Best Buy Co., Inc.
Non-GAAP Reconciliation
($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

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, goodwill impairments, price-fixing settlements, 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 the company's earnings releases, 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.

Enterprise - Continuing Operations	**Q4 FY21**	**Q4 FY22**
Gross profit	$ 3,543	$ 3,313
% of revenue	*20.9 %*	*20.2 %*
Restructuring - inventory markdowns[1]	(13)	-
Price-fixing settlement[2]	(21)	-
Non-GAAP gross profit	$ 3,509	$ 3,313
% of revenue	*20.7 %*	*20.2 %*
SG&A	$ 2,368	$ 2,505
% of revenue	*14.0 %*	*15.3 %*
Intangible asset amortization[3]	(20)	(22)
Acquisition-related transaction costs[3]	-	(6)
Non-GAAP SG&A	$ 2,348	$ 2,477
% of revenue	*13.9 %*	*15.1 %*
Operating income	$ 1,033	$ 803
% of revenue	*6.1 %*	*4.9 %*
Restructuring - inventory markdowns[1]	(13)	-
Price-fixing settlement[2]	(21)	-
Intangible asset amortization[3]	20	22
Acquisition-related transaction costs[3]	-	6
Restructuring charges[4]	142	5
Non-GAAP operating income	$ 1,161	$ 836
% of revenue	*6.9 %*	*5.1 %*
Diluted earnings per share ("EPS")	$ 3.10	$ 2.62
Restructuring - inventory markdowns[1]	(0.05)	-
Price-fixing settlement[2]	(0.08)	-
Intangible asset amortization[3]	0.08	0.09
Acquisition-related transaction costs[3]	-	0.03
Restructuring charges[4]	0.54	0.02
Gain on investments, net	(0.04)	-
Income tax impact of non-GAAP adjustments[5]	(0.07)	(0.03)
Non-GAAP diluted EPS	$ 3.48	$ 2.73

(1) Represents inventory markdown adjustments recorded within cost of sales associated with the decision to exit operations in Mexico.
(2) Represents a price-fixing litigation settlement received in relation to products purchased and sold in prior fiscal years.
(3) Represents charges associated with acquisitions, including: (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology; and (2) acquisition-related transaction and due diligence costs, primarily comprised of professional fees.
(4) Represents charges primarily related to actions taken in the Domestic segment to better align the company's organizational structure with its strategic focus and the decision to exit operations in Mexico in the International segment.
(5) The non-GAAP adjustments primarily relate to the U.S. and Mexico. As such, the income tax charge is generally calculated using the statutory tax rate of 24.5% for U.S. non-GAAP items for all periods presented. 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.

Best Buy Co., Inc.
Non-GAAP Reconciliation
($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

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, goodwill impairments, price-fixing settlements, 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 the company's earnings releases, 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.

Enterprise - Continuing Operations	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**
Operating income	$ 1,843	$ 1,900	$ 2,009	$ 2,391	$ 3,039
% of revenue	*4.4 %*	*4.4 %*	*4.6 %*	*5.1 %*	*5.9 %*
Restructuring - inventory markdowns[1]	-	-	-	23	(6)
Price-fixing settlement[2]	-	-	-	(21)	-
Restructuring charges[3]	10	46	41	254	(34)
Intangible asset amortization[4]	-	22	72	80	82
Acquisition-related transaction costs[4]	-	13	3	-	11
Tax reform-related item - employee bonus[5]	80	7	-	-	-
Tax reform-related item - charitable contribution[5]	20	-	-	-	-
Non-GAAP operating income	$ 1,953	$ 1,988	$ 2,125	$ 2,727	$ 3,092
% of revenue	*4.6 %*	*4.6 %*	*4.9 %*	*5.8 %*	*6.0 %*

Enterprise - Continuing Operations	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**
Diluted earnings per share ("EPS")	$ 3.26	$ 5.20	$ 5.75	$ 6.84	$ 9.84
Restructuring - inventory markdowns[1]	-	-	-	0.09	(0.02)
Price-fixing settlement[2]	-	-	-	(0.08)	-
Restructuring charges[3]	0.03	0.16	0.15	0.97	(0.14)
Intangible asset amortization[4]	-	0.08	0.27	0.30	0.33
Acquisition-related transaction costs[4]	-	0.05	0.01	-	0.04
(Gain) loss on investments, net	0.02	(0.04)	-	(0.05)	-
Tax reform-related item - employee bonus[5]	0.26	0.02	-	-	-
Tax reform-related item - charitable contribution[5]	0.07	-	-	-	-
Tax reform - repatriation tax[5]	0.68	(0.07)	-	-	-
Tax reform - deferred tax rate change[5]	0.24	(0.02)	-	-	-
Income tax impact of non-GAAP adjustments[6]	(0.14)	(0.06)	(0.11)	(0.16)	(0.04)
Non-GAAP diluted EPS	$ 4.42	$ 5.32	$ 6.07	$ 7.91	$ 10.01

(1) Represents inventory markdown adjustments recorded within cost of sales associated with the decision to exit operations in Mexico.
(2) Represents a price-fixing litigation settlement received in relation to products purchased and sold in prior fiscal years.
(3) Represents charges and subsequent adjustments primarily related to the following restructuring plans: Best Buy Mobile Exit in FY18 and FY19, U.S. Retail Operating Model Changes in FY20, and the Mexico Exit and Strategic Realignment in FY21 and FY22.
(4) Represents charges associated with acquisitions, including (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology, and (2) acquisition-related transaction and due diligence costs, primarily comprised of professional fees.
(5) Represents charges and subsequent adjustments resulting from the Tax Cuts and Jobs Act of 2017 ("tax reform") enacted into law in Q4 FY18, including amounts associated with a deemed repatriation tax and the revaluation of deferred tax assets and liabilities, as well as tax reform-related items announced in response to future tax savings created by tax reform, including a one-time bonus for certain employees and a one-time contribution to the Best Buy Foundation.
(6) Represents the summation of the calculated income tax charge related to each non-GAAP non-income tax adjustment, which is calculated using the statutory tax rates of each country in effect during the period of the related non-GAAP adjustment. 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.

Best Buy Co., Inc.
Non-GAAP Reconciliation
($ in millions)
(Unaudited and subject to reclassification)

The tables below provide calculations of return on assets ("ROA") (GAAP financial measure) and non-GAAP return on investment (“ROI”) (non-GAAP financial measure) for the periods presented. The company believes ROA is the most directly comparable financial measure to ROI. Non-GAAP ROI is defined as non-GAAP adjusted operating income after tax divided by average invested operating assets. All periods presented below apply this methodology consistently. The company believes non-GAAP ROI is a meaningful metric for investors to evaluate capital efficiency because it measures how key assets are deployed by adjusting operating income and total assets for the items noted below. This method of determining non-GAAP ROI may differ from other companies' methods and therefore may not be comparable to those used by other companies.

Return on Assets ("ROA")	**February 3, 2018[1]**	**February 2, 2019[1]**	**February 1, 2020[1]**	**January 30, 2021[1]**	**January 29, 2022[1]**
Net earnings	$ 1,000	$ 1,464	$ 1,541	$ 1,798	$ 2,454
Total assets	14,218	13,240	15,953	18,408	18,743
ROA	**7.0%**	**11.1%**	**9.7%**	**9.8%**	**13.1%**

Non-GAAP Return on Investment ("ROI")	**February 3, 2018[1]**	**February 2, 2019[1]**	**February 1, 2020[1]**	**January 30, 2021[1]**	**January 29, 2022[1]**
Numerator					
Operating income - total operations	$ 1,844	$ 1,900	$ 2,009	$ 2,391	$ 3,039
Add: Non-GAAP operating income adjustments[2]	110	88	116	336	53
Add: Operating lease interest[3]	118	114	113	111	108
Less: Income taxes[4]	(760)	(512)	(548)	(695)	(784)
Add: Depreciation	683	748	740	759	787
Add: Operating lease amortization[5]	665	645	667	665	657
Adjusted operating income after tax	**$ 2,660**	**$ 2,983**	**$ 3,097**	**$ 3,567**	**$ 3,860**
Denominator					
Total assets	$ 14,218	$ 13,240	$ 15,953	$ 18,408	$ 18,743
Less: Excess cash[6]	(2,706)	(1,404)	(831)	(4,071)	(3,055)
Add: Capitalized operating lease assets[7]	3,131	3,032	-	-	-
Add: Accumulated depreciation and amortization[8]	6,125	6,482	6,712	7,114	6,957
Less: Adjusted current liabilities[9]	(7,912)	(7,975)	(7,994)	(9,189)	(10,122)
Average invested operating assets	**$ 12,856**	**$ 13,375**	**$ 13,840**	**$ 12,262**	**$ 12,523**
Non-GAAP ROI	**20.7%**	**22.3%**	**22.4%**	**29.1%**	**30.8%**

(1) Income statement accounts represent the activity for the trailing 12 months ended as of each of the balance sheet dates. Balance sheet accounts represent the average account balances for the trailing 12 months ended as of each of the balance sheet dates.
(2) Includes continuing operations adjustments for tax reform-related items, restructuring charges recorded within costs of sales and SG&A, intangible asset amortization, acquisition-related transaction costs and price-fixing settlements. Additional details regarding these adjustments are included in the Reconciliation of Non-GAAP Financial Measures schedule in this supplemental presentation.
(3) Operating lease interest represents the add-back to operating income to approximate the total interest expense that the company would incur if its operating leases were owned and financed by debt. For periods prior to FY20, the add-back is approximated by using a multiple of 15% of total rent expense. For periods beginning on or after FY20 upon adoption of new lease accounting guidance, the add-back is approximated by multiplying average operating lease assets by 4%, which approximates the interest rate on the company’s operating lease liabilities.
(4) Income taxes are calculated using tax rates that approximate the blended statutory rate at the Enterprise level, which is 24.5% for the periods ended on or after February 2, 2019, and 36.7% for the period ended February 3, 2018.
(5) Operating lease amortization represents operating lease cost less operating lease interest. Operating lease cost includes short-term leases, which are immaterial, and excludes variable lease costs as these costs are not included in the operating lease asset balance.
(6) Excess cash represents the amount of cash, cash equivalents and short-term investments greater than $1 billion, which approximates the amount of cash the company believes is necessary to run the business and may fluctuate over time.
(7) Capitalized operating lease assets represent the estimated net assets that the company would record if the company's operating leases were owned. For periods prior to FY20, the asset is approximated by using a multiple of four times total rent expense. For periods beginning on or after FY20 upon adoption of new lease accounting guidance, capitalized operating lease assets are included within Total assets and therefore no adjustment is necessary.
(8) Accumulated depreciation and amortization represents accumulated depreciation related to property and equipment and accumulated amortization related to definite-lived intangible assets.
(9) Adjusted current liabilities represent total current liabilities less short-term debt and the current portions of operating lease liabilities and long-term debt.

Best Buy Co., Inc.
Non-GAAP Reconciliation
($ in millions)
(Unaudited and subject to reclassification)

The table below provides a reconciliation of cash provided by operating activities (GAAP financial measure) to free cash flow (non-GAAP financial measure) for the periods presented. The company believes free cash flow, which measures our ability to generate additional cash from our ongoing business operations, is a relevant supplementary measure for investors in evaluating the company's financial performance. In addition, it is one factor used by the company in determining the amount of cash available for acquisitions, dividends, share repurchases and other discretionary investments. This method of determining free cash flow may differ from other companies' methods and therefore may not be comparable to those used by other companies.

	FY18	FY19	FY20	FY21	FY22
Cash provided by operating activities	$ 2,141	$ 2,408	$ 2,565	$ 4,927	$ 3,252
Less: Additions to property and equipment, net	(688)	(819)	(743)	(713)	(737)
Free cash flow	**$ 1,453**	**$ 1,589**	**$ 1,822**	**$ 4,214**	**$ 2,515**

BEST BUY CO., INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

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.

	Three Months Ended January 29, 2022			Three Months Ended January 30, 2021		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Gross profit	$ 2,999	$ 314	$ 3,313	$ 3,211	$ 332	$ 3,543
% of revenue	*20.0 %*	*22.9 %*	*20.2 %*	*20.9 %*	*21.6 %*	*20.9 %*
Restructuring - inventory markdowns[1]	-	-	-	-	(13)	(13)
Price-fixing settlement[2]	-	-	-	(21)	-	(21)
Non-GAAP gross profit	$ 2,999	$ 314	$ 3,313	$ 3,190	$ 319	$ 3,509
% of revenue	*20.0 %*	*22.9 %*	*20.2 %*	*20.7 %*	*20.8 %*	*20.7 %*
SG&A	$ 2,299	$ 206	$ 2,505	$ 2,152	$ 216	$ 2,368
% of revenue	*15.3 %*	*15.0 %*	*15.3 %*	*14.0 %*	*14.1 %*	*14.0 %*
Intangible asset amortization[3]	(22)	-	(22)	(20)	-	(20)
Acquisition-related transaction costs[3]	(6)	-	(6)	-	-	-
Non-GAAP SG&A	$ 2,271	$ 206	$ 2,477	$ 2,132	$ 216	$ 2,348
% of revenue	*15.1 %*	*15.0 %*	*15.1 %*	*13.8 %*	*14.1 %*	*13.9 %*
Operating income	$ 695	$ 108	$ 803	$ 971	$ 62	$ 1,033
% of revenue	*4.6 %*	*7.9 %*	*4.9 %*	*6.3 %*	*4.0 %*	*6.1 %*
Restructuring - inventory markdowns[1]	-	-	-	-	(13)	(13)
Price-fixing settlement[2]	-	-	-	(21)	-	(21)
Intangible asset amortization[3]	22	-	22	20	-	20
Acquisition-related transaction costs[3]	6	-	6	-	-	-
Restructuring charges[4]	5	-	5	88	54	142
Non-GAAP operating income	$ 728	$ 108	$ 836	$ 1,058	$ 103	$ 1,161
% of revenue	*4.9 %*	*7.9 %*	*5.1 %*	*6.9 %*	*6.7 %*	*6.9 %*
Effective tax rate			21.4 %			21.6 %
Price-fixing settlement[2]			-%			0.2 %
Intangible asset amortization[3]			-%			(0.1)%
Restructuring charges[4]			-%			(0.8)%
Gain on investments, net			-%			0.1 %
Non-GAAP effective tax rate			21.4 %			21.0 %

	Three Months Ended January 29, 2022			Three Months Ended January 30, 2021		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
Diluted EPS			$ 2.62			$ 3.10
Restructuring - inventory markdowns[1]	$ -	$ -	-	$ (13)	$ (13)	(0.05)
Price-fixing settlement[2]	-	-	-	(21)	(15)	(0.06)
Intangible asset amortization[3]	22	18	0.08	20	15	0.06
Acquisition-related transaction costs[3]	6	5	0.02	-	-	-
Restructuring charges[4]	5	3	0.01	142	121	0.46
Gain on investments, net	-	-	-	(12)	(9)	(0.03)
Non-GAAP diluted EPS			$ 2.73			$ 3.48

	Twelve Months Ended January 29, 2022			Twelve Months Ended January 30, 2021		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Gross profit	$ 10,702	$ 938	$ 11,640	$ 9,720	$ 853	$ 10,573
% of revenue	*22.4 %*	*23.9 %*	*22.5 %*	*22.5 %*	*21.5 %*	*22.4 %*
Restructuring - inventory markdowns[1]	-	(6)	(6)	-	23	23
Price-fixing settlement[2]	-	-	-	(21)	-	(21)
Non-GAAP gross profit	$ 10,702	$ 932	$ 11,634	$ 9,699	$ 876	$ 10,575
% of revenue	*22.4 %*	*23.7 %*	*22.5 %*	*22.4 %*	*22.1 %*	*22.4 %*
SG&A	$ 7,946	$ 689	$ 8,635	$ 7,239	$ 689	$ 7,928
% of revenue	*16.6 %*	*17.5 %*	*16.7 %*	*16.7 %*	*17.4 %*	*16.8 %*
Intangible asset amortization[3]	(82)	-	(82)	(80)	-	(80)
Acquisition-related transaction costs[3]	(11)	-	(11)	-	-	-
Non-GAAP SG&A	$ 7,853	$ 689	$ 8,542	$ 7,159	$ 689	$ 7,848
% of revenue	*16.4 %*	*17.5 %*	*16.5 %*	*16.5 %*	*17.4 %*	*16.6 %*
Operating income	$ 2,795	$ 244	$ 3,039	$ 2,348	$ 43	$ 2,391
% of revenue	*5.8 %*	*6.2 %*	*5.9 %*	*5.4 %*	*1.1 %*	*5.1 %*
Restructuring - inventory markdowns[1]	-	(6)	(6)	-	23	23
Price-fixing settlement[2]	-	-	-	(21)	-	(21)
Intangible asset amortization[3]	82	-	82	80	-	80
Acquisition-related transaction costs[3]	11	-	11	-	-	-
Restructuring charges[4]	(39)	5	(34)	133	121	254
Non-GAAP operating income	$ 2,849	$ 243	$ 3,092	$ 2,540	$ 187	$ 2,727
% of revenue	*6.0 %*	*6.2 %*	*6.0 %*	*5.9 %*	*4.7 %*	*5.8 %*
Effective tax rate			19.0 %			24.3 %
Price-fixing settlement[2]			-%			0.2 %
Intangible asset amortization[3]			0.1 %			(0.6)%
Restructuring charges[4]			(0.1)%			(1.0)%
Gain on investments, net			-%			0.1 %
Non-GAAP effective tax rate			19.0 %			23.0 %

	Twelve Months Ended January 29, 2022			Twelve Months Ended January 30, 2021		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
Diluted EPS			$ 9.84			$ 6.84
Restructuring - inventory markdowns[1]	$ (6)	$ (6)	(0.02)	$ 23	$ 23	0.09
Price-fixing settlement[2]	-	-	-	(21)	(15)	(0.06)
Intangible asset amortization[3]	82	62	0.25	80	60	0.23
Acquisition-related transaction costs[3]	11	10	0.04	-	-	-
Restructuring charges[4]	(34)	(24)	(0.10)	254	222	0.84
Gain on investments, net	-	-	-	(12)	(9)	(0.03)
Non-GAAP diluted EPS			$ 10.01			$ 7.91

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

(2) Represents a price-fixing litigation settlement received in relation to products purchased and sold in prior fiscal years.

(3) Represents charges associated with acquisitions, including: (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology; and (2) acquisition-related transaction and due diligence costs, primarily comprised of professional fees.

(4) 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 decision to exit operations in Mexico in the International segment.

(5) The non-GAAP adjustments primarily relate to the U.S. and Mexico. As such, the income tax charge is generally calculated using the statutory tax rate of 24.5% for U.S. non-GAAP items for all periods presented. 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.

Return on Assets and Non-GAAP Return on Investment

The tables below provide calculations of return on assets ("ROA") (GAAP financial measure) and non-GAAP return on investment ("ROI") (non-GAAP financial measure) for the periods presented. The company believes ROA is the most directly comparable financial measure to ROI. Non-GAAP ROI is defined as non-GAAP adjusted operating income after tax divided by average invested operating assets. All periods presented below apply this methodology consistently. The company believes non-GAAP ROI is a meaningful metric for investors to evaluate capital efficiency because it measures how key assets are deployed by adjusting operating income and total assets for the items noted below. This method of determining non-GAAP ROI may differ from other companies' methods and therefore may not be comparable to those used by other companies.

Return on Assets ("ROA")	**January 29, 2022[1]**	**January 30, 2021[1]**
Net earnings	$ 2,454	$ 1,798
Total assets	18,743	18,408
ROA	**13.1 %**	**9.8 %**

Non-GAAP Return on Investment ("ROI")	**January 29, 2022[1]**	**January 30, 2021[1]**
Numerator		
Operating income	$ 3,039	$ 2,391
Add: Non-GAAP operating income adjustments[2]	53	336
Add: Operating lease interest[3]	108	111
Less: Income taxes[4]	(784)	(695)
Add: Depreciation	787	759
Add: Operating lease amortization[5]	657	665
Adjusted operating income after tax	**$ 3,860**	**$ 3,567**
Denominator		
Total assets	$ 18,743	$ 18,408
Less: Excess cash[6]	(3,055)	(4,071)
Add: Accumulated depreciation and amortization[7]	6,957	7,114
Less: Adjusted current liabilities[8]	(10,122)	(9,189)
Average invested operating assets	**$ 12,523**	**$ 12,262**
Non-GAAP ROI	**30.8 %**	**29.1 %**

(1) Income statement accounts represent the activity for the trailing 12 months ended as of each of the balance sheet dates. Balance sheet accounts represent the average account balances for the trailing 12 months ended as of each of the balance sheet dates.

(2) Non-GAAP operating income adjustments include continuing operations adjustments for restructuring charges, intangible asset amortization, acquisition-related transaction costs and price-fixing settlements. Additional details regarding these adjustments are included in the Reconciliation of Non-GAAP Financial Measures schedule in this earnings release.

(3) Operating lease interest represents the add-back to operating income to approximate the total interest expense that the company would incur if its operating leases were owned and financed by debt. The add-back is approximated by multiplying average operating lease assets by 4%, which approximates the interest rate on the company's operating lease liabilities.

(4) Income taxes are approximated by using a blended statutory rate at the Enterprise level based on statutory rates from the countries in which the company does business, which primarily consists of the U.S. with a statutory rate of 24.5% for the periods presented.

(5) Operating lease amortization represents operating lease cost less operating lease interest. Operating lease cost includes short-term leases, which are immaterial, and excludes variable lease costs as these costs are not included in the operating lease asset balance.

(6) Excess cash represents the amount of cash, cash equivalents and short-term investments greater than $1 billion, which approximates the amount of cash the company believes is necessary to run the business and may fluctuate over time.

(7) Accumulated depreciation and amortization represents accumulated depreciation related to property and equipment and accumulated amortization related to definite-lived intangible assets.

(8) Adjusted current liabilities represent total current liabilities less short-term debt and the current portions of operating lease liabilities and long-term debt.

Free Cash Flow

($ in millions)

(Unaudited and subject to reclassification)

The table below provides a reconciliation of cash provided by operating activities (GAAP financial measure) to free cash flow (non-GAAP financial measure) for the periods presented. The company believes free cash flow, which measures our ability to generate additional cash from our ongoing business operations, is a relevant supplementary measure for investors in evaluating the company's financial performance. In addition, it is one factor used by the company in determining the amount of cash available for acquisitions, dividends, share repurchases and other discretionary investments. This method of determining free cash flow may differ from other companies' methods and therefore may not be comparable to those used by other companies.

	Twelve Months Ended	
	January 29, 2022	January 30, 2021
Cash provided by operating activities	$ 3,252	$ 4,927
Less: Additions to property and equipment, net	(737)	(713)
Free cash flow	**$ 2,515**	**$ 4,214**

BEST BUY CO., INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
($ in millions, except per share amounts)
(Unaudited and subject to reclassification)

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.

	Three Months Ended January 30, 2021			Three Months Ended February 1, 2020		
	Domestic	**International**	**Consolidated**	**Domestic**	**International**	**Consolidated**
Gross profit	$ 3,211	$ 332	$ 3,543	$ 2,931	$ 304	$ 3,235
% of revenue	*20.9 %*	*21.6 %*	*20.9 %*	*21.2 %*	*22.6 %*	*21.3 %*
Restructuring - inventory markdowns[1]	-	(13)	(13)	-	-	-
Price-fixing settlement[2]	(21)	-	(21)	-	-	-
Non-GAAP gross profit	$ 3,190	$ 319	$ 3,509	$ 2,931	$ 304	$ 3,235
% of revenue	*20.7 %*	*20.8 %*	*20.7 %*	*21.2 %*	*22.6 %*	*21.3 %*
SG&A	$ 2,152	$ 216	$ 2,368	$ 2,053	$ 215	$ 2,268
% of revenue	*14.0 %*	*14.1 %*	*14.0 %*	*14.8 %*	*15.9 %*	*14.9 %*
Intangible asset amortization[3]	(20)	-	(20)	(19)	-	(19)
Non-GAAP SG&A	$ 2,132	$ 216	$ 2,348	$ 2,034	$ 215	$ 2,249
% of revenue	*13.8 %*	*14.1 %*	*13.9 %*	*14.7 %*	*15.9 %*	*14.8 %*
Operating income	$ 971	$ 62	$ 1,033	$ 878	$ 89	$ 967
% of revenue	*6.3 %*	*4.0 %*	*6.1 %*	*6.3 %*	*6.6 %*	*6.4 %*
Restructuring - inventory markdowns[1]	-	(13)	(13)	-	-	-
Price-fixing settlement[2]	(21)	-	(21)	-	-	-
Intangible asset amortization[3]	20	-	20	19	-	19
Restructuring charges[4]	88	54	142	-	-	-
Non-GAAP operating income	$ 1,058	$ 103	$ 1,161	$ 897	$ 89	$ 986
% of revenue	*6.9 %*	*6.7 %*	*6.9 %*	*6.5 %*	*6.6 %*	*6.5 %*
Effective tax rate			21.6 %			22.9 %
Price-fixing settlement[2]			0.2 %			-%
Intangible asset amortization[3]			(0.1)%			-%
Restructuring charges[4]			(0.8)%			-%
Gain on investments, net			0.1 %			-%
Non-GAAP effective tax rate			21.0 %			22.9 %

	Three Months Ended January 30, 2021			Three Months Ended February 1, 2020		
	Pretax Earnings	**Net of Tax[5]**	**Per Share**	**Pretax Earnings**	**Net of Tax[5]**	**Per Share**
GAAP diluted EPS			$ 3.10			$ 2.84
Restructuring - inventory markdowns[1]	$ (13)	$ (13)	(0.05)	$ -	$ -	-
Price-fixing settlement[2]	(21)	(15)	(0.06)	-	-	-
Intangible asset amortization[3]	20	15	0.06	19	14	0.06
Restructuring charges[4]	142	121	0.46	-	-	-
Gain on investments, net	(12)	(9)	(0.03)	-	-	-
Non-GAAP diluted EPS			$ 3.48			$ 2.90

	Twelve Months Ended January 30, 2021			Twelve Months Ended February 1, 2020		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Gross profit	$ 9,720	$ 853	$ 10,573	$ 9,234	$ 814	$ 10,048
% of revenue	*22.5 %*	*21.5 %*	*22.4 %*	*23.0 %*	*23.1 %*	*23.0 %*
Restructuring - inventory markdowns[1]	-	23	23	-	-	-
Price-fixing settlement[2]	(21)	-	(21)	-	-	-
Non-GAAP gross profit	$ 9,699	$ 876	$ 10,575	$ 9,234	$ 814	$ 10,048
% of revenue	*22.4 %*	*22.1 %*	*22.4 %*	*23.0 %*	*23.1 %*	*23.0 %*
SG&A	$ 7,239	$ 689	$ 7,928	$ 7,286	$ 712	$ 7,998
% of revenue	*16.7 %*	*17.4 %*	*16.8 %*	*18.2 %*	*20.2 %*	*18.3 %*
Intangible asset amortization[3]	(80)	-	(80)	(72)	-	(72)
Acquisition-related transaction costs[3]	-	-	-	(3)	-	(3)
Non-GAAP SG&A	$ 7,159	$ 689	$ 7,848	$ 7,211	$ 712	$ 7,923
% of revenue	*16.5 %*	*17.4 %*	*16.6 %*	*18.0 %*	*20.2 %*	*18.2 %*
Operating income	$ 2,348	$ 43	$ 2,391	$ 1,907	$ 102	$ 2,009
% of revenue	*5.4 %*	*1.1 %*	*5.1 %*	*4.8 %*	*2.9 %*	*4.6 %*
Restructuring - inventory markdowns[1]	-	23	23	-	-	-
Price-fixing settlement[2]	(21)	-	(21)	-	-	-
Intangible asset amortization[3]	80	-	80	72	-	72
Restructuring charges[4]	133	121	254	41	-	41
Acquisition-related transaction costs[3]	-	-	-	3	-	3
Non-GAAP operating income	$ 2,540	$ 187	$ 2,727	$ 2,023	$ 102	$ 2,125
% of revenue	*5.9 %*	*4.7 %*	*5.8 %*	*5.0 %*	*2.9 %*	*4.9 %*
Effective tax rate			24.3 %			22.7 %
Price-fixing settlement[2]			0.2 %			-%
Intangible asset amortization[3]			(0.6)%			0.1 %
Restructuring charges[4]			(1.0)%			-%
Gain on investments, net			0.1 %			-%
Non-GAAP effective tax rate			23.0 %			22.8 %

	Twelve Months Ended January 30, 2021			Twelve Months Ended February 1, 2020		
	Pretax Earnings	Net of Tax[5]	Per Share	Pretax Earnings	Net of Tax[5]	Per Share
GAAP diluted EPS			$ 6.84			$ 5.75
Restructuring - inventory markdowns[1]	$ 23	$ 23	0.09	$ -	$ -	-
Price-fixing settlement[2]	(21)	(15)	(0.06)	-	-	-
Intangible asset amortization[3]	80	60	0.23	72	54	0.20
Acquisition-related transaction costs[3]	-	-	-	3	2	0.01
Restructuring charges[4]	254	222	0.84	41	32	0.11
Gain on investments, net	(12)	(9)	(0.03)	(1)	(1)	-
Non-GAAP diluted EPS			$ 7.91			$ 6.07

(1) Represents inventory markdowns recorded within cost of sales associated with the decision to exit operations in Mexico.

(2) Represents a price-fixing litigation settlement received in relation to products purchased and sold in prior fiscal years.

(3) Represents charges associated with acquisitions, including: (1) the non-cash amortization of definite-lived intangible assets, including customer relationships, tradenames and developed technology; and (2) acquisition-related transaction costs primarily comprised of professional fees.

(4) Represents charges associated with actions taken to better align the company's organizational structure with its strategic focus and the decision to exit operations in Mexico for the periods ended January 30, 2021, and charges and subsequent adjustments associated with U.S. retail operating model changes for the periods ended February 1, 2020.

(5) The non-GAAP adjustments primarily relate to the U.S. 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 Mexico non-GAAP items, as there was no tax benefit recognized on these expenses in the calculation of GAAP income tax expense.

Return on Assets and Non-GAAP Return on Investment

The tables below provide calculations of return on assets ("ROA") (GAAP financial measure) and non-GAAP return on investment ("ROI") (non-GAAP financial measure) for the periods presented. The company believes ROA is the most directly comparable financial measure to ROI. Non-GAAP ROI is defined as non-GAAP adjusted operating income after tax divided by average invested operating assets. All periods presented below apply this methodology consistently. The company believes non-GAAP ROI is a meaningful metric for investors to evaluate capital efficiency because it measures how key assets are deployed by adjusting operating income and total assets for the items noted below. This method of determining non-GAAP ROI may differ from other companies' methods and therefore may not be comparable to those used by other companies.

Return on Assets ("ROA")	**January 30, 2021[1]**	**February 1, 2020[1]**
Net earnings	$ 1,798	$ 1,541
Total assets	18,408	15,953
ROA	**9.8 %**	**9.7 %**

Non-GAAP Return on Investment ("ROI")	**January 30, 2021[1]**	**February 1, 2020[1]**
Numerator		
Operating income - total operations	$ 2,391	$ 2,009
Add: Non-GAAP operating income adjustments[2]	336	116
Add: Operating lease interest[3]	111	113
Less: Income taxes[4]	(695)	(548)
Add: Depreciation	759	740
Add: Operating lease amortization[5]	665	667
Adjusted operating income after tax	**$ 3,567**	**$ 3,097**
Denominator		
Total assets	$ 18,408	$ 15,953
Less: Excess cash[6]	(4,071)	(831)
Add: Accumulated depreciation and amortization[7]	7,114	6,712
Less: Adjusted current liabilities[8]	(9,189)	(7,994)
Average invested operating assets	**$ 12,262**	**$ 13,840**
Non-GAAP ROI	**29.1 %**	**22.4 %**

(1) Income statement accounts represent the activity for the trailing 12 months ended as of each of the balance sheet dates. Balance sheet accounts represent the average account balances for the trailing 12 months ended as of each of the balance sheet dates.

(2) Non-GAAP operating income adjustments include continuing operations adjustments for restructuring charges, price-fixing settlements, intangible asset amortization and acquisition-related transaction costs. Additional details regarding these adjustments are included in the Reconciliation of Non-GAAP Financial Measures schedule within the company's quarterly earnings releases.

(3) Operating lease interest represents the add-back to operating income to approximate the total interest expense that the company would incur if its operating leases were owned and financed by debt. The add-back is approximated by multiplying average operating lease assets by 4%, which approximates the interest rate on the company's operating lease liabilities.

(4) Income taxes are approximated by using a blended statutory rate at the Enterprise level based on statutory rates from the countries in which the company does business, which primarily consists of the U.S. with a statutory rate of 24.5% for the periods presented.

(5) Operating lease amortization represents operating lease cost less operating lease interest. Operating lease cost includes short-term leases, which are immaterial, and excludes variable lease costs as these costs are not included in the operating lease asset balance.

(6) Excess cash represents the amount of cash, cash equivalents and short-term investments greater than $1 billion, which approximates the amount of cash the company believes is necessary to run the business and may fluctuate over time.

(7) Accumulated depreciation and amortization represents accumulated depreciation related to property and equipment and accumulated amortization related to definite-lived intangible assets.

(8) Adjusted current liabilities represent total current liabilities less short-term debt and the current portions of operating lease liabilities and long-term debt.