Best Buy Reports Third Quarter Results

Comparable Sales Declined 2.9%

GAAP Diluted EPS Increased 4% to $1.26

Non-GAAP Diluted EPS Decreased 2% to $1.26

MINNEAPOLIS, November 26, 2024 -- Best Buy Co., Inc. (NYSE: BBY) today announced results for the 13-week third quarter ended November 2, 2024 (“Q3 FY25”), as compared to the 13-week third quarter ended October 28, 2023 (“Q3 FY24”).

	Q3 FY25	Q3 FY24
Revenue ($ in millions)		
Enterprise	$ 9,445	$ 9,756
Domestic segment	$ 8,697	$ 8,996
International segment	$ 748	$ 760
Enterprise comparable sales % change[1]	(2.9)%	(6.9)%
Domestic comparable sales % change[1]	(2.8)%	(7.3)%
Domestic comparable online sales % change[1]	(1.0)%	(9.3)%
International comparable sales % change[1]	(3.7)%	(1.9)%
Operating Income		
GAAP operating income as a % of revenue	3.7 %	3.6 %
Non-GAAP operating income as a % of revenue	3.7 %	3.8 %
Diluted Earnings per Share ("EPS")		
GAAP diluted EPS	$ 1.26	$ 1.21
Non-GAAP diluted EPS	$ 1.26	$ 1.29

For GAAP to non-GAAP reconciliations of the measures referred to in the above table, please refer to the attached supporting schedule.

“In the third quarter, our teams delivered an in-line non-GAAP operating income rate on sales that were a little softer than expected,” said Corie Barry, Best Buy CEO. “During the second half of the quarter, a combination of the ongoing macro uncertainty, customers waiting for deals and sales events, and distraction during the run-up to the election, particularly in non-essential categories, led to softer-than-expected demand. In the first few weeks of Q4, as holiday sales have begun and the election is behind us, we have seen customer demand increase again.”

“We are excited and feel well-positioned for the holiday season with compelling deals, inspirational in-store and digital merchandising and competitive fulfillment options,” Barry continued. “We continue to see a consumer who is seeking value and sales events, and one who is also willing to spend on high price-point products when they need to or when there is new, compelling technology. Thus, we are balancing our optimism in both the industry and our unique positioning with a pragmatic approach to likely uneven customer behavior going forward.”

FY25 Financial Guidance

"We are adjusting our full year comparable sales guidance to a decline in the range of 2.5% to 3.5%," said Matt Bilunas, Best Buy CFO. "At the same time, we are maintaining our full year non-GAAP operating income rate of 4.1% to 4.2%, which represents slight expansion compared to FY24 on a 52-week basis."

Bilunas continued, "For Q4 FY25, we expect comparable sales versus last year to be flat to down 3% and our non-GAAP operating income rate to be in the range of 4.6% to 4.8%."

Best Buy's updated guidance for FY25 is the following:

- Revenue of $41.1 billion to $41.5 billion, which compares to prior guidance of $41.3 billion to $41.9 billion
- Comparable sales[1] of (3.5%) to (2.5%), which compares to prior guidance of (3.0%) to (1.5%)
- Enterprise non-GAAP operating income rate[2] of 4.1% to 4.2%, which is unchanged
- Non-GAAP effective income tax rate[2] of approximately 23.5%, which compares to prior guidance of approximately 24.0%
- Non-GAAP diluted EPS[2] of $6.10 to $6.25, which compares to prior guidance of $6.10 to $6.35
- Capital expenditures of approximately $750 million, which is unchanged

Note: FY25 has 52 weeks compared to 53 weeks in FY24. The company estimates the impact of the extra week in Q4 FY24 added approximately $735 million in revenue, approximately 15 basis points of non-GAAP operating income rate and approximately $0.30 of non-GAAP diluted EPS to the full-year results.

Domestic Segment Q3 FY25 Results

Domestic Revenue

Domestic revenue of $8.70 billion decreased 3.3% versus last year primarily driven by a comparable sales decline of 2.8%.

From a merchandising perspective, the largest drivers of the comparable sales decline on a weighted basis were appliances, home theater and gaming. These drivers were partially offset by growth in the computing, tablets and services categories.

Domestic online revenue of $2.73 billion decreased 1.0% on a comparable basis, and as a percentage of total Domestic revenue, online revenue was 31.4% versus 30.6% last year.

Domestic Gross Profit Rate

Domestic gross profit rate was 23.6% versus 22.9% last year. The higher gross profit rate was primarily due to improved financial performance from the company's services category, including its membership offerings, which was partially offset by lower profit-sharing revenue from the company's private label and co-branded credit card arrangement and lower product margin rates.

Domestic Selling, General and Administrative Expenses ("SG&A")

Domestic GAAP SG&A expenses were $1.72 billion, or 19.7% of revenue, versus $1.73 billion, or 19.2% of revenue, last year. On a non-GAAP basis, SG&A expenses were $1.71 billion, or 19.7% of revenue, versus $1.71 billion, or 19.0% of revenue, last year. GAAP SG&A decreased $11 million, which included lower intangible asset amortization of approximately $10 million. Both GAAP and non-GAAP SG&A included higher advertising expense, which was partially offset by lower incentive compensation.

International Segment Q3 FY25 Results

International Revenue

International revenue of $748 million decreased 1.6% versus last year primarily driven by a comparable sales decline of 3.7% and the negative impact from foreign exchange rates, which were partially offset by revenue from Best Buy Express locations that have opened in Canada during FY25.

International Gross Profit Rate

International gross profit rate was 22.5% versus 22.1% last year. The higher gross profit rate was primarily due to growth in the higher margin services category.

International SG&A

International SG&A expenses were $155 million, or 20.7% of revenue, versus $151 million, or 19.9% of revenue, last year. The higher SG&A expense was primarily driven by expenses associated with new Best Buy Express locations.

Share Repurchases and Dividends

In Q3 FY25, the company returned a total of $339 million to shareholders through dividends of $202 million and share repurchases of $137 million. On a year-to-date basis, the company has returned a total of $892 million to shareholders through dividends of $607 million and share repurchases of $285 million. The company still expects to spend approximately $500 million on share repurchases during FY25.

Today, the company announced that its board of directors has authorized the payment of a regular quarterly cash dividend of $0.94 per common share. The quarterly dividend is payable on January 7, 2025, to shareholders of record as of the close of business on December 17, 2024.

Conference Call

Best Buy is scheduled to conduct an earnings conference call at 8:00 a.m. Eastern Time (7:00 a.m. Central Time) on November 26, 2024. A webcast of the call is expected to be available at www.investors.bestbuy.com**,** both live and after the call.

Notes:

(1) 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. For additional information on comparable sales, please see our most recent Annual Report on Form 10-K, and our subsequent Quarterly Reports on Form 10-Q, filed with the Securities and Exchange Commission ("SEC"), and available at www.investors.bestbuy.com.

(2) A reconciliation of the projected non-GAAP operating income rate, non-GAAP effective income tax rate, and non-GAAP diluted EPS, which are forward-looking non-GAAP financial measures, to the most directly comparable GAAP financial measures, 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 and intangible asset impairments; 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. 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 release 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. 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 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, 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; risks associated with vendors that source products outside the U.S.; 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 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; and failure to meet financial-performance guidance or other forward-looking statements. 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.

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BEST BUY CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
($ and shares in millions, except per share amounts)
(Unaudited and subject to reclassification)

	Three Months Ended		Nine Months Ended	
	November 2, 2024	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Revenue	$ 9,445	$ 9,756	$ 27,580	$ 28,806
Cost of sales	7,228	7,524	21,113	22,204
Gross profit	2,217	2,232	6,467	6,602
Gross profit %	*23.5 %*	*22.9 %*	*23.4 %*	*22.9 %*
Selling, general and administrative expenses	1,871	1,878	5,418	5,605
SG&A %	*19.8 %*	*19.2 %*	*19.6 %*	*19.5 %*
Restructuring charges	(4)	-	4	(16)
Operating income	350	354	1,045	1,013
Operating income %	*3.7 %*	*3.6 %*	*3.8 %*	*3.5 %*
Other income (expense):				
Gain on sale of subsidiary, net	-	-	-	21
Investment income and other	19	8	65	41
Interest expense	(13)	(14)	(38)	(38)
Earnings before income tax expense and equity in income of affiliates	356	348	1,072	1,037
Income tax expense	85	86	266	257
Effective tax rate	*23.9 %*	*24.7 %*	*24.8 %*	*24.8 %*
Equity in income of affiliates	2	1	4	1
Net earnings	$ 273	$ 263	$ 810	$ 781
Basic earnings per share	$ 1.27	$ 1.21	$ 3.76	$ 3.58
Diluted earnings per share	$ 1.26	$ 1.21	$ 3.73	$ 3.57
Weighted-average common shares outstanding:				
Basic	214.8	217.8	215.7	218.4
Diluted	216.7	218.3	217.2	219.1

BEST BUY CO., INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in millions)
(Unaudited and subject to reclassification)

	November 2, 2024	October 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 643	$ 636
Receivables, net	932	901
Merchandise inventories	7,806	7,562
Other current assets	574	766
Total current assets	9,955	9,865
Property and equipment, net	2,196	2,313
Operating lease assets	2,842	2,827
Goodwill	1,383	1,383
Other assets	642	494
Total assets	$ 17,018	$ 16,882
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 7,145	$ 7,133
Unredeemed gift card liabilities	246	245
Deferred revenue	878	934
Accrued compensation and related expenses	361	309
Accrued liabilities	690	760
Current portion of operating lease liabilities	616	614
Current portion of long-term debt	12	15
Total current liabilities	9,948	10,010
Long-term operating lease liabilities	2,293	2,270
Long-term debt	1,144	1,130
Long-term liabilities	551	660
Equity	3,082	2,812
Total liabilities and equity	$ 17,018	$ 16,882

BEST BUY CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
($ in millions)
(Unaudited and subject to reclassification)

	Nine Months Ended	
	November 2, 2024	**October 28, 2023**
Operating activities		
Net earnings	$ 810	$ 781
Adjustments to reconcile net earnings to total cash provided by operating activities:		
Depreciation and amortization	650	702
Restructuring charges	4	(16)
Stock-based compensation	108	110
Gain on sale of subsidiary, net	-	(21)
Other, net	3	7
Changes in operating assets and liabilities:		
Receivables	4	240
Merchandise inventories	(2,869)	(2,444)
Other assets	(16)	(17)
Accounts payable	2,483	1,468
Income taxes	(219)	(200)
Other liabilities	(397)	(320)
Total cash provided by operating activities	561	290
Investing activities		
Additions to property and equipment	(528)	(612)
Net proceeds from sale of subsidiary	-	14
Other, net	6	(2)
Total cash used in investing activities	(522)	(600)
Financing activities		
Repurchase of common stock	(285)	(270)
Dividends paid	(607)	(603)
Other, net	-	1
Total cash used in financing activities	(892)	(872)
Effect of exchange rate changes on cash and cash equivalents	(2)	(12)
Decrease in cash, cash equivalents and restricted cash	(855)	(1,194)
Cash, cash equivalents and restricted cash at beginning of period	1,793	2,253
Cash, cash equivalents and restricted cash at end of period	$ 938	$ 1,059

BEST BUY CO., INC.
SEGMENT INFORMATION
($ in millions)
(Unaudited and subject to reclassification)

	Three Months Ended		Nine Months Ended	
Domestic Segment Results	**November 2, 2024**	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Revenue	$ 8,697	$ 8,996	$ 25,523	$ 26,687
Comparable sales % change	(2.8)%	(7.3)%	(3.8)%	(8.0)%
Comparable online sales % change	(1.0)%	(9.3)%	(2.9)%	(9.5)%
Gross profit	$ 2,049	$ 2,064	$ 5,993	$ 6,108
Gross profit as a % of revenue	23.6 %	22.9 %	23.5 %	22.9 %
SG&A	$ 1,716	$ 1,727	$ 4,982	$ 5,167
SG&A as a % of revenue	19.7 %	19.2 %	19.5 %	19.4 %
Operating income	$ 337	$ 336	$ 1,007	$ 955
Operating income as a % of revenue	3.9 %	3.7 %	3.9 %	3.6 %
Domestic Segment Non-GAAP Results[1]				
Gross profit	$ 2,049	$ 2,064	$ 5,993	$ 6,108
Gross profit as a % of revenue	23.6 %	22.9 %	23.5 %	22.9 %
SG&A	$ 1,711	$ 1,712	$ 4,966	$ 5,111
SG&A as a % of revenue	19.7 %	19.0 %	19.5 %	19.2 %
Operating income	$ 338	$ 352	$ 1,027	$ 997
Operating income as a % of revenue	3.9 %	3.9 %	4.0 %	3.7 %

	Three Months Ended		Nine Months Ended	
International Segment Results	**November 2, 2024**	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Revenue	$ 748	$ 760	$ 2,057	$ 2,119
Comparable sales % change	(3.7)%	(1.9)%	(3.0)%	(4.2)%
Gross profit	$ 168	$ 168	$ 474	$ 494
Gross profit as a % of revenue	22.5 %	22.1 %	23.0 %	23.3 %
SG&A	$ 155	$ 151	$ 436	$ 438
SG&A as a % of revenue	20.7 %	19.9 %	21.2 %	20.7 %
Operating income	$ 13	$ 18	$ 38	$ 58
Operating income as a % of revenue	1.7 %	2.4 %	1.8 %	2.7 %
International Segment Non-GAAP Results[1]				
Gross profit	$ 168	$ 168	$ 474	$ 494
Gross profit as a % of revenue	22.5 %	22.1 %	23.0 %	23.3 %
SG&A	$ 155	$ 151	$ 436	$ 438
SG&A as a % of revenue	20.7 %	19.9 %	21.2 %	20.7 %
Operating income	$ 13	$ 17	$ 38	$ 56
Operating income as a % of revenue	1.7 %	2.2 %	1.8 %	2.6 %

(1) For GAAP to non-GAAP reconciliations, please refer to the attached supporting schedule titled Reconciliation of Non-GAAP Financial Measures.

BEST BUY CO., INC.
REVENUE CATEGORY SUMMARY
(Unaudited and subject to reclassification)

Domestic Segment	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Computing and Mobile Phones	47 %	44 %	3.8 %	(8.3)%
Consumer Electronics	28 %	29 %	(5.8)%	(9.5)%
Appliances	12 %	14 %	(14.7)%	(15.1)%
Entertainment	5 %	6 %	(18.8)%	20.6 %
Services	7 %	6 %	6.0 %	6.9 %
Other	1 %	1 %	12.9 %	4.7 %
Total	100 %	100 %	(2.8)%	(7.3)%

International Segment	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Computing and Mobile Phones	52 %	50 %	(0.1)%	(1.0)%
Consumer Electronics	26 %	26 %	(6.1)%	(8.4)%
Appliances	9 %	10 %	(8.1)%	4.0 %
Entertainment	6 %	7 %	(18.7)%	18.6 %
Services	6 %	6 %	4.0 %	2.4 %
Other	1 %	1 %	(12.7)%	(37.5)%
Total	100 %	100 %	(3.7)%	(1.9)%

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, goodwill and intangible asset impairments, price-fixing settlements, gains and losses on 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 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 November 2, 2024			Three Months Ended October 28, 2023		
	Domestic	**International**	**Consolidated**	**Domestic**	**International**	**Consolidated**
SG&A	$ 1,716	$ 155	$ 1,871	$ 1,727	$ 151	$ 1,878
% of revenue	*19.7 %*	*20.7 %*	*19.8 %*	*19.2 %*	*19.9 %*	*19.2 %*
Intangible asset amortization[1]	(5)	-	(5)	(15)	-	(15)
Non-GAAP SG&A	$ 1,711	$ 155	$ 1,866	$ 1,712	$ 151	$ 1,863
% of revenue	*19.7 %*	*20.7 %*	*19.8 %*	*19.0 %*	*19.9 %*	*19.1 %*
Operating income	$ 337	$ 13	$ 350	$ 336	$ 18	$ 354
% of revenue	*3.9 %*	*1.7 %*	*3.7 %*	*3.7 %*	*2.4 %*	*3.6 %*
Intangible asset amortization[1]	5	-	5	15	-	15
Restructuring charges[2]	(4)	-	(4)	1	(1)	-
Non-GAAP operating income	$ 338	$ 13	$ 351	$ 352	$ 17	$ 369
% of revenue	*3.9 %*	*1.7 %*	*3.7 %*	*3.9 %*	*2.2 %*	*3.8 %*
Effective tax rate			23.9 %			24.7 %
Intangible asset amortization[1]			(0.1)%			-%
Non-GAAP effective tax rate			23.8 %			24.7 %

	Three Months Ended November 2, 2024			Three Months Ended October 28, 2023		
	Pretax Earnings	**Net of Tax[4]**	**Per Share**	**Pretax Earnings**	**Net of Tax[4]**	**Per Share**
Diluted EPS			$ 1.26			$ 1.21
Intangible asset amortization[1]	$ 5	$ 4	0.01	$ 15	$ 7	0.03
Restructuring charges[2]	(4)	(3)	(0.01)	-	2	0.01
Loss on investments	-	-	-	9	9	0.04
Non-GAAP diluted EPS			$ 1.26			$ 1.29

	Nine Months Ended November 2, 2024			Nine Months Ended October 28, 2023		
	Domestic	International	Consolidated	Domestic	International	Consolidated
SG&A	$ 4,982	$ 436	$ 5,418	$ 5,167	$ 438	$ 5,605
% of revenue	*19.5 %*	*21.2 %*	*19.6 %*	*19.4 %*	*20.7 %*	*19.5 %*
Intangible asset amortization[1]	(16)	-	(16)	(56)	-	(56)
Non-GAAP SG&A	$ 4,966	$ 436	$ 5,402	$ 5,111	$ 438	$ 5,549
% of revenue	*19.5 %*	*21.2 %*	*19.6 %*	*19.2 %*	*20.7 %*	*19.3 %*
Operating income	$ 1,007	$ 38	$ 1,045	$ 955	$ 58	$ 1,013
% of revenue	*3.9 %*	*1.8 %*	*3.8 %*	*3.6 %*	*2.7 %*	*3.5 %*
Intangible asset amortization[1]	16	-	16	56	-	56
Restructuring charges[2]	4	-	4	(14)	(2)	(16)
Non-GAAP operating income	$ 1,027	$ 38	$ 1,065	$ 997	$ 56	$ 1,053
% of revenue	*4.0 %*	*1.8 %*	*3.9 %*	*3.7 %*	*2.6 %*	*3.7 %*
Effective tax rate			24.8 %			24.8 %
Intangible asset amortization[1]			-%			0.2 %
Restructuring charges[2]			-%			(0.1)%
Non-GAAP effective tax rate			24.8 %			24.9 %

	Nine Months Ended November 2, 2024			Nine Months Ended October 28, 2023		
	Pretax Earnings	Net of Tax[4]	Per Share	Pretax Earnings	Net of Tax[4]	Per Share
Diluted EPS			$ 3.73			$ 3.57
Intangible asset amortization[1]	$ 16	$ 12	0.05	$ 56	$ 43	0.20
Restructuring charges[2]	4	3	0.02	(16)	(12)	(0.06)
Loss on investments	-	-	-	11	11	0.05
Gain on sale of subsidiary, net[3]	-	-	-	(21)	(21)	(0.10)
Non-GAAP diluted EPS			$ 3.80			$ 3.66

(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 associated with enterprise-wide restructuring initiatives.

(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.

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")	**November 2, 2024[1]**	**October 28, 2023[1]**
Net earnings	$ 1,270	$ 1,276
Total assets	16,042	16,069
ROA	**7.9 %**	**7.9 %**

Non-GAAP Return on Investment ("ROI")	**November 2, 2024[1]**	**October 28, 2023[1]**
Numerator		
Operating income	$ 1,606	$ 1,610
Add: Non-GAAP operating income adjustments[2]	194	147
Add: Operating lease interest[3]	115	114
Less: Income taxes[4]	(469)	(458)
Add: Depreciation	850	865
Add: Operating lease amortization[5]	663	666
Adjusted operating income after tax	**$ 2,959**	**$ 2,944**
Denominator		
Total assets	$ 16,042	$ 16,069
Less: Excess cash[6]	(403)	(318)
Add: Accumulated depreciation and amortization[7]	5,237	5,055
Less: Adjusted current liabilities[8]	(8,395)	(8,632)
Average invested operating assets	**$ 12,481**	**$ 12,174**
Non-GAAP ROI	**23.7 %**	**24.2 %**

(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 and intangible asset amortization. Additional details regarding these adjustments are included in the Reconciliation of Non-GAAP Financial Measures schedule within the company's 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.