 31,563 |
| **Revenue by product category** | | | | |
| Domestic: | | | | |
| Computing and Mobile Phones | $ 3,938 | $ 4,337 | $ 11,300 | $ 12,586 |
| Consumer Electronics | 2,589 | 2,889 | 7,839 | 8,630 |
| Appliances | 1,238 | 1,469 | 3,961 | 4,717 |
| Entertainment | 594 | 500 | 1,729 | 1,581 |
| Services | 563 | 533 | 1,650 | 1,538 |
| Other | 74 | 72 | 208 | 211 |
| Total Domestic revenue | $ 8,996 | $ 9,800 | $ 26,687 | $ 29,263 |
| International: | | | | |
| Computing and Mobile Phones | $ 378 | $ 389 | $ 1,003 | $ 1,060 |
| Consumer Electronics | 200 | 220 | 578 | 657 |
| Appliances | 74 | 74 | 225 | 249 |
| Entertainment | 54 | 46 | 164 | 154 |
| Services | 45 | 43 | 119 | 134 |
| Other | 9 | 15 | 30 | 46 |
| Total International revenue | $ 760 | $ 787 | $ 2,119 | $ 2,300 |

Operating income by reportable segment and the reconciliation to consolidated earnings before income tax expense and equity in income (loss) of affiliates was as follows ($ in millions):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Domestic | $ 336 | $ 332 | $ 955 | $ 1,104 |
| International | 18 | 33 | 58 | 94 |
| Total operating income | 354 | 365 | 1,013 | 1,198 |
| Other income (expense): | | | | |
| Gain on sale of subsidiary, net | - | - | 21 | - |
| Investment income and other | 8 | 4 | 41 | 2 |
| Interest expense | (14) | (10) | (38) | (23) |
| Earnings before income tax expense and equity in income (loss) of affiliates | $ 348 | $ 359 | $ 1,037 | $ 1,177 |

Assets by reportable segment were as follows ($ in millions):

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Domestic | $ 15,395 | $ 14,549 | $ 15,695 |
| International | 1,487 | 1,254 | 1,326 |
| Total assets | $ 16,882 | $ 15,803 | $ 17,021 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, the use of the terms “Best Buy,” “we,” “us” and “our” refers to Best Buy Co., Inc. and its consolidated subsidiaries. Any references to our website addresses do not constitute incorporation by reference of the information contained on the websites.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended January 28, 2023 (including the information presented therein under *Risk Factors*), as well as our other reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

### Overview

We are driven by our purpose to enrich lives through technology and our vision to personalize and humanize technology solutions for every stage of life. We accomplish this by leveraging our combination of technology and a human touch to meet our customers’ everyday needs, whether they come to us online, visit our stores or invite us into their homes.

We have two reportable segments: Domestic and International. The Domestic segment is comprised of our operations in all states, districts and territories of the U.S. and our Best Buy Health business. The International segment is comprised of all our operations in Canada.

Our fiscal year ends on the Saturday nearest the end of January. Our business, like that of many retailers, is seasonal. A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season.

*Comparable Sales*

Throughout this MD&A, we refer to comparable sales. Comparable sales is a metric used by management to evaluate the performance of our existing stores, websites and call centers by measuring the change in net sales for a particular period over the comparable prior period of equivalent length. Comparable sales includes revenue from stores, websites and call centers operating for at least 14 full months. Revenue from online sales is included in comparable sales and represents sales initiated on a website or app, regardless of whether customers choose to pick up product in store, curbside, at an alternative pick-up location or take delivery direct to their homes. Revenue from acquisitions is included in comparable sales beginning with the first full quarter following the first anniversary of the date of the acquisition. Comparable sales also includes credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. Revenue from stores closed more than 14 days, including but not limited to relocated, remodeled, expanded and downsized stores, or stores impacted by natural disasters, is excluded from comparable sales until at least 14 full months after reopening. Comparable sales excludes the impact of revenue from discontinued operations, the impact of profit-share revenue from our services plan portfolio and the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only). All periods presented apply this methodology consistently.

We believe comparable sales is a meaningful supplemental metric for investors to evaluate revenue performance resulting from growth in existing stores, websites and call centers versus the portion resulting from opening new stores or closing existing stores. The method of calculating comparable sales varies across the retail industry. As a result, our method of calculating comparable sales may not be the same as other retailers’ methods.

*Non-GAAP Financial Measures*

This MD&A includes financial information prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”), as well as certain adjusted or non-GAAP financial measures, such as constant currency, non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share (“EPS”). We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, provide additional useful information for evaluating current period performance and assessing future performance. For these reasons, internal management reporting, including budgets, forecasts and financial targets used for short-term incentives are based on non-GAAP financial measures. Generally, our non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill and intangible asset impairments, price-fixing settlements, gains and losses on sales of subsidiaries and certain investments, intangible asset amortization, certain acquisition-related costs and the tax effect of all such items. In addition, certain other items may be excluded from non-GAAP financial measures when we believe doing so provides greater clarity to management and our investors. We provide reconciliations of the most comparable financial measures presented in accordance with GAAP to presented non-GAAP financial measures that enable investors to understand the adjustments made in arriving at the non-GAAP financial measures and to evaluate performance using the same metrics as management. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, GAAP financial measures. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Non-GAAP financial measures may be calculated differently from similarly titled measures used by other companies, thereby limiting their usefulness for comparative purposes.

In our discussions of the operating results of our consolidated business and our International segment, we sometimes refer to the impact of changes in foreign currency exchange rates or the impact of foreign currency exchange rate fluctuations, which are references to the differences between the foreign currency exchange rates we use to convert the International segment’s operating results from local currencies into U.S. dollars for reporting purposes. We also may use the term “constant currency,” which represents results adjusted to exclude foreign currency impacts. We calculate those impacts as the difference between the current period results translated using the current period currency exchange rates and using the comparable prior period currency exchange rates. We believe the disclosure of revenue changes in constant currency provides useful supplementary information to investors in light of significant fluctuations in currency rates.

Refer to the Non-GAAP Financial Measures section below for detailed reconciliations of items impacting non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS in the presented periods.

**Business Strategy Update**

In the third quarter of fiscal 2024, our teams once again delivered strong execution and showcased their ability to navigate through what continues to be a challenging environment for our industry, while keeping our customers and their experiences as our top priority. We continue to balance the need to adjust in response to current industry sales trends with the need to invest in our business so that we can capitalize on opportunities as our industry moves through this downturn and returns to expected growth.

Our digital sales in the third quarter of fiscal 2024 comprised 31% of our Domestic revenue, consistent with the third quarter of fiscal 2023 and nearly twice as high as the pre-pandemic third quarter of fiscal 2020. During these same time periods, the percentage of online sales picked up in our stores by our customers was also consistent at just over 40%. Therefore, we are continuing to adapt our omnichannel capabilities to ensure we maintain a leading position in an increasingly digital age and evolving retail landscape.

We believe our portfolio of stores needs to provide customers with differentiated experiences and multichannel fulfillment. At the same time, our stores need to be cost and capital efficient to operate while remaining a great place to work. We are on track to deliver our fiscal 2024 store plans, which include closing 20 to 30 large format stores and implementing 8 large format Experience store remodels. We also plan to expand the number of Outlet stores to 23 by the end of fiscal 2024.

We continue to advance our operating model to align with the ongoing evolution of our industry and marketplace trends with two overarching goals in mind – efficiently allocating our labor cost, considering the channel shift from our physical stores to online, and providing our employees flexibility, predictability and opportunities to gain more skills. We are focused on balancing the amount of labor hours necessary to deliver the best experience possible for our customers and other stakeholders.

During the third quarter of fiscal 2024, we continued to grow our membership base and ended the quarter with a total of 6.6 million paid members. Earlier this year, we successfully launched significant changes to our membership program that we expect will give customers more freedom to choose a membership that fits their technology needs, budget and shopping preferences. In addition, we expect the changes to provide more flexibility to evolve our programs in the future, while resulting in a lower cost to serve than our previous paid membership program, which we have already seen in margin favorability.

For the remainder of fiscal 2024, we expect macroeconomic headwinds to result in continued pressure, causing sales in the consumer electronics industry to decline again this year. In particular, our customers are facing economic challenges from the dual pressures of high inflation and heightened interest rates, and it is difficult to predict how such factors will impact us in the near term. However, we expect several factors to drive the eventual return of industry growth over time, including the natural upgrade and replacement cycles for the technology bought earlier in the pandemic and continued vendor innovation. While our product categories may experience different demand trends, in general, we believe they are poised for growth in the coming years. In addition, we are continuing our expansion into newer categories like wellness technology, personal electric transportation, outdoor living and electric car charging.

We remain excited about our industry and our future. There are more technology products than ever in people's homes, technology is increasingly a necessity in our lives, and we believe we are uniquely there for our customers as they continue to navigate this innovative space.

**Results of Operations**

***Consolidated Results***

Selected consolidated financial data was as follows ($ in millions, except per share amounts):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Revenue | $ 9,756 | $ 10,587 | $ 28,806 | $ 31,563 |
| Revenue % change | (7.8)% | (11.1)% | (8.7)% | (10.8)% |
| Comparable sales % change | (6.9)% | (10.4)% | (7.8)% | (10.2)% |
| Gross profit | $ 2,232 | $ 2,332 | $ 6,602 | $ 6,972 |
| Gross profit as a % of revenue[(1)] | 22.9 % | 22.0 % | 22.9 % | 22.1 % |
| SG&A | $ 1,878 | $ 1,941 | $ 5,605 | $ 5,713 |
| SG&A as a % of revenue[(1)] | 19.2 % | 18.3 % | 19.5 % | 18.1 % |
| Restructuring charges | $ - | $ 26 | $ (16) | $ 61 |
| Operating income | $ 354 | $ 365 | $ 1,013 | $ 1,198 |
| Operating income as a % of revenue | 3.6 % | 3.4 % | 3.5 % | 3.8 % |
| Net earnings | $ 263 | $ 277 | $ 781 | $ 924 |
| Diluted earnings per share | $ 1.21 | $ 1.22 | $ 3.57 | $ 4.07 |

(1) Because retailers vary in how they record costs of operating their supply chain between cost of sales and SG&A, our gross profit rate and SG&A rate may not be comparable to other retailers' corresponding rates. For additional information regarding costs classified in cost of sales and SG&A, refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

In the third quarter and first nine months of fiscal 2024, we generated $9.8 billion and $28.8 billion in revenue, respectively, and our comparable sales declined 6.9% and 7.8%, respectively, as we continued to operate in a consumer electronics industry that is challenged from the economic pressures of high inflation and interest rates, the pull-forward of demand in prior years and increased spending outside the home in areas such as travel and entertainment.

Revenue, gross profit rate, SG&A and operating income rate changes in the third quarter and first nine months of fiscal 2024 were primarily driven by our Domestic segment. For further discussion of our Domestic and International segments, see *Segment Performance Summary*, below.

***Income Tax Expense***

Income tax expense was relatively unchanged in the third quarter of fiscal 2024. Our effective tax rate ("ETR") increased to 24.7% in the third quarter of fiscal 2024 compared to 23.6% in the third quarter of fiscal 2023, primarily due to the prior year recognition of losses and certain deferred tax assets for which tax benefits were previously not recognized.

Income tax expense was relatively unchanged in the first nine months of fiscal 2024, primarily due to the prior year resolution of certain discrete tax matters offset by a decrease in pre-tax earnings. Our ETR increased to 24.8% in the first nine months of fiscal 2024 compared to 21.4% in the first nine months of fiscal 2023, primarily due to the prior year resolution of certain discrete tax matters and decreased tax benefits from stock-based compensation, partially offset by the impact of lower pre-tax earnings.

Our tax provision for interim periods is determined using an estimate of our annual ETR, adjusted for discrete items, if any, that are taken into account in the relevant period. We update our estimate of the annual ETR each quarter and we make a cumulative adjustment if our estimated tax rate changes. Our quarterly tax provision and our quarterly estimate of our annual ETR are subject to variation due to several factors, including our ability to accurately forecast our pre-tax and taxable income and loss by jurisdiction, tax audit developments, recognition of excess tax benefits or deficiencies related to stock-based compensation, foreign currency gains (losses), changes in laws or regulations, and expenses or losses for which tax benefits are not recognized. Our ETR can be more or less volatile based on the amount of pre-tax earnings. For example, the impact of discrete items and non-deductible losses on our ETR is greater when our pre-tax earnings are lower.

***Segment Performance Summary***

*Domestic Segment*

Selected financial data for the Domestic segment was as follows ($ in millions):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Revenue | $ 8,996 | $ 9,800 | $ 26,687 | $ 29,263 |
| Revenue % change | (8.2)% | (10.8)% | (8.8)% | (10.9)% |
| Comparable sales % change[1] | (7.3)% | (10.5)% | (8.0)% | (10.6)% |
| Gross profit | $ 2,064 | $ 2,148 | $ 6,108 | $ 6,427 |
| Gross profit as a % of revenue | 22.9 % | 21.9 % | 22.9 % | 22.0 % |
| SG&A | $ 1,727 | $ 1,791 | $ 5,167 | $ 5,264 |
| SG&A as a % of revenue | 19.2 % | 18.3 % | 19.4 % | 18.0 % |
| Restructuring charges | $ 1 | $ 25 | $ (14) | $ 59 |
| Operating income | $ 336 | $ 332 | $ 955 | $ 1,104 |
| Operating income as a % of revenue | 3.7 % | 3.4 % | 3.6 % | 3.8 % |
| **Selected Online Revenue Data** | | | | |
| Total online revenue | $ 2,754 | $ 3,037 | $ 8,205 | $ 9,070 |
| Online revenue as a % of total segment revenue | 30.6 % | 31.0 % | 30.7 % | 31.0 % |
| Comparable online sales % change[1] | (9.3)% | (11.6)% | (9.5)% | (13.8)% |

(1) Comparable online sales are included in the comparable sales calculation.

Domestic revenue decreased in the third quarter and first nine months of fiscal 2024, primarily driven by comparable sales declines in appliances, computing, home theater and mobile phones, partially offset by comparable sales growth in gaming. Online revenue of $2.8 billion and $8.2 billion in the third quarter and first nine months of fiscal 2024 decreased 9.3% and 9.5% on a comparable basis, respectively. These decreases in comparable sales were primarily due to the reasons described within the *Consolidated Results* section, above.

Domestic segment stores open at the beginning and end of the third quarters of fiscal 2024 and fiscal 2023 were as follows:

| | Fiscal 2024 | | | | Fiscal 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Stores at Beginning of Third Quarter | Stores Opened | Stores Closed | Total Stores at End of Third Quarter | Total Stores at Beginning of Third Quarter | Stores Opened | Stores Closed | Total Stores at End of Third Quarter |
| Best Buy | 907 | - | (6) | 901 | 930 | - | (5) | 925 |
| Outlet Centers | 20 | 2 | (1) | 21 | 18 | 1 | - | 19 |
| Pacific Sales | 20 | - | - | 20 | 21 | - | - | 21 |
| Yardbird | 22 | - | (1) | 21 | 13 | 1 | - | 14 |
| Total | 969 | 2 | (8) | 963 | 982 | 2 | (5) | 979 |

We continuously monitor store performance as part of a market-driven, omnichannel strategy. As we approach the expiration of leases, we evaluate various options for each location, including whether a store should remain open. We currently expect to close approximately 25 Best Buy stores in fiscal 2024 and end the fiscal year with 23 Outlet Centers.

Domestic segment revenue mix percentages and comparable sales percentage changes by revenue category were as follows:

| | Revenue Mix | | Comparable Sales | |
|---|---|---|---|---|
| | Three Months Ended | | Three Months Ended | |
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Computing and Mobile Phones | 44 % | 44 % | (8.3)% | (11.4)% |
| Consumer Electronics | 29 % | 30 % | (9.5)% | (12.8)% |
| Appliances | 14 % | 15 % | (15.1)% | (9.6)% |
| Entertainment | 6 % | 5 % | 20.6 % | (4.6)% |
| Services | 6 % | 5 % | 6.9 % | (0.9)% |
| Other | 1 % | 1 % | 4.7 % | 39.8 % |
| Total | 100 % | 100 % | (7.3)% | (10.5)% |

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 8.3% comparable sales decline was driven primarily by broad declines in computing and mobile phone categories.
- **Consumer Electronics:** The 9.5% comparable sales decline was driven primarily by home theater.
- **Appliances:** The 15.1% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 20.6% comparable sales growth was driven primarily by gaming.
- **Services:** The 6.9% comparable sales growth was driven primarily by delivery and installation services.

Domestic gross profit rate increased in the third quarter of fiscal 2024, primarily due to improved financial performance from our membership offerings, which included higher services margin rates, favorable product margin rates and lower supply chain costs.

Domestic gross profit rate increased in the first nine months of fiscal 2024, primarily due to improved financial performance from our membership offerings, which included higher services margin rates, and favorable product margin rates.

Domestic SG&A decreased in the third quarter and first nine months of fiscal 2024, primarily due to lower store payroll and advertising expense, partially offset by higher incentive compensation expense.

Domestic restructuring charges decreased in the third quarter and first nine months of fiscal 2024, primarily due to higher charges in fiscal 2023 from our resource optimization initiative and higher-than-expected employee retention in fiscal 2024. Refer to Note 2, *Restructuring*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information.

Domestic operating income rate increased in the third quarter of fiscal 2024, due to favorability in gross profit rate and lower restructuring charges, partially offset by decreased leverage from lower sales volume on our fixed expenses and higher incentive compensation expense, which resulted in an unfavorable SG&A rate.

Domestic operating income rate decreased in the first nine months of fiscal 2024, primarily due to decreased leverage from lower sales volume on our fixed expenses and higher incentive compensation expense, which resulted in an unfavorable SG&A rate, partially offset by favorability in gross profit rate and lower restructuring charges.

*International Segment*

Selected financial data for the International segment was as follows ($ in millions):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Revenue | $ 760 | $ 787 | $ 2,119 | $ 2,300 |
| Revenue % change | (3.4)% | (14.9)% | (7.9)% | (10.1)% |
| Comparable sales % change | (1.9)% | (9.3)% | (4.2)% | (5.2)% |
| Gross profit | $ 168 | $ 184 | $ 494 | $ 545 |
| Gross profit as a % of revenue | 22.1 % | 23.4 % | 23.3 % | 23.7 % |
| SG&A | $ 151 | $ 150 | $ 438 | $ 449 |
| SG&A as a % of revenue | 19.9 % | 19.1 % | 20.7 % | 19.5 % |
| Restructuring charges | $ (1) | $ 1 | $ (2) | $ 2 |
| Operating income | $ 18 | $ 33 | $ 58 | $ 94 |
| Operating income as a % of revenue | 2.4 % | 4.2 % | 2.7 % | 4.1 % |

International revenue decreased in the third quarter and first nine months of fiscal 2024, primarily driven by comparable sales declines of 1.9% and 4.2%, respectively, and the negative impact from unfavorable foreign currency exchange rates.

International segment stores open at the beginning and end of the third quarters of fiscal 2024 and fiscal 2023 were as follows:

| | Fiscal 2024 | | | | Fiscal 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Stores at Beginning of Third Quarter | Stores Opened | Stores Closed | Total Stores at End of Third Quarter | Total Stores at Beginning of Third Quarter | Stores Opened | Stores Closed | Total Stores at End of Third Quarter |
| Canada | | | | | | | | |
| Best Buy | 128 | - | - | 128 | 127 | - | - | 127 |
| Best Buy Mobile | 32 | - | - | 32 | 33 | - | - | 33 |
| Total | 160 | - | - | 160 | 160 | - | - | 160 |

International segment revenue mix percentages and comparable sales percentage changes by revenue category were as follows:

| | Revenue Mix | | Comparable Sales | |
|---|---|---|---|---|
| | Three Months Ended | | Three Months Ended | |
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Computing and Mobile Phones | 50 % | 49 % | (1.0)% | (9.9)% |
| Consumer Electronics | 26 % | 28 % | (8.4)% | (7.4)% |
| Appliances | 10 % | 9 % | 4.0 % | (10.2)% |
| Entertainment | 7 % | 6 % | 18.6 % | (8.4)% |
| Services | 6 % | 6 % | 2.4 % | (15.2)% |
| Other | 1 % | 2 % | (37.5)% | 3.6 % |
| Total | 100 % | 100 % | (1.9)% | (9.3)% |

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 1.0% comparable sales decline was driven primarily by computing, partially offset by comparable sales growth in tablets.
- **Consumer Electronics:** The 8.4% comparable sales decline was driven primarily by home theater and headphones and portable speakers.
- **Appliances:** The 4.0% comparable sales growth was driven primarily by small appliances.
- **Entertainment:** The 18.6% comparable sales growth was driven primarily by gaming.
- **Services:** The 2.4% comparable sales growth was driven primarily by growth in our membership programs.

International gross profit rates decreased in the third quarter and first nine months of fiscal 2024, primarily driven by lower product margin rates. The decrease in the first nine months of fiscal 2024 was partially offset by a higher mix of revenue from the higher-margin services category.

International SG&A in the third quarter of fiscal 2024 was relatively flat to last year, as the favorable impact of foreign currency exchange rates was primarily offset by higher incentive compensation expense.

International SG&A decreased in the first nine months of fiscal 2024, primarily due to the favorable impact of foreign currency exchange rates and lower store payroll expense, partially offset by higher incentive compensation expense.

International operating income rate decreased in the third quarter of fiscal 2024, primarily due to an unfavorable gross profit rate and decreased leverage from lower sales volume on our fixed expenses, which resulted in an unfavorable SG&A rate.

International operating income rate decreased in the first nine months of fiscal 2024, primarily due to decreased leverage from lower sales volume on our fixed expenses, which resulted in an unfavorable SG&A rate, and an unfavorable gross profit rate.

***Consolidated Non-GAAP Financial Measures***

Reconciliations of operating income, effective tax rate and diluted EPS (GAAP financial measures) to non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted EPS (non-GAAP financial measures) were as follows ($ in millions, except per share amounts):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Operating income | $ 354 | $ 365 | $ 1,013 | $ 1,198 |
| *% of revenue* | *3.6 %* | *3.4 %* | *3.5 %* | *3.8 %* |
| Intangible asset amortization(1) | 15 | 21 | 56 | 65 |
| Restructuring charges(2) | - | 26 | (16) | 61 |
| Non-GAAP operating income | $ 369 | $ 412 | $ 1,053 | $ 1,324 |
| *% of revenue* | *3.8 %* | *3.9 %* | *3.7 %* | *4.2 %* |
| | | | | |
| Effective tax rate | 24.7 % | 23.6 % | 24.8 % | 21.4 % |
| Intangible asset amortization(1) | -% | 0.1 % | 0.2 % | 0.2 % |
| Restructuring charges(2) | -% | 0.1 % | (0.1)% | 0.1 % |
| Non-GAAP effective tax rate | 24.7 % | 23.8 % | 24.9 % | 21.7 % |
| | | | | |
| Diluted EPS | $ 1.21 | $ 1.22 | $ 3.57 | $ 4.07 |
| Intangible asset amortization(1) | 0.07 | 0.10 | 0.25 | 0.29 |
| Restructuring charges(2) | - | 0.11 | (0.07) | 0.27 |
| Loss on investments | 0.04 | - | 0.05 | - |
| Gain on sale of subsidiary, net(3) | - | - | (0.10) | - |
| Income tax impact of non-GAAP adjustments(4) | (0.03) | (0.05) | (0.04) | (0.14) |
| Non-GAAP diluted EPS | $ 1.29 | $ 1.38 | $ 3.66 | $ 4.49 |

For additional information regarding the nature of charges discussed below, refer to Note 1, *Basis of Presentation*, Note 2, *Restructuring*, and Note 3, *Goodwill and Intangible Assets*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

(1) Represents the non-cash amortization of definite-lived intangible assets associated with acquisitions, including customer relationships, tradenames and developed technology assets.
(2) Represents charges related to employee termination benefits and subsequent adjustments from higher-than-expected employee retention related to previously planned organizational changes.
(3) Represents the gain on sale of a Mexico subsidiary subsequent to our exit from operations in Mexico.
(4) The non-GAAP adjustments primarily relate to the U.S. and Mexico. As such, the forecasted annual income tax charge on a portion of the U.S. non-GAAP adjustments is calculated using the statutory tax rate of 24.5%. There is no forecasted annual income tax for Mexico non-GAAP items and a portion of U.S. non-GAAP items, as there is no forecasted annual tax benefit/expense on the income/expenses in the calculation of GAAP income tax expense.

Non-GAAP operating income rates decreased in the third quarter and first nine months of fiscal 2024, primarily due to unfavorable SG&A rates, partially offset by favorable gross profit rates.

Non-GAAP effective tax rate increased in the third quarter of fiscal 2024, primarily due to the prior year recognition of losses and certain deferred tax assets for which tax benefits were previously not recognized. Our non-GAAP effective tax rate increased in the first nine months of fiscal 2024, primarily due to the prior year resolution of certain discrete tax matters and decreased tax benefits from stock-based compensation, partially offset by the impact of lower pre-tax earnings.

Non-GAAP diluted EPS decreased in the third quarter and first nine months of fiscal 2024, primarily due to the decreases in non-GAAP operating income.

**Liquidity and Capital Resources**

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including the level of investment required to support our business strategies, the performance of our business, capital expenditures, dividends, credit facilities, short-term borrowing arrangements and working capital management. We modify our approach to managing these variables as changes in our operating environment arise. For example, capital expenditures and share repurchases are a component of our cash flow and capital management strategy, which, to a large extent, we can adjust in response to economic and other changes in our business environment.

Cash and cash equivalents were as follows ($ in millions):

| | October 28, 2023 | January 28, 2023 | October 29, 2022 |
|---|---|---|---|
| Cash and cash equivalents | $ 636 | $ 1,874 | $ 932 |

The decrease in cash and cash equivalents from January 28, 2023, was primarily due to the timing and volume of inventory purchases and payments, capital expenditures and dividend payments, partially offset by earnings.

The decrease in cash and cash equivalents from October 29, 2022, was primarily due to capital expenditures, share repurchases and dividend payments, partially offset by positive cash flows from operations, primarily driven by earnings.

***Cash Flows***

Cash flows were as follows ($ in millions):

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Total cash provided by (used in): | | |
| Operating activities | $ 290 | $ (108) |
| Investing activities | (600) | (736) |
| Financing activities | (872) | (1,058) |
| Effect of exchange rate changes on cash and cash equivalents | (12) | (10) |
| Decrease in cash, cash equivalents and restricted cash | $ (1,194) | $ (1,912) |

*Operating Activities*

The increase in cash provided by operating activities in the first nine months of fiscal 2024 was primarily driven by lower incentive compensation payments in the current year as a result of less favorable fiscal 2023 results, and the timing and volume of inventory purchases and payments. These impacts were partially offset by a decrease in deferred revenue, lower earnings and higher tax payments in the current year.

*Investing Activities*

Cash used in investing activities in the first nine months of fiscal 2024 decreased, primarily driven by lower capital spending and a decrease in purchases of investments. We currently expect capital expenditures to approximate $825 million in fiscal 2024 compared to $930 million in fiscal 2023.

*Financing Activities*

The decrease in cash used in financing activities in the first nine months of fiscal 2024 was primarily driven by lower share repurchases.

***Sources of Liquidity***

Funds generated by operating activities, available cash and cash equivalents, our credit facilities and other debt arrangements are our most significant sources of liquidity. We believe our sources of liquidity will be sufficient to fund operations and anticipated capital expenditures, share repurchases, dividends and strategic initiatives, including business combinations. However, in the event our liquidity is insufficient, we may be required to limit our spending. There can be no assurance that we will continue to generate cash flows at or above current levels or that we will be able to maintain our ability to borrow under our existing credit facilities or obtain additional financing, if necessary, on favorable terms.

On April 12, 2023, we entered into a $1.25 billion five-year senior unsecured revolving credit facility agreement (the “Five-Year Facility Agreement”) with a syndicate of banks. The Five-Year Facility Agreement replaced the previous $1.25 billion senior unsecured revolving credit facility (the “Previous Facility”) with a syndicate of banks, which was entered into in May 2021 and scheduled to expire in May 2026, but was terminated on April 12, 2023. The Five-Year Facility Agreement permits borrowings of up to $1.25 billion and expires in April 2028. There were no borrowings outstanding under the Five-Year Facility Agreement as of October 28, 2023, or the Previous Facility as of January 28, 2023, or October 29, 2022.

Our credit ratings and outlook as of November 29, 2023, remained unchanged from those disclosed in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, and are summarized below.

| Rating Agency | Rating | Outlook |
|---|---|---|
| Standard & Poor's | BBB+ | Stable |
| Moody's | A3 | Stable |

Credit rating agencies review their ratings periodically, and, therefore, the credit rating assigned to us by each agency may be subject to revision at any time. Factors that can affect our credit ratings include changes in our operating performance, the economic environment, conditions in the retail and consumer electronics industries, our financial position and changes in our business strategy. If changes in our credit ratings were to occur, they could impact, among other things, interest costs for certain of our credit facilities, our future borrowing costs, access to capital markets, vendor financing terms and future new-store leasing costs.

***Restricted Cash***

Our liquidity is also affected by restricted cash balances that are primarily restricted to cover product protection plans provided under our membership offerings and other self-insurance liabilities. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was $423 million, $379 million and $361 million at October 28, 2023, January 28, 2023, and October 29, 2022, respectively. The increases in restricted cash from January 28, 2023, and October 29, 2022, were primarily due to growth in our paid membership base.

***Debt and Capital***

As of October 28, 2023, we had $500 million of principal amount of notes due October 1, 2028, and $650 million of principal amount of notes due October 1, 2030. Refer to Note 6, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q, and Note 8, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, for additional information about our outstanding debt.

***Share Repurchases and Dividends***

We repurchase our common stock and pay dividends pursuant to programs approved by our Board of Directors ("Board"). The payment of cash dividends is also subject to customary legal and contractual restrictions. Our long-term capital allocation strategy is to first fund operations and investments in growth and then return excess cash over time to shareholders through dividends and share repurchases while maintaining investment-grade credit metrics. Our share repurchase plans are evaluated on an ongoing basis, considering factors such as our financial condition and cash flows, our economic outlook, the impact of tax laws, our liquidity needs, and the health and stability of global credit markets. The timing and amount of future repurchases may vary depending on such factors.

On February 28, 2022, our Board approved a $5.0 billion share repurchase program, which replaced the $5.0 billion share repurchase program authorized on February 16, 2021. There is no expiration date governing the period over which we can repurchase shares under this authorization.

Share repurchase and dividend activity were as follows ($ and shares in millions, except per share amounts):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Total cost of shares repurchased | $ 128 | $ - | $ 278 | $ 452 |
| Average price per share | $ 71.61 | $ - | $ 74.16 | $ 96.83 |
| Total number of shares repurchased | 1.8 | - | 3.7 | 4.6 |
| Regular quarterly cash dividend per share | $ 0.92 | $ 0.88 | $ 2.76 | $ 2.64 |
| Cash dividends declared and paid | $ 201 | $ 198 | $ 603 | $ 595 |

The total cost of shares repurchased increased in the third quarter of fiscal 2024 as repurchases were paused during the third quarter of fiscal 2023. The total cost of shares repurchased decreased in the first nine months of fiscal 2024 due to decreases in the average price per share and the volume of repurchases. Cash dividends declared and paid increased in the third quarter and first nine months of fiscal 2024, primarily due to an increase in the regular quarterly cash dividend per share, partially offset by fewer shares outstanding.

Between the end of the third quarter of fiscal 2024 on October 28, 2023, and November 29, 2023, we repurchased an incremental 1.0 million shares of our common stock at a cost of $63 million. We currently expect total share repurchases of approximately $350 million in fiscal 2024.

***Other Financial Measures***

Our current ratio, calculated as current assets divided by current liabilities, remained unchanged at 1.0 as of October 28, 2023, January 28, 2023, and October 29, 2022.

Our debt to earnings ratio, calculated as total debt (including current portion) divided by net earnings over the trailing twelve months remained unchanged at 0.8 as of October 28, 2023, and January 28, 2023, but increased compared to 0.7 as of October 29, 2022, primarily due to lower net earnings.

**Off-Balance-Sheet Arrangements and Contractual Obligations**

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements other than in connection with our $1.25 billion in undrawn capacity on our Five-Year Facility Agreement as of October 28, 2023, which, if drawn upon, would be included in either short-term or long-term debt on our Condensed Consolidated Balance Sheets.

There has been no material change in our contractual obligations other than in the ordinary course of business since the end of fiscal 2023. See our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, for additional information regarding our off-balance-sheet arrangements and contractual obligations.

**Significant Accounting Policies and Estimates**

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, and our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2023.

**New Accounting Pronouncements**

For a description of applicable new accounting pronouncements, see Note 1, *Basis of Presentation*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q. We do not expect any recently issued accounting pronouncements to have a material effect on our financial statements.

**Safe Harbor Statement Under the Private Securities Litigation Reform Act**

Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "appear," "approximate," "assume," "believe," "continue," "could," "estimate," "expect," "foresee," "guidance," "intend," "may," "might," "outlook," "plan," "possible," "project," "seek," "should," "would," and other words and terms of similar meaning or the negatives thereof. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, our operating model, new strategies and growth initiatives, the competitive environment, consumer behavior and other events. These statements involve a number of judgments and are subject to certain risks and uncertainties, many of which are outside the control of the Company, that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of our most recent Annual Report on Form 10-K, and any updated information in subsequent Quarterly Reports on Form 10-Q, for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: macroeconomic pressures in the markets in which we operate (including but not limited to recession, inflation rates, fluctuations in foreign currency exchange rates, limitations on a government's ability to borrow and/or spend capital, fluctuations in housing prices, energy markets, and jobless rates and effects related to the conflicts in Eastern Europe and the Middle East or other geopolitical events); catastrophic events, health crises and pandemics; susceptibility of the products we sell to technological advancements, product life cycle fluctuations and; changes in consumer preferences; competition (including from multi-channel retailers, e-commerce business, technology service providers, traditional store-based retailers, vendors and mobile network carriers and in the provision of delivery speed and options); our ability to attract and retain qualified employees; changes in market compensation rates; our expansion into health and new products, services and technologies; our focus on services as a strategic priority; our reliance on key vendors and mobile network carriers (including product availability); our ability to maintain positive brand perception and recognition; our ability to effectively manage strategic ventures, alliances or acquisitions; our ability to effectively manage our real estate portfolio; inability of vendors or service providers to perform components of our supply chain (impacting our stores or other aspects of our operations) and other various functions of our business; risks arising from and potentially unique to our exclusive brands products; our reliance on our information technology systems, internet and telecommunications access and capabilities; our ability to prevent or effectively respond to a cyber-attack, privacy or security breach; product safety and quality concerns; changes to labor or employment laws or regulations; risks arising from statutory, regulatory and legal developments (including statutes and/or regulations related to tax or privacy); evolving corporate governance and public disclosure regulations and expectations (including, but not limited to, cybersecurity and environmental, social and governance matters) risks arising from our international activities (including those related to the conflicts in Eastern Europe and the Middle East or fluctuations in foreign currency exchange rates) and those of our vendors; failure to effectively manage our costs; our dependence on cash flows and net earnings generated during the fourth fiscal quarter; pricing investments and promotional activity; economic or regulatory developments that might affect our ability to provide attractive promotional financing; constraints in the capital markets; changes to our vendor credit terms; changes in our credit ratings; failure to meet financial-performance guidance or other forward-looking statements; and general economic uncertainty in key global markets and worsening of global economic conditions or low levels of economic growth. We caution that the foregoing list of important factors is not complete. Any forward-looking statements speak only as of the date they are made and we assume no obligation to update any forward-looking statement that we may make.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

As disclosed in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, in addition to the risks inherent in our operations, we are exposed to certain market risks.

### Interest Rate Risk

We are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. Our cash, cash equivalents and restricted cash generate interest income that will vary based on changes in short-term interest rates. In addition, we have swapped a portion of our fixed-rate debt to floating rate such that the interest expense on this debt will vary with short-term interest rates. Refer to Note 1, *Summary of Significant Accounting Policies,* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, for further information regarding our interest rate swaps.

As of October 28, 2023, we had $1.1 billion of cash, cash equivalents and restricted cash and $0.5 billion of debt that has been swapped to floating rate, and therefore the net asset balance exposed to interest rate changes was $0.6 billion. As of October 28, 2023, a 50-basis point increase in short-term interest rates would have led to an estimated $3 million increase in interest income, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated $3 million decrease in interest income.

### Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to operations in our International segment. On a limited basis, we utilize foreign exchange forward contracts to manage foreign currency exposure to certain forecasted inventory purchases, recognized receivable and payable balances and our investment in our Canadian operations. Refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, for additional information regarding these instruments.

In the third quarter and first nine months of fiscal 2024, foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar compared to the Canadian dollar compared to the prior-year period, which had a negative overall impact on our revenue as this foreign currency revenue translated into less U.S. dollars. We estimate that foreign currency exchange rate fluctuations had an unfavorable impact on our revenue of approximately $16 million and $88 million in the third quarter and first nine months of fiscal 2024, respectively. The impact of foreign exchange rate fluctuations on our net earnings in the third quarter and first nine months of fiscal 2024 was not significant.

## Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's ("SEC") rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), to allow timely decisions regarding required disclosure. We have established a Disclosure Committee, consisting of certain members of management, to assist in this evaluation. The Disclosure Committee meets on a regular quarterly basis and more often if necessary.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), at October 28, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at October 28, 2023, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended October 28, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II — OTHER INFORMATION

## Item 1. Legal Proceedings

For information about our legal proceedings, see Note 10, *Contingencies*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

**Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

c) Stock Repurchases

On February 28, 2022, our Board approved a $5.0 billion share repurchase program. There is no expiration date governing the period over which we can repurchase shares under this authorization. For additional information, see Note 9, *Repurchase of Common Stock*, of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

| Fiscal Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program |
|---|---|---|---|---|
| July 30, 2023 through August 26, 2023 | 278,095 | $ 78.66 | 278,095 | $ 3,953,000,000 |
| August 27, 2023 through September 30, 2023 | 363,407 | $ 72.22 | 363,407 | $ 3,927,000,000 |
| October 1, 2023 through October 28, 2023 | 1,141,166 | $ 69.70 | 1,141,166 | $ 3,847,000,000 |
| Total fiscal 2024 third quarter | 1,782,668 | $ 71.61 | 1,782,668 | $ 3,847,000,000 |

**Item 5. Other Information**

*Rule 10b5-1 Plan Elections*

During the fiscal quarter ended October 28, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

**Item 6. Exhibits**

| | |
|---|---|
| 3.1 | Amended and Restated Articles of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 12, 2020). |
| 3.2 | Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 14, 2018). |
| 10.1* | Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2023) – Directors. |
| 31.1 | Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1). |
| 32.2 | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1). |
| 101 | The following financial information from our Quarterly Report on Form 10-Q for the third quarter of fiscal 2024, filed with the SEC on December 1, 2023, formatted in Inline Extensible Business Reporting Language (“iXBRL”): (i) the Condensed Consolidated Balance Sheets as of October 28, 2023, January 28, 2023, and October 29, 2022, (ii) the Condensed Consolidated Statements of Earnings for the three and nine months ended October 28, 2023, and October 29, 2022, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended October 28, 2023, and October 29, 2022, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended October 28, 2023, and October 29, 2022, (v) the Condensed Consolidated Statements of Changes in Shareholders’ Equity for the three and nine months ended October 28, 2023, and October 29, 2022, and (vi) the Notes to Condensed Consolidated Financial Statements. |
| 104 | The cover page from our Quarterly Report on Form 10-Q for the third quarter of fiscal 2024, filed with the SEC on December 1, 2023, formatted in iXBRL (included as Exhibit 101). |

(1) The certifications in Exhibit 32.1 and Exhibit 32.2 to this Quarterly Report on Form 10-Q shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

* Management contracts or compensatory plans or arrangements

Pursuant to Item 601(b)(4)(iii) of Regulation S-K under the Securities Act of 1933, as amended, the registrant has not filed as exhibits to this Quarterly Report on Form 10-Q certain instruments with respect to long-term debt under which the amount of securities authorized does not exceed 10% of the total assets of the registrant. The registrant hereby agrees to furnish copies of all such instruments to the SEC upon request.

**SIGNATURES**

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.

| | | |
|---|---|---|
| | BEST BUY CO., INC.<br>(Registrant) | |
| Date: December 1, 2023 | By: | /s/ CORIE BARRY<br>Corie Barry<br>*Chief Executive Officer* |
| Date: December 1, 2023 | By: | /s/ MATTHEW BILUNAS<br>Matthew Bilunas<br>*Chief Financial Officer* |
| Date: December 1, 2023 | By: | /s/ MATHEW R. WATSON<br>Mathew R. Watson<br>*Senior Vice President, Finance – Controller and Chief Accounting Officer* |

# BEST BUY CO., INC.
# LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
# Award Date: June __, 2023

This Long-Term Incentive Program Agreement (the "**Agreement**"), dated the date set forth above (the "**Award Date**"), is between Best Buy Co., Inc., a Minnesota corporation, ("**Best Buy**" or the "**Company**"), and the individual ("**you**" or the "**Participant**") whose name is set forth in the Award Notification you received from the Company (the "**Award Notification**"). The Award Notification is included in and made a part of this Agreement.

1. **Grant of Award**. In consideration of your service on the Board of Directors of the Company ("**Board**"), the Company hereby grants to you the award set forth in the Award Notification (the "**Award**") subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. 2020 Omnibus Incentive Plan (the "**Plan**"). In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.

2. **Restricted Stock Units**. A "**Restricted Stock Unit**" is a right to receive a share of the Company's common stock ("**Share**") upon the lapse of the restrictions set forth in this Agreement.

   (a) **Restrictions**. During the time you serve on the Board (the "**Holding Period**"), the Restricted Stock Units are subject to the restrictions described in this Agreement and the Plan (the "**Restrictions**"). During the Holding Period, the Restricted Stock Units may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Stock Units, shall be void and unenforceable against the Company. The Restricted Stock Units are subject to forfeiture to Best Buy as provided in this Agreement and the Plan.

   (b) **Vesting**. Except as otherwise set forth herein, so long as your service on the Board continues, the Restricted Stock Units shall vest in accordance with the vesting schedule stated in the Award Notification. If your service on the Board is terminated for any reason other than Cause, a pro rata portion (based on your length of service during the applicable vesting period) of any unvested Restricted Stock Units will vest as of such termination date. If your service on the Board is terminated for Cause, all Restricted Stock Units, whether vested or not as of the date of termination pursuant to the vesting schedule, will be forfeited as of the date of termination.

(c) **Issuance of Shares; Holding Period**. Within 30 days from the end of the Holding Period, the Shares underlying the Restricted Stock Units that have vested as of the end of the Holding Period will be delivered to you.

3. **Restrictive Covenants and Remedies**. By accepting the Award, you specifically agree to the restrictive covenants contained in this Section 3 (the "**Restrictive Covenants**") and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group.

(a) **Confidentiality.** In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your service to the Company and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group.

(b) **Non-Solicitation**. During the Holding Period and for one year following the termination of your service on the Board, you shall not:

(i) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;
(ii) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Group to any third Person;
(iii) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;
(iv) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or
(v) assist, solicit, or encourage any other Person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity.

(c) **Partial Invalidity**. If any portion of this Section 3 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

(d) **Remedy for Breach**. You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, you agree that if you breach any Restrictive Covenant, the Company Group shall be entitled, in addition to and without limitation upon all other remedies the Company Group may have under this Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security, to restrain any such breach through arbitration. You further agree that the duration of the Restrictive Covenant shall be extended by the same amount of time that you are in breach of any Restrictive Covenant.

**(e) Claw Back & Recovery**.

(i) In the event (i) you breach any of the Restrictive Covenants, (ii) you engage in conduct materially adverse to the interests of the Company, including any material violations of any Company policy, (iii) you engage in intentional misconduct that caused or contributed to the restatement of any financial statements of the Company, (iv) you materially violate the terms of any agreement to which you and a member of the Company Group is a party or (v) you engage in a criminal act, fraud, or violation of any securities laws, then notwithstanding any other provision of this Agreement to the contrary, the Company, in its sole discretion, may take one or more of the following actions with respect to your Award (and shall, in any event, take all action required by applicable law):

(A) cause the immediate forfeiture of any of your then unvested Restricted Stock Units;

(B) require you to immediately return to the Company any Shares issued under any Restricted Stock Units that are still under your control; and

(C) require you to promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the date of issuance of any Shares issued under any Restricted Stock Units).

(ii) The Committee shall have sole discretion to determine what constitutes the conduct described in Section 3(e)(i) above.

(iii) In addition to the Company's rights set forth above, you agree your Award and the value of any portion of your Award no longer under your control, shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation, or applicable stock exchange rule, including without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**(f) Right of Set Off**. By accepting the Award, you agree that any member of the Company Group may set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 3.

**4. General Terms and Conditions.**

**(a) Rights as a Shareholder**. You will have no rights as a shareholder with respect to any Shares issuable under the Restricted Stock Units until you have actually received such Shares in accordance with the terms of this Agreement and the Plan. This means that you will not have the right to vote as a shareholder nor the right to receive dividend payments. Upon issuance of Shares at vesting of the Restricted Stock Units, you will have all of the rights of a shareholder with respect to the Shares unless Shares are forfeited or recovered under this Agreement or the Plan.

**(b) Dividend Equivalents**. Notwithstanding the foregoing, you shall accumulate a right to "dividend equivalents" on the Restricted Stock Units if cash dividends are paid on Shares having a record date on or after the Award Date and prior to the end of the Holding Period. You will be entitled to such dividend equivalents with respect to the Restricted Stock Units from the Award Date until the date such Restricted Stock Units are issued (the "**Dividend Equivalent Period**"), as follows:

(i) For each Share dividend having a record date during the Dividend Equivalent Period, as of each payment date for such dividend, a dollar amount equal to the amount of the dividend that would have been paid on the number of Shares equal to the number of Restricted Stock Units held by you under this Award as of the close of business on the record date for such dividend will be converted into a number of additional notional Restricted Stock Units equal to the number of whole Shares with fractional shares rounded up to the next whole Share that could have been purchased at the closing price on the dividend payment date with such dollar amount.

(ii) Such accrued dividend equivalents will be paid to you in Shares at such time and in accordance with Section 2, as applies, but in each such case only to the extent that the Restricted Stock Units on which such dividend equivalents were credited have become vested and payable. The Committee may, in its discretion, pay such dividend equivalents in cash in lieu of Shares.

**(c) Participant's Acknowledgements**.

(i) **Committee's Sole Discretion**. The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement, with the exception of the application of the Company's Arbitration Policy. You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable.

(ii) **Taxes**. You are liable for any for any federal, state and other taxes incurred upon the lapse of a substantial risk of forfeiture (*e.g*., employment taxes) or upon delivery of Shares underlying the Restricted Stock Units (*e.g*., income taxes), and any subsequent disposition of any Shares (*e.g*., capital gain taxes). You authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

(iii) **Section 409A.** Anything herein to the contrary notwithstanding, this Agreement shall be interpreted so as to comply with or satisfy an exemption from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The Committee may in good faith make the minimum modifications to this Agreement as it may deem appropriate to comply with Section 409A while to the maximum extent reasonably possible maintaining the original intent and economic benefit to you and the Company Group of the applicable provision.

(A) To the extent required by Section 409A(a)(2)(B)(i), to the extent that you are a specified employee, Shares (or cash equivalent value of Shares) underlying Restricted Stock Units that become payable to you upon your separation from service will be delayed and paid promptly after the earlier of the date that is six (6) months after the date of such separation from service or the date of your death after such separation from service. For purposes hereof, (x) any reference to your termination of service under this Agreement shall mean your separation from service, (y) the occurrence of your "separation from service" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(h) and (z) whether you are a "specified employee" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(i) with the "identification date" to be December 31 and the "effective date" to be the April 1 following the identification date (as such terms are used under such regulation). Notwithstanding anything in this Agreement to the contrary, your service shall not be deemed to have been terminated unless and until you have incurred a "separation from service" within the meaning of Section 409A.

(B) For purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Agreement shall at all times be considered a separate and distinct payment.

(iv) **Consultation With Professional Tax Advisors**. You acknowledge that the grant, exercise, vesting or any payment with respect to the Award, and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax consequences under federal, state, local or international tax laws. You further acknowledge that you are relying solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse you for such taxes.

(d) **Severability**. In the event that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law, the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement, such provision shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.

(e) **Governing Law and Dispute Resolution.** Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company's Arbitration Policy. The substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside; however, the Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.

5. **Definitions**. Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:

(a) "**Cause**" for termination of your service with the Company Group shall, solely for purposes of this Agreement, is deemed to exist if you:

(i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;

(ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;

(iii) disobey the directions of the Board, or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;

(iv) fail to comply with the policies or practices of the Company Group;

(v) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishonesty involving any other Person;

(vi) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;

(vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

(viii) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or

(ix) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

All determinations and other decisions relating to Cause (as defined above) for termination of your service shall be within the sole discretion of the Board or any individual or individuals the Board authorizes to act on its behalf; and shall be final, conclusive and binding upon you. In the event that there exists Cause (as defined above), the Company may terminate this Agreement immediately, upon written notification of such termination for Cause, given to you by the Board or any individual or individuals the Board authorizes to act on its behalf.

**(b)** "**Company Group**" means, collectively, Best Buy Co., Inc. and its subsidiaries.

**(c)** "**Committee**" means the Compensation and Human Resources Committee of the Board of Directors of Best Buy Co., Inc.

**(d)** "**Confidential Information**" means all "Confidential Information" as that term is defined in Best Buy's Confidentiality Policy, and includes, without limitation, any and all information in whatever form, whether written, electronically stored, orally transmitted or memorized relating to trade secrets, customer lists, records and other information regarding customers, price lists and pricing policies, financial information, records, ledgers and information, purchase orders, agreements and related data, business development and strategic plans, products and technologies, product tests, manufacturing costs, product or service pricing, sales and marketing plans, research and development plans, personnel and employment records, files, data and policies (regardless of whether the information pertains to you or employees of the Company Group), tax information, business and sales methods and operations, business correspondence, memoranda and other records, inventions, improvements and discoveries, processes and methods, business operations and related data formulae, computer records and related data, know-how, research and development, trademark, technology, technical information, copyrighted material, and any other confidential or proprietary data and information which you encounter during your service, all of which are held, possessed and/or owned by the Company Group and all of which are used in the operations and business of the Company Group. Confidential Information does not include information which is or becomes generally known within the Company Group's industry through no act or omission by you.

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Corie Barry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

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 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 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.

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| Date: December 1, 2023 | /s/ CORIE BARRY |
| | Corie Barry |
| | *Chief Executive Officer* |

Exhibit 31.2

**CERTIFICATION PURSUANT TO**
**RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES**
**EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew Bilunas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Best Buy Co., Inc.;

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 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 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.

Date: December 1, 2023

/s/ MATTHEW BILUNAS

Matthew Bilunas
*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**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Executive Officer of Best Buy Co., Inc. (the “Company”), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended October 28, 2023 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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| Date: December 1, 2023 | /s/ CORIE BARRY |
| | Corie Barry |
| | *Chief Executive Officer* |

**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**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Financial Officer of Best Buy Co., Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended October 28, 2023 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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|---|---|
| Date: December 1, 2023 | /s/ MATTHEW BILUNAS |
| | Matthew Bilunas |
| | *Chief Financial Officer* |