Best Buy (BBY)

Q4 FY23
Financial Recap

Prepared: 3/2/23

Presentation of financial information:

This presentation includes non-GAAP financial measures, such as non-GAAP operating income, non-GAAP diluted earnings per share ("EPS"), non-GAAP gross profit, and non-GAAP SG&A ("Selling, General and Administrative) expense. These non-GAAP financial measures are provided to facilitate meaningful year-over-year comparisons, but should not be considered superior to, as a substitute for, and should be read in conjunction with, the GAAP financial measures for the periods presented. Definitions and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures, and an explanation of why these non- GAAP financial measures are useful, can be found in the attached supporting schedules entitled 'Non-GAAP Reconciliation.'

This presentation also includes estimates of future non-GAAP operating income rate, non-GAAP effective tax rate, and non-GAAP diluted EPS, which are forward-looking non-GAAP financial measures. A reconciliation of these forward-looking non-GAAP financial measures, to the most directly comparable GAAP financial measure, is not provided because the company is unable to provide such reconciliation without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. These GAAP measures may include the impact of such items as restructuring charges; price-fixing settlements; goodwill impairments; gains and losses on investments; intangible asset amortization; certain acquisition-related costs; and the tax effect of all such items. Historically, the company has excluded these items from non-GAAP financial measures. The company currently expects to continue to exclude these items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, "non-GAAP adjustments"). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as a decision to exit part of the business or reaching settlement of a legal dispute, are inherently unpredictable as to if or when they may occur. For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.

Forward-looking and cautionary statements:

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements reflect management's current views and estimates regarding future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment and other events. You can identify these statements by the fact that they use 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 release. 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 the effects of COVID-19, 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 conflict in Ukraine or other geopolitical events); catastrophic events, health crises and pandemics (including the COVID-19 pandemic); 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 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 conflict in Ukraine 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.

Q4 FY23 Highlights

"Today we are reporting Q4 sales that were in line with our expectations and profitability that was better than expected," said Corie Barry, Best Buy CEO. "Throughout Q4 and FY23, we remained committed to balancing our near-term response to current conditions and managing well what is in our control, while also advancing our strategic initiatives and investing in areas important for our long-term performance."

"We believe the macro and industry backdrop will continue to be pressured in FY24 and we will continue to adjust," Barry added. "At the same time, we remain incredibly excited about our industry and our future - there are more technology products than ever in peoples' homes, technology is increasingly a necessity in our lives, and technology innovation will continue. Our initiatives to deliver our omnichannel retail model evolution, build customer relationships through membership, and remove cost and improve efficiency and effectiveness will allow us to deliver even more experiences no one else can and capitalize on the opportunities ahead of us."

- Corie Barry, CEO

"As we enter FY24, the consumer electronics industry continues to feel the effects of the broader macro environment and its impact on consumers," said Matt Bilunas, Best Buy CFO. "As a result, our outlook assumes comparable sales decline 3% to 6% for the year, with the most sales pressure in the first quarter, as year-over-year compares ease through the year."

"During FY24, we expect to expand our gross profit rate approximately 40 to 70 basis points versus the past year as we evolve our membership program and realize benefits from our cost optimization efforts," Bilunas continued. "Non-GAAP SG&A expense is expected to increase versus last year as our cost takeout initiatives and lower variable costs are offset by the addback of incentive compensation, the extra week and higher depreciation."

- Matt Bilunas, CFO

Q4 and FY23 Financial Highlights

$ in millions, except per share amounts

Fiscal Year	Q4 FY23	Q4 FY22	Q4 Change	Fiscal Year FY23	Fiscal Year FY22	Fiscal Year Change
Enterprise Earnings Data						
Revenue	$14,735	$16,365	-10.0%	$46,298	$51,761	-10.6%
Comparable sales % change	-9.3%	-2.3%		-9.9%	10.4%	
Non-GAAP Financial Measures:						
Gross profit	$2,940	$3,313	-11.3%	$9,912	$11,634	-14.8%
Gross profit as a % of revenue	20.0%	20.2%	-20 bps	21.4%	22.5%	-110 bps
Selling, general and administrative expenses (SG&A)	$2,236	$2,477	-9.7%	$7,884	$8,542	-7.7%
SG&A as a % of revenue	15.2%	15.1%	10 bps	17.0%	16.5%	50 bps
Operating income	$704	$836	-15.8%	$2,028	$3,092	-34.4%
Operating income as a % of revenue	4.8%	5.1%	-30 bps	4.4%	6.0%	-160 bps
Diluted earnings per share	$2.61	$2.73	-4.4%	$7.08	$10.01	-29.3%
Other Financial Measures						
Cash and cash equivalents	$1,874	$2,936	-36.2%	$1,874	$2,936	-36.2%
Merchandise inventories	$5,140	$5,965	-13.8%	$5,140	$5,965	-13.8%
Accounts payable	$5,687	$6,803	-16.4%	$5,687	$6,803	-16.4%
Cash provided by operating activities	$1,932	$2,191	-11.8%	$1,824	$3,252	-43.9%
Capital expenditures	$234	$189	23.8%	$930	$737	26.2%
Shareholder Metrics						
Total cost of shares repurchased	$549	$1,774	-69.1%	$1,014	$3,502	-71.0%
Cash dividends declared and paid	$194	$166	16.9%	$789	$688	14.7%
Regular quarterly cash dividends per share	$0.88	$0.70	25.7%	$3.52	$2.80	25.7%

FY23 Enterprise Quarterly Results

$ in millions

Fiscal 2023	Q1	Q2	Q3	Q4	Fiscal Year
Revenue	**$10,647**	**$10,329**	**$10,587**	**$14,735**	**$46,298**
% change vs. FY22	-8.5%	-12.8%	-11.1%	-10.0%	-10.6%
Comparable sales % change	-8.0%	-12.1%	-10.4%	-9.3%	-9.9%
Non-GAAP gross profit	**$2,353**	**$2,287**	**$2,332**	**$2,940**	**$9,912**
% of Revenue	22.1%	22.1%	22.0%	20.0%	21.4%
% of Revenue in FY22	23.3%	23.7%	23.5%	20.2%	22.5%
Non-GAAP SG&A	**$1,868**	**$1,860**	**$1,920**	**$2,236**	**$7,884**
% of Revenue	17.5%	18.0%	18.1%	15.2%	17.0%
% of Revenue in FY22	16.9%	16.8%	17.7%	15.1%	16.5%
Non-GAAP operating income	**$485**	**$427**	**$412**	**$704**	**$2,028**
% of Revenue	4.6%	4.1%	3.9%	4.8%	4.4%
% of Revenue in FY22	6.4%	6.9%	5.8%	5.1%	6.0%

Q4 FY23 Revenue

$ in millions

	Q4 FY23	Q4 FY22
Enterprise Revenue	$14,735	$16,365
Revenue % change	-10.0%	-3.4%
Comparable sales % change	-9.3%	-2.3%
Domestic Revenue	$13,531	$14,993
Revenue % change	-9.8%	-2.6%
Comparable sales % change	-9.6%	-2.1%
Comparable online sales % change	-13.0%	-11.2%
Online revenue as a % of Domestic total	38.0%	39.4%
% of Enterprise total	91.8%	91.6%
International Revenue	$1,204	$1,372
Revenue % change	-12.2%	-10.7%
Comparable sales % change	-5.7%	-3.8%
% of Enterprise total	8.2%	8.4%

- **Enterprise Revenue vs. Expectations:** Enterprise comparable sales decline of 9.3% compared to guidance provided 11/22/22 of "a decline of approximately 10%."

- **Domestic Weighted Comp Drivers:** The largest drivers were computing, home theater, appliances and mobile phones, partially offset by growth in the gaming and tablet categories.

- **Enterprise Monthly Trends:** As expected, December's comparable sales decline of approx. 8% was the best performing month on a year-over-year basis. When comparing to the pre-pandemic FY20 comparable period, January was the best performing month and the only fiscal month that had growth.

Q4 FY23 vs. Q4 FY22
Non-GAAP Profitability.

Non-GAAP Gross Profit

Variances: Favorable / (Unfavorable)

$ in millions	Q4 FY23	Q4 FY22	Change
Non-GAAP Gross Profit - Enterprise	**$2,940**	**$3,313**	**($373)**
% of Enterprise revenue	20.0%	20.2%	(20) bps
Non-GAAP Gross Profit - Domestic	**$2,679**	**$2,999**	**($320)**
% of Domestic revenue	19.8%	20.0%	(20) bps
Non-GAAP Gross Profit - International	**$261**	**$314**	**($53)**
% of International revenue	21.7%	22.9%	(120) bps

- **Versus last year.** Primary drivers of the 20-basis point (bps) decline in the Domestic gross profit rate:
  - Lower product margin rates, which included higher promotions
  - Partially offset by:
    - Favorable services margin rates primarily driven by an approx. $30 million profit-sharing benefit from the company's services plan portfolio
    - Higher profit-sharing revenue from the company's private label and co-branded credit card arrangement

Non-GAAP SG&A

Variances: Favorable / (Unfavorable)

$ in millions	Q4 FY23	Q4 FY22	Change
Non-GAAP SG&A - Enterprise	**$2,236**	**$2,477**	**$241**
% of Enterprise revenue	15.2%	15.1%	(10) bps
Non-GAAP SG&A - Domestic	**$2,047**	**$2,271**	**$224**
% of Domestic revenue	15.1%	15.1%	- bps
Non-GAAP SG&A - International	**$189**	**$206**	**$17**
% of International revenue	15.7%	15.0%	(70) bps

- **Versus last year.** Primary drivers of the $224 million decline in the Domestic segment:
  - Reduced store payroll-related expenses, which were favorable to last year as a percentage of revenue
  - Lower incentive compensation of approximately $90 million
  - Lower advertising expense

FY23 vs FY22 Capital Allocation

Capital Allocation

$ in millions	FY23	FY22	Higher / (Lower)
Share Repurchases and Dividends	**$1,803**	**$4,190**	**($2,387)**
Total cost of shares repurchased	$1,014	$3,502	$ (2,488)
Cash dividends declared and paid	$789	$688	$ 101
Capital Expenditures	**$930**	**$737**	**$193**
E-commerce and information technology	$540	$549	$ (9)
Store-related projects	$355	$178	$ 177
Supply chain	$35	$10	$ 25

- **Share Repurchases:** Share repurchases were paused during Q2 FY23 and resumed in Q4 FY23. The $3.5 billion in repurchases during FY22 benefitted from the elevated operating performance experienced during the pandemic. The company plans to continue share repurchases in FY24.
- **Dividends:** Best Buy raised its FY23 dividend by 26% to $0.88 per share, ending the year with a dividend yield of 4.1% as of 1/28/23. The company is raising its FY24 quarterly dividend 5% to $0.92 per share, marking the 10th straight year of dividend increases.
- **Capital Expenditures:** Capital expenditures increased $193 million compared to last year mainly due to increased investments in our physical store portfolio, including approximately 40 Experiential Store remodels in the U.S.

FY24 Financial Guidance.

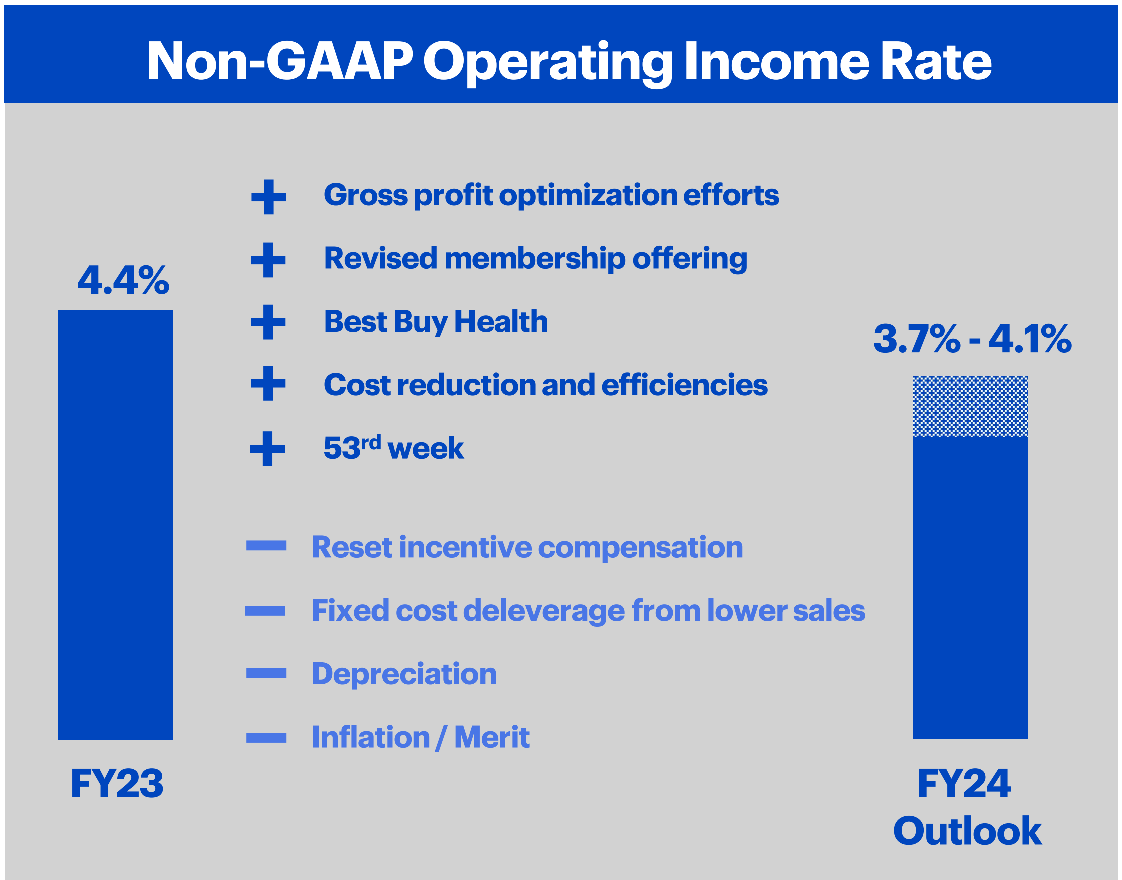
(as of 3/2/23)

Note: FY24 includes a 53-week year in Q4 that is excluded from comparable sales.

FY24 Full Year

Enterprise revenue	$43.8 - $45.2 billion
Enterprise comparable sales decline	(3%) - (6%)
Non-GAAP operating income rate	3.7% - 4.1%
Non-GAAP effective tax rate	Approx. 24.5%
Non-GAAP diluted EPS	$5.70 - $6.50
Capital expenditures	Approx. $850 million

FY24 Guidance Details
As of 3/2/23



YoY Planning Assumptions

- Revenue: Decline largest in Q1, improving through the year
- Non-GAAP gross profit rate: Approx. 40 – 70 basis point expansion
- Non-GAAP SG&A rate: Increases approx. 100 basis points vs. FY23
- Neutral impacts (< +/– 10 basis points) :
  - Supply chain
  - Co-branded credit card profit share
  - Store labor
  - Advertising
- 53rd week: Adds approx. $700 million of revenue and 10 bps of non-GAAP operating income rate
- Store closures: Approx. 20-30

Q1 FY24 Guidance Commentary
As of 3/2/23

- We anticipate that our first quarter comparable sales will decline by approximately 10%, which is similar to our revenue trends during the first 4 weeks of the quarter.
- We expect our gross profit rate to improve compared to last year, with the expansion slightly below the full-year outlook.
- We expect our operating income rate to decline due to lower revenue and SG&A dollars that are similar to last year.

Appendix

Additional Supporting Schedules and Non-GAAP Reconciliations

FY23 Enterprise Quarterly Non-GAAP Results

Variances vs. FY22

$ in millions
Variances: Higher / (Lower)

Fiscal Year	Q1	% of Revenue	Q2	% of Revenue	Q3	% of Revenue	Q4	% of Revenue	FY23	% of Revenue
Revenue	**$10,647**		**$10,329**		**$10,587**		**$14,735**		**$46,298**	
Revenue % change	-8.5%		-12.8%		-11.1%		-10.0%		-10.6%	
Comparable sales % change	-8.0%		-12.1%		-10.4%		-9.3%		-9.9%	
Non-GAAP Gross Profit	**$2,353**	**22.1%**	**$2,287**	**22.1%**	**$2,332**	**22.0%**	**$2,940**	**20.0%**	**$9,912**	**21.4%**
% of revenue vs. FY22 (basis points)	(120)		(160)		(150)		(20)		(110)	
Drivers of Domestic gross profit rate variance vs. FY22:	- Services margin rates, including Best Buy Totaltech (Approx. 100 bps impact) - Product margin rates, including higher promotions - Higher supply chain costs + Higher profit-sharing revenue from co-branded credit card		- Services margin rates, including Best Buy Totaltech (Approx. 100 bps impact) - Product margin rates, including higher promotions - Higher supply chain costs + Higher profit-sharing revenue from co-branded credit card		- Product margin rates, including higher promotions - Services margin rates, including Best Buy Totaltech (Approx. 60 bps impact) - Higher supply chain costs + Higher profit-sharing revenue from co-branded credit card		- Product margin rates, including higher promotions + Higher services margin, including $30 million of profit share from the company's services plan portfolio + Higher profit-sharing revenue from co-branded credit card		- Services margin rates, including BBY Totaltech - Product margin rates, including higher promotions - Higher supply chain costs + Higher profit-sharing revenue from co-branded credit card	
Non-GAAP SG&A	**$1,868**	**17.5%**	**$1,860**	**18.0%**	**$1,920**	**18.1%**	**$2,236**	**15.2%**	**$7,884**	**17.0%**
$ variance to FY22	($100)		($129)		($188)		($241)		($658)	
% of revenue vs. FY22 (basis points)	60		120		40		10		50	
Drivers of Domestic SG&A $ variance vs. FY22:	- Incentive compensation (Approx. $135 million) + Advertising + Health initiative expenses		- Incentive compensation (Approx. $130 million)		- Incentive compensation (Approx. $100 million) - Store payroll expense		- Store payroll expense - Incentive compensation (Approx. $90 million) - Advertising expense		- Incentive compensation (Approx. $455 million) - Store payroll expense	
Non-GAAP Operating Income	**$485**	**4.6%**	**$427**	**4.1%**	**$412**	**3.9%**	**$704**	**4.8%**	**$2,028**	**4.4%**
% of revenue vs. FY22 (basis points)	(180)		(280)		(190)		(30)		(160)	

Quarterly Comparable Sales

FY18 – FY23

Note: Additional information on the calculation of our comparable sales and supporting information is contained within our most recent Form 10-K

	Enterprise Comparable Sales[1]					Domestic Comparable Sales[1]					International Comparable Sales[1]				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Fiscal 2023[2]	-8.0%	-12.1%	-10.4%	-9.3%	-9.9%	-8.5%	-12.7%	-10.5%	-9.6%	-10.3%	-1.4%	-4.2%	-9.3%	-5.7%	-5.4%
Fiscal 2022[2]	37.2%	19.6%	1.6%	-2.3%	10.4%	37.9%	20.8%	2.0%	-2.1%	11.0%	27.8%	5.0%	-3.0%	-3.8%	3.3%
Fiscal 2021[2]	-5.3%	5.8%	23.0%	12.6%	9.7%	-5.7%	5.0%	22.6%	12.4%	9.2%	0.2%	15.1%	27.3%	14.9%	15.0%
Fiscal 2020	1.1%	1.6%	1.7%	3.2%	2.1%	1.3%	1.9%	2.0%	3.4%	2.3%	-1.2%	-1.9%	-1.9%	1.6%	-0.5%
Fiscal 2019	7.1%	6.2%	4.3%	3.0%	4.8%	7.1%	6.0%	4.3%	3.0%	4.8%	6.4%	7.6%	3.7%	2.5%	4.6%
Fiscal 2018	1.6%	5.4%	4.4%	9.0%	5.6%	1.4%	5.4%	4.5%	9.0%	5.6%	4.0%	4.7%	3.8%	9.9%	6.3%

Note:

(1) In Q1 FY20, we refined our methodology for calculating comparable sales. It now reflects certain revenue streams previously excluded from our comparable sales calculation, such as credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. We have assessed the impact of these changes for FY18 and FY19, and concluded the refinement does not have a material impact on previously reported comparable sales. We are unable to assess the impact of the refinement for years prior to FY16 without unreasonable effort. As such, comparable sales for all periods prior to Q1 FY20 have not been recast.

(2) Comparable sales include revenue from all stores that were temporarily closed or operating an enhanced curbside-only operating model as a result of COVID-19. On November 24, 2020, the company announced its decision to exit its operations in Mexico. As a result, all revenue from Mexico operations has been excluded from the comparable sales calculation beginning in December FY21. For additional information on comparable sales, please see our most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q, filed with the Securities and Exchange Commission, and available at www.investors.bestbuy.com.

Category Revenue Trends

Domestic Segment

Fiscal 2023

	Domestic Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	43%	42%	44%	41%	43%	-10.5%	-16.6%	-11.4%	-10.0%	-12.0%
Consumer Electronics	29%	30%	30%	33%	30%	-9.7%	-14.7%	-12.8%	-11.8%	-12.2%
Appliances	16%	17%	15%	12%	15%	2.9%	-1.2%	-9.6%	-13.2%	-5.7%
Entertainment	6%	5%	5%	9%	6%	-13.6%	-9.2%	-4.6%	0.2%	-5.5%
Services	5%	5%	5%	5%	5%	-12.4%	-8.5%	-0.9%	12.4%	-2.5%
Other	1%	1%	1%	0%	1%	26.0%	15.6%	39.8%	N/A	1.6%
Total	100%	100%	100%	100%	100%	-8.5%	-12.7%	-10.5%	-9.6%	-10.3%

Fiscal 2022

	Domestic Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	44%	43%	45%	42%	44%	27.3%	11.4%	-2.4%	-6.0%	5.1%
Consumer Electronics	30%	31%	30%	34%	31%	45.9%	27.4%	5.5%	2.9%	15.9%
Appliances	15%	16%	15%	13%	14%	66.6%	31.1%	10.9%	7.9%	24.1%
Entertainment	6%	5%	5%	8%	6%	32.1%	36.4%	4.1%	-9.5%	7.4%
Services	5%	5%	5%	3%	5%	33.2%	23.6%	-5.6%	-14.8%	5.9%
Other	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	37.9%	20.8%	2.0%	-2.1%	11.0%

Fiscal 2021

	Domestic Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	48%	47%	47%	43%	46%	0.0%	11.7%	21.5%	16.4%	13.0%
Consumer Electronics	28%	29%	29%	32%	30%	-15.7%	-3.8%	21.1%	-1.3%	-0.2%
Appliances	12%	14%	14%	12%	13%	-2.0%	14.5%	39.3%	36.0%	23.2%
Entertainment	7%	5%	5%	9%	6%	9.5%	-4.4%	17.5%	31.4%	17.9%
Services	5%	5%	5%	4%	5%	-16.1%	-8.7%	12.7%	4.9%	-1.4%
Other	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	-5.7%	5.0%	22.6%	12.4%	9.2%

Note: Additional information on the calculation of our comparable sales and supporting information is contained within our most recent Form 10-K

Computing and Mobile Phones - computing (including desktops, notebooks and peripherals), mobile phones (including related mobile network carrier commissions), networking, tablets (including e-readers) and wearables (including smartwatches);
Consumer Electronics - digital imaging, health and fitness products, home theater, portable audio (including headphones and portable speakers) and smart home;
Appliances - large appliances (including dishwashers, laundry, ovens and refrigerators) and small appliances (including blenders, coffee makers and vacuums);
Entertainment - drones, gaming (including hardware, peripherals and software), movies, music, toys, virtual reality and other software;
Services - consultation, delivery, design, health-related services, installation, memberships, repair, set-up, technical support and warranty-related services;
Other - other product offerings, including baby, food and beverage, luggage, outdoor living and sporting goods.

Category Revenue Trends

International Segment

Note: Additional information on the calculation of our comparable sales and supporting information is contained within our most recent Form 10-K

Fiscal 2023

	International Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	46%	43%	49%	43%	45%	-7.9%	-7.6%	-9.9%	-0.5%	-6.1%
Consumer Electronics	28%	29%	28%	33%	30%	3.8%	-4.8%	-7.4%	-10.1%	-6.2%
Appliances	9%	14%	9%	9%	10%	9.4%	6.8%	-10.2%	-2.5%	0.3%
Entertainment	8%	7%	6%	9%	8%	-7.5%	-5.8%	-8.4%	-10.5%	-8.6%
Services	7%	5%	6%	4%	5%	31.4%	-0.4%	-15.2%	-15.1%	-2.1%
Other	2%	2%	2%	2%	2%	-3.9%	12.6%	3.6%	-6.2%	1.1%
Total	100%	100%	100%	100%	100%	-1.4%	-4.2%	-9.3%	-5.7%	-5.4%

Fiscal 2022

	International Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	50%	44%	50%	40%	45%	36.5%	-1.6%	-6.7%	-6.0%	1.6%
Consumer Electronics	27%	30%	27%	35%	30%	23.9%	11.8%	-0.8%	-3.8%	4.0%
Appliances	9%	12%	9%	9%	10%	28.9%	11.6%	-1.8%	-1.2%	6.2%
Entertainment	8%	7%	6%	10%	8%	12.2%	13.7%	15.0%	-6.9%	3.5%
Services	4%	5%	6%	4%	5%	7.8%	2.2%	-2.2%	23.0%	7.9%
Other	2%	2%	2%	2%	2%	7.6%	10.8%	17.0%	2.8%	8.8%
Total	100%	100%	100%	100%	100%	27.8%	5.0%	-3.0%	-3.8%	3.3%

Fiscal 2021

	International Revenue Mix					Comparable Sales				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Computing and Mobile Phones	48%	49%	53%	42%	47%	4.6%	31.0%	35.7%	20.5%	23.8%
Consumer Electronics	27%	27%	27%	34%	30%	-12.7%	-4.7%	13.3%	2.4%	0.3%
Appliances	9%	12%	9%	9%	10%	0.1%	13.4%	40.1%	26.8%	20.9%
Entertainment	9%	6%	5%	10%	8%	58.0%	44.5%	35.6%	59.5%	52.1%
Services	5%	4%	5%	3%	4%	-19.5%	-11.1%	4.3%	-18.0%	-11.0%
Other	2%	2%	1%	2%	1%	1.1%	12.0%	22.0%	6.5%	9.4%
Total	100%	100%	100%	100%	100%	0.2%	15.1%	27.3%	14.9%	15.0%

Computing and Mobile Phones - computing (including desktops, notebooks and peripherals), mobile phones (including related mobile network carrier commissions), networking, tablets (including e-readers) and wearables (including smartwatches);
Consumer Electronics - digital imaging, health and fitness products, home theater, portable audio (including headphones and portable speakers) and smart home;
Appliances - large appliances (including dishwashers, laundry, ovens and refrigerators) and small appliances (including blenders, coffee makers and vacuums);
Entertainment - drones, gaming (including hardware, peripherals and software), movies, music, toys, virtual reality and other software;
Services - consultation, delivery, design, health-related services, installation, memberships, repair, set-up, technical support and warranty-related services;
Other - other product offerings, including baby, food and beverage, luggage, outdoor living and sporting goods.

Reconciliations of Non-GAAP Financial Measures

The following information provides reconciliations of the most comparable financial measures presented in accordance with accounting principles generally accepted in the U.S. (GAAP financial measures) to presented non-GAAP financial measures. The company believes that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating current period performance and in assessing future performance. For these reasons, internal management reporting also includes non-GAAP financial measures. Generally, presented non-GAAP financial measures include adjustments for items such as restructuring charges, price-fixing settlements, goodwill impairments, gains and losses on 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 the company believes this provides greater clarity to management and investors. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, the GAAP financial measures presented in this earnings release and the company's financial statements and other publicly filed reports. Non-GAAP financial measures as presented herein may not be comparable to similarly titled measures used by other companies.

Q1

Reconciliations of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Three Months Ended April 30, 2022			Three Months Ended May 1, 2021		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Gross profit	$ 2,170	$ 183	$ 2,353	$ 2,526	$ 189	$ 2,715
% of revenue	*21.9 %*	*24.3 %*	*22.1 %*	*23.3 %*	*23.7 %*	*23.3 %*
Restructuring - inventory markdowns[1]	-	-	-	-	(6)	(6)
Non-GAAP gross profit	$ 2,170	$ 183	$ 2,353	$ 2,526	$ 183	$ 2,709
% of revenue	*21.9 %*	*24.3 %*	*22.1 %*	*23.3 %*	*23.0 %*	*23.3 %*
SG&A	$ 1,741	$ 149	$ 1,890	$ 1,836	$ 152	$ 1,988
% of revenue	*17.6 %*	*19.8 %*	*17.8 %*	*16.9 %*	*19.1 %*	*17.1 %*
Intangible asset amortization[2]	(22)	-	(22)	(20)	-	(20)
Non-GAAP SG&A	$ 1,719	$ 149	$ 1,868	$ 1,816	$ 152	$ 1,968
% of revenue	*17.4 %*	*19.8 %*	*17.5 %*	*16.8 %*	*19.1 %*	*16.9 %*
Operating income	$ 429	$ 33	$ 462	$ 734	$ 35	$ 769
% of revenue	*4.3 %*	*4.4 %*	*4.3 %*	*6.8 %*	*4.4 %*	*6.6 %*
Restructuring - inventory markdowns[1]	-	-	-	-	(6)	(6)
Intangible asset amortization[2]	22	-	22	20	-	20
Restructuring charges[3]	-	1	1	(44)	2	(42)
Non-GAAP operating income	$ 451	$ 34	$ 485	$ 710	$ 31	$ 741
% of revenue	*4.6 %*	*4.5 %*	*4.6 %*	*6.5 %*	*3.9 %*	*6.4 %*
Effective tax rate			24.4 %			22.4 %
Restructuring charges[3]			-%			0.1 %
Non-GAAP effective tax rate			24.4 %			22.5 %

	Three Months Ended April 30, 2022			Three Months Ended May 1, 2021		
	Pretax Earnings	Net of Tax[4]	Per Share	Pretax Earnings	Net of Tax[4]	Per Share
Diluted EPS			$ 1.49			$ 2.32
Restructuring - inventory markdowns[1]	$ -	$ -	-	$ (6)	$ (6)	(0.02)
Intangible asset amortization[2]	22	17	0.08	20	15	0.05
Restructuring charges[3]	1	1	-	(42)	(31)	(0.12)
Non-GAAP diluted EPS			$ 1.57			$ 2.23

Notes:

(1) Represents inventory markdown adjustments recorded within cost of sales associated with the exit from operations in Mexico.

(2) Represents the non-cash amortization of definite-lived intangible assets associated with acquisitions, including customer relationships, tradenames and developed technology.

(3) Represents adjustments to previously planned organizational changes and higher-than-expected retention rates in the Domestic segment and charges and subsequent adjustments associated with the exit from operations in Mexico in the International segment.

(4) The non-GAAP adjustments primarily relate to the U.S., UK and Mexico. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for all U.S. non-GAAP items for all periods presented. There is no income tax charge for UK and Mexico non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.

Q2

Reconciliations of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Three Months Ended July 30, 2022			Three Months Ended July 31, 2021		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 1,732	$ 150	$ 1,882	$ 1,849	$ 160	$ 2,009
% of revenue	*18.1 %*	*19.7 %*	*18.2 %*	*16.8 %*	*19.1 %*	*17.0 %*
Intangible asset amortization[1]	(22)	-	(22)	(20)	-	(20)
Non-GAAP SG&A	$ 1,710	$ 150	$ 1,860	$ 1,829	$ 160	$ 1,989
% of revenue	*17.9 %*	*19.7 %*	*18.0 %*	*16.6 %*	*19.1 %*	*16.8 %*
Operating income	$ 343	$ 28	$ 371	$ 757	$ 40	$ 797
% of revenue	*3.6 %*	*3.7 %*	*3.6 %*	*6.9 %*	*4.8 %*	*6.7 %*
Intangible asset amortization[1]	22	-	22	20	-	20
Restructuring charges[2]	34	-	34	-	4	4
Non-GAAP operating income	$ 399	$ 28	$ 427	$ 777	$ 44	$ 821
% of revenue	*4.2 %*	*3.7 %*	*4.1 %*	*7.1 %*	*5.3 %*	*6.9 %*
Effective tax rate			15.6 %			8.0 %
Intangible asset amortization[1]			0.4 %			0.4 %
Restructuring charges[2]			0.7 %			-%
Non-GAAP effective tax rate			16.7 %			8.4 %

	Three Months Ended July 30, 2022			Three Months Ended July 31, 2021		
	Pretax Earnings	Net of Tax[4]	Per Share	Pretax Earnings	Net of Tax[4]	Per Share
Diluted EPS			$ 1.35			$ 2.90
Intangible asset amortization[1]	$ 22	$ 17	0.07	$ 20	$ 15	0.06
Restructuring charges[2]	34	26	0.12	4	4	0.02
Non-GAAP diluted EPS			$ 1.54			$ 2.98

Notes:

(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 primarily related to termination benefits in the Domestic segment associated with an enterprise-wide initiative that commenced in Q2 FY23 to better align the company's spending with critical strategies and operations, as well as to optimize its cost structure, for the periods ended July 30, 2022. Represents adjustments to previously planned organizational changes and higher-than-expected retention rates in the Domestic segment and charges associated with the exit from operations in Mexico in the International segment for the periods ended July 31, 2021.

(3) Represents inventory markdown adjustments recorded within cost of sales associated with the exit from operations in Mexico for the six months ended July 31, 2021.

(4) The non-GAAP adjustments primarily relate to the U.S., the UK and Mexico. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for all U.S. non-GAAP items for all periods presented. There is no income tax charge for the UK and Mexico non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.

Q3

Reconciliations of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Three Months Ended October 29, 2022			Three Months Ended October 30, 2021		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 1,791	$ 150	$ 1,941	$ 1,962	$ 171	$ 2,133
% of revenue	*18.3 %*	*19.1 %*	*18.3 %*	*17.9 %*	*18.5 %*	*17.9 %*
Intangible asset amortization[1]	(21)	-	(21)	(20)	-	(20)
Acquisition-related transaction costs[2]	-	-	-	(5)	-	(5)
Non-GAAP SG&A	$ 1,770	$ 150	$ 1,920	$ 1,937	$ 171	$ 2,108
% of revenue	*18.1 %*	*19.1 %*	*18.1 %*	*17.6 %*	*18.5 %*	*17.7 %*
Operating income	$ 332	$ 33	$ 365	$ 609	$ 61	$ 670
% of revenue	*3.4 %*	*4.2 %*	*3.4 %*	*5.5 %*	*6.6 %*	*5.6 %*
Intangible asset amortization[1]	21	-	21	20	-	20
Acquisition-related transaction costs[2]	-	-	-	5	-	5
Restructuring charges[3]	25	1	26	-	(1)	(1)
Non-GAAP operating income	$ 378	$ 34	$ 412	$ 634	$ 60	$ 694
% of revenue	*3.9 %*	*4.3 %*	*3.9 %*	*5.8 %*	*6.5 %*	*5.8 %*
Effective tax rate			23.6 %			25.1 %
Intangible asset amortization[1]			0.1 %			(0.1)%
Restructuring charges[3]			0.1 %			-%
Non-GAAP effective tax rate			23.8 %			25.0 %

	Three Months Ended October 29, 2022			Three Months Ended October 30, 2021		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
Diluted EPS			$ 1.22			$ 2.00
Intangible asset amortization[1]	$ 21	$ 15	0.08	$ 20	$ 14	0.06
Acquisition-related transaction costs[2]	-	-	-	5	5	0.02
Restructuring charges[3]	26	19	0.08	(1)	-	-
Non-GAAP diluted EPS			$ 1.38			$ 2.08

Notes:

(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 associated with acquisition-related transaction and due diligence costs, primarily comprised of professional fees.

(3) Represents charges primarily related to employee termination benefits in the Domestic segment associated with an enterprise-wide initiative that commenced in Q2 FY23 to better align the company's spending with critical strategies and operations, as well as to optimize its cost structure, for the periods ended January 28, 2023. Represents charges and subsequent adjustments primarily related to actions taken in the Domestic segment to better align the company's organizational structure with its strategic focus and the exit from operations in Mexico in the International segment for the periods ended January 29, 2022.

(4) Represents inventory markdown adjustments recorded within cost of sales associated with exit from operations in Mexico.

(5) The non-GAAP adjustments primarily relate to the U.S., Canada and Mexico. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for the U.S. and 26.4% for Canada applied to the non-GAAP adjustments of each country. There is no income tax charge for Mexico non-GAAP items and a minimal amount of U.S. non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.

Q4

Reconciliations of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Three Months Ended January 28, 2023			Three Months Ended January 29, 2022		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 2,068	$ 189	$ 2,257	$ 2,299	$ 206	$ 2,505
% of revenue	*15.3 %*	*15.7 %*	*15.3 %*	*15.3 %*	*15.0 %*	*15.3 %*
Intangible asset amortization[1]	(21)	-	(21)	(22)	-	(22)
Acquisition-related transaction costs[2]	-	-	-	(6)	-	(6)
Non-GAAP SG&A	$ 2,047	$ 189	$ 2,236	$ 2,271	$ 206	$ 2,477
% of revenue	*15.1 %*	*15.7 %*	*15.2 %*	*15.1 %*	*15.0 %*	*15.1 %*
Operating income	$ 530	$ 67	$ 597	$ 695	$ 108	$ 803
% of revenue	*3.9 %*	*5.6 %*	*4.1 %*	*4.6 %*	*7.9 %*	*4.9 %*
Intangible asset amortization[1]	21	-	21	22	-	22
Acquisition-related transaction costs[2]	-	-	-	6	-	6
Restructuring charges[3]	81	5	86	5	-	5
Non-GAAP operating income	$ 632	$ 72	$ 704	$ 728	$ 108	$ 836
% of revenue	*4.7 %*	*6.0 %*	*4.8 %*	*4.9 %*	*7.9 %*	*5.1 %*
Effective tax rate			19.3 %			21.4 %
Intangible asset amortization[1]			0.1 %			-%
Restructuring charges[3]			0.4 %			-%
Non-GAAP effective tax rate			19.8 %			21.4 %

	Three Months Ended January 28, 2023			Three Months Ended January 29, 2022		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
Diluted EPS			$ 2.23			$ 2.62
Intangible asset amortization[1]	$ 21	$ 16	0.08	$ 22	$ 18	0.08
Acquisition-related transaction costs[2]	-	-	-	6	5	0.02
Restructuring charges[3]	86	67	0.30	5	3	0.01
Non-GAAP diluted EPS			$ 2.61			$ 2.73

Notes:

(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 associated with acquisition-related transaction and due diligence costs, primarily comprised of professional fees.

(3) Represents charges primarily related to employee termination benefits in the Domestic segment associated with an enterprise-wide initiative that commenced in Q2 FY23 to better align the company's spending with critical strategies and operations, as well as to optimize its cost structure, for the periods ended January 28, 2023. Represents charges and subsequent adjustments primarily related to actions taken in the Domestic segment to better align the company's organizational structure with its strategic focus and the exit from operations in Mexico in the International segment for the periods ended January 29, 2022.

(4) Represents inventory markdown adjustments recorded within cost of sales associated with exit from operations in Mexico.

(5) The non-GAAP adjustments primarily relate to the U.S., Canada and Mexico. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for the U.S. and 26.4% for Canada applied to the non-GAAP adjustments of each country. There is no income tax charge for Mexico non-GAAP items and a minimal amount of U.S. non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.

Reconciliations of Non-GAAP Financial Measures

($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Twelve Months Ended January 28, 2023			Twelve Months Ended January 29, 2022		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Gross profit	$ 9,106	$ 806	$ 9,912	$ 10,702	$ 938	$ 11,640
% of revenue	*21.3 %*	*23.0 %*	*21.4 %*	*22.4 %*	*23.9 %*	*22.5 %*
Restructuring - inventory markdowns[4]	-	-	-	-	(6)	(6)
Non-GAAP gross profit	$ 9,106	$ 806	$ 9,912	$ 10,702	$ 932	$ 11,634
% of revenue	*21.3 %*	*23.0 %*	*21.4 %*	*22.4 %*	*23.7 %*	*22.5 %*
SG&A	$ 7,332	$ 638	$ 7,970	$ 7,946	$ 689	$ 8,635
% of revenue	*17.1 %*	*18.2 %*	*17.2 %*	*16.6 %*	*17.5 %*	*16.7 %*
Intangible asset amortization[1]	(86)	-	(86)	(82)	-	(82)
Acquisition-related transaction costs[2]	-	-	-	(11)	-	(11)
Non-GAAP SG&A	$ 7,246	$ 638	$ 7,884	$ 7,853	$ 689	$ 8,542
% of revenue	*16.9 %*	*18.2 %*	*17.0 %*	*16.4 %*	*17.5 %*	*16.5 %*
Operating income	$ 1,634	$ 161	$ 1,795	$ 2,795	$ 244	$ 3,039
% of revenue	*3.8 %*	*4.6 %*	*3.9 %*	*5.8 %*	*6.2 %*	*5.9 %*
Intangible asset amortization[1]	86	-	86	82	-	82
Acquisition-related transaction costs[2]	-	-	-	11	-	11
Restructuring charges[3]	140	7	147	(39)	5	(34)
Restructuring - inventory markdowns[4]	-	-	-	-	(6)	(6)
Non-GAAP operating income	$ 1,860	$ 168	$ 2,028	$ 2,849	$ 243	$ 3,092
% of revenue	*4.3 %*	*4.8 %*	*4.4 %*	*6.0 %*	*6.2 %*	*6.0 %*
Effective tax rate			20.7 %			19.0 %
Intangible asset amortization[1]			0.1 %			0.1 %
Restructuring charges[3]			0.2 %			(0.1)%
Non-GAAP effective tax rate			21.0 %			19.0 %

	Twelve Months Ended January 28, 2023			Twelve Months Ended January 29, 2022		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
Diluted EPS			$ 6.29			$ 9.84
Intangible asset amortization[1]	$ 86	$ 65	0.29	$ 82	$ 62	0.25
Acquisition-related transaction costs[2]	-	-	-	11	10	0.04
Restructuring charges[3]	147	113	0.50	(34)	(24)	(0.10)
Restructuring - inventory markdowns[4]	-	-	-	(6)	(6)	(0.02)
Non-GAAP diluted EPS			$ 7.08			$ 10.01

Notes:

(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 associated with acquisition-related transaction and due diligence costs, primarily comprised of professional fees.

(3) Represents charges primarily related to employee termination benefits in the Domestic segment associated with an enterprise-wide initiative that commenced in Q2 FY23 to better align the company's spending with critical strategies and operations, as well as to optimize its cost structure, for the periods ended January 28, 2023. Represents charges and subsequent adjustments primarily related to actions taken in the Domestic segment to better align the company's organizational structure with its strategic focus and the exit from operations in Mexico in the International segment for the periods ended January 29, 2022.

(4) Represents inventory markdown adjustments recorded within cost of sales associated with exit from operations in Mexico.

(5) The non-GAAP adjustments primarily relate to the U.S., Canada and Mexico. As such, the income tax charge is calculated using the statutory tax rate of 24.5% for the U.S. and 26.4% for Canada applied to the non-GAAP adjustments of each country. There is no income tax charge for Mexico non-GAAP items and a minimal amount of U.S. non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.