UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 3, 2024

OR

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

For the transition period from to

Commission File Number: 1-9595

BEST BUY CO., INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $0.10 par value per share	**BBY**	**New York Stock Exchange**

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

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

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

Large Accelerated Filer ☒	Accelerated Filer	Non-accelerated Filer
Smaller Reporting Company		Emerging Growth Company

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

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

The registrant had 214,725,246 shares of common stock outstanding as of September 4, 2024.

BEST BUY CO., INC.
FORM 10-Q FOR THE QUARTER ENDED AUGUST 3, 2024

TABLE OF CONTENTS

WEBSITE AND SOCIAL MEDIA DISCLOSURE

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

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

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

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	August 3, 2024	February 3, 2024	July 29, 2023
Assets			
Current assets			
Cash and cash equivalents	$ 1,387	$ 1,447	$ 1,093
Receivables, net	871	939	856
Merchandise inventories	5,706	4,958	5,651
Other current assets	598	553	704
Total current assets	8,562	7,897	8,304
Property and equipment, net	2,183	2,260	2,305
Operating lease assets	2,860	2,758	2,813
Goodwill	1,383	1,383	1,383
Other assets	636	669	513
Total assets	$ 15,624	$ 14,967	$ 15,318
Liabilities and equity			
Current liabilities			
Accounts payable	$ 5,542	$ 4,637	$ 5,471
Unredeemed gift card liabilities	243	253	250
Deferred revenue	940	1,000	996
Accrued compensation and related expenses	347	486	377
Accrued liabilities	756	902	709
Current portion of operating lease liabilities	610	618	615
Current portion of long-term debt	13	13	15
Total current liabilities	8,451	7,909	8,433
Long-term operating lease liabilities	2,316	2,199	2,254
Long-term debt	1,157	1,152	1,145
Long-term liabilities	593	654	651
Contingencies (Note 10)			
Equity			
Best Buy Co., Inc. Shareholders' Equity			
Preferred stock, $1.00 par value: Authorized - 400,000 shares; Issued and outstanding - none	-	-	-
Common stock, $0.10 par value: Authorized - 1.0 billion shares; Issued and outstanding - 215.0 million, 215.4 million and 217.9 million shares, respectively	22	22	22
Additional paid-in capital	-	31	-
Retained earnings	2,775	2,683	2,491
Accumulated other comprehensive income	310	317	322
Total equity	3,107	3,053	2,835
Total liabilities and equity	$ 15,624	$ 14,967	$ 15,318

NOTE: The Consolidated Balance Sheet as of February 3, 2024, has been condensed from the audited consolidated financial statements.

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Revenue	$ 9,288	$ 9,583	$ 18,135	$ 19,050
Cost of sales	7,102	7,363	13,885	14,680
Gross profit	2,186	2,220	4,250	4,370
Selling, general and administrative expenses	1,810	1,879	3,547	3,727
Restructuring charges	(7)	(7)	8	(16)
Operating income	383	348	695	659
Other income (expense):				
Gain on sale of subsidiary, net	-	21	-	21
Investment income and other	21	12	46	33
Interest expense	(13)	(12)	(25)	(24)
Earnings before income tax expense and equity in income of affiliates	391	369	716	689
Income tax expense	101	96	181	171
Equity in income of affiliates	1	1	2	-
Net earnings	$ 291	$ 274	$ 537	$ 518
Basic earnings per share	$ 1.35	$ 1.25	$ 2.49	$ 2.37
Diluted earnings per share	$ 1.34	$ 1.25	$ 2.47	$ 2.36
Weighted-average common shares outstanding:				
Basic	216.0	218.6	216.1	218.7
Diluted	217.1	219.0	217.2	219.5

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Net earnings	$ 291	$ 274	$ 537	$ 518
Foreign currency translation adjustments, net of tax	(2)	5	(7)	-
Comprehensive income	$ 289	$ 279	$ 530	$ 518

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	August 3, 2024	**July 29, 2023**
Operating activities		
Net earnings	$ 537	$ 518
Adjustments to reconcile net earnings to total cash provided by operating activities:		
Depreciation and amortization	437	473
Restructuring charges	8	(16)
Stock-based compensation	74	75
Gain on sale of subsidiary, net	-	(21)
Other, net	12	2
Changes in operating assets and liabilities:		
Receivables	66	289
Merchandise inventories	(761)	(508)
Other assets	(11)	(32)
Accounts payable	904	(206)
Income taxes	(183)	(148)
Other liabilities	(266)	(245)
Total cash provided by operating activities	817	181
Investing activities		
Additions to property and equipment	(335)	(395)
Net proceeds from sale of subsidiary	-	14
Other, net	(17)	-
Total cash used in investing activities	(352)	(381)
Financing activities		
Repurchase of common stock	(148)	(158)
Dividends paid	(405)	(402)
Other, net	(4)	-
Total cash used in financing activities	(557)	(560)
Effect of exchange rate changes on cash and cash equivalents	(3)	(2)
Decrease in cash, cash equivalents and restricted cash	(95)	(762)
Cash, cash equivalents and restricted cash at beginning of period	1,793	2,253
Cash, cash equivalents and restricted cash at end of period	$ 1,698	$ 1,491

See Notes to Condensed Consolidated Financial Statements.

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

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at May 4, 2024	216.1	$ 22	$ 26	$ 2,722	$ 312	$ 3,082
Net earnings, three months ended August 3, 2024	-	-	-	291	-	291
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(2)	(2)
Stock-based compensation	-	-	36	-	-	36
Issuance of common stock	-	-	1	-	-	1
Common stock dividends, $0.94 per share	-	-	4	(207)	-	(203)
Repurchase of common stock	(1.1)	-	(67)	(31)	-	(98)
Balances at August 3, 2024	215.0	$ 22	$ -	$ 2,775	$ 310	$ 3,107
Balances at February 3, 2024	215.4	$ 22	$ 31	$ 2,683	$ 317	$ 3,053
Net earnings, six months ended August 3, 2024	-	-	-	537	-	537
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(7)	(7)
Stock-based compensation	-	-	74	-	-	74
Issuance of common stock	1.4	-	5	-	-	5
Common stock dividends, $1.88 per share	-	-	9	(414)	-	(405)
Repurchase of common stock	(1.8)	-	(119)	(31)	-	(150)
Balances at August 3, 2024	215.0	$ 22	$ -	$ 2,775	$ 310	$ 3,107
Balances at April 29, 2023	218.5	$ 22	$ -	$ 2,454	$ 317	$ 2,793
Net earnings, three months ended July 29, 2023	-	-	-	274	-	274
Other comprehensive income:						
Foreign currency translation adjustments, net of tax	-	-	-	-	5	5
Stock-based compensation	-	-	37	-	-	37
Issuance of common stock	0.3	-	6	-	-	6
Common stock dividends, $0.92 per share	-	-	3	(204)	-	(201)
Repurchase of common stock	(0.9)	-	(46)	(33)	-	(79)
Balances at July 29, 2023	217.9	$ 22	$ -	$ 2,491	$ 322	$ 2,835
Balances at January 28, 2023	218.1	$ 22	$ 21	$ 2,430	$ 322	$ 2,795
Net earnings, six months ended July 29, 2023	-	-	-	518	-	518
Stock-based compensation	-	-	75	-	-	75
Issuance of common stock	1.8	-	10	-	-	10
Common stock dividends, $1.84 per share	-	-	7	(410)	-	(403)
Repurchase of common stock	(2.0)	-	(113)	(47)	-	(160)
Balances at July 29, 2023	217.9	$ 22	$ -	$ 2,491	$ 322	$ 2,835

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

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

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

A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season. Due to the seasonal nature of our business, interim results are not necessarily indicative of results for the entire fiscal year. The interim financial statements and the related notes included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024. The first six months of fiscal 2025 and fiscal 2024 each included 26 weeks.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from August 3, 2024, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. No such events were identified.

Sale of Subsidiary

In the second quarter of fiscal 2024, we completed the sale of a Mexico subsidiary subsequent to our exit from operations in Mexico and recognized a $21 million gain within Gain on sale of subsidiary, net on our Condensed Consolidated Statements of Earnings for the three and six months ended July 29, 2023.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances reportable segment disclosure requirements primarily through expanded disclosures around significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact of the ASU and expect to include updated segment expense disclosures in our fiscal 2025 Form 10-K.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of specific categories meeting a quantitative threshold within the income tax rate reconciliation, as well as disaggregation of income taxes paid by jurisdiction. This ASU, which can be applied either prospectively or retrospectively, is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the ASU and expect to include updated income tax disclosures in our fiscal 2026 Form 10-K.

Supply Chain Financing

We have a supply chain financing program with an independent financial institution, whereby some of our suppliers have the opportunity to receive accounts payable settlements early, at a discount, facilitated by the financial institution. Our liability associated with the funded participation in the program, which is primarily included in Accounts payable on our Condensed Consolidated Balance Sheets, was $729 million, $426 million and $609 million as of August 3, 2024, February 3, 2024, and July 29, 2023, respectively.

Total Cash, Cash Equivalents and Restricted Cash

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

	August 3, 2024	February 3, 2024	July 29, 2023
Cash and cash equivalents	$ 1,387	$ 1,447	$ 1,093
Restricted cash included in Other current assets	311	346	398
Total cash, cash equivalents and restricted cash	$ 1,698	$ 1,793	$ 1,491

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

Reclassification

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

2. Restructuring

Restructuring charges were as follows ($ in millions):

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Fiscal 2024 Restructuring Initiative	$ (6)	$ -	$ 10	$ -
Fiscal 2023 Resource Optimization Initiative	(1)	(7)	(2)	(16)
Total	$ (7)	$ (7)	$ 8	$ (16)

Fiscal 2024 Restructuring Initiative

During the fourth quarter of fiscal 2024, we commenced an enterprise-wide restructuring initiative intended to accomplish the following: (1) align field labor resources with where customers want to shop to optimize the customer experience; (2) redirect corporate resources for better alignment with our strategy; and (3) right-size resources to better align with our revenue outlook for fiscal 2025.

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

	Three Months Ended	Six Months Ended	Cumulative Amount
	August 3, 2024	August 3, 2024	As of August 3, 2024
Domestic	$ (7)	$ 10	$ 173
International	1	-	8
Total	$ (6)	$ 10	$ 181

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

	Termination Benefits		
	Domestic	International	Total
Balances at February 3, 2024	$ 163	$ 8	$ 171
Charges	17	1	18
Cash payments	(66)	(1)	(67)
Adjustments[1]	(7)	(1)	(8)
Balances at August 3, 2024	$ 107	$ 7	$ 114

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

We do not expect to incur material future restructuring charges related to this initiative.

Fiscal 2023 Resource Optimization Initiative

During the second quarter of fiscal 2023, we commenced an enterprise-wide initiative to better align our spending with critical strategies and operations, as well as to optimize our cost structure. All charges incurred related to this initiative were comprised of employee termination benefits from continuing operations and were presented within Restructuring charges on our Condensed Consolidated Statements of Earnings.

We recorded reductions to employee termination benefits in all periods presented, primarily within our Domestic segment, related to higher-than-expected employee retention. Cumulative charges incurred related to this initiative as of August 3, 2024, were $125 million, comprised of $122 million and $3 million within our Domestic and International segments, respectively. We do not expect to incur material future restructuring charges related to this initiative, and no material liability remains as of August 3, 2024.

3. Goodwill and Intangible Assets

Goodwill

Goodwill balances were as follows as of August 3, 2024, February 3, 2024, and July 29, 2023 ($ in millions):

	Gross Carrying Amount	Cumulative Impairment
Domestic	$ 1,450	$ (67)
International	608	(608)
Total	$ 2,058	$ (675)

No impairment charges were recorded during the periods presented.

Indefinite-Lived Intangible Assets

In the second quarter of fiscal 2025, we reclassified our Yardbird tradename from a definite-lived intangible asset to an indefinite-lived intangible asset to better reflect our expectations of the long-term use of the tradename. The carrying value of the tradename was $16 million as of August 3, 2024, and was recorded within Other assets on our Consolidated Balance Sheets.

Definite-Lived Intangible Assets

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

	August 3, 2024		February 3, 2024		July 29, 2023		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Useful Life Remaining as of August 3, 2024 (in years)
Customer relationships	$ 360	$ 280	$ 360	$ 276	$ 360	$ 264	9.6
Tradenames	92	75	108	69	108	63	2.2
Developed technology	64	60	64	59	64	57	3.3
Total	$ 516	$ 415	$ 532	$ 404	$ 532	$ 384	8.1

Amortization expense was as follows ($ in millions):

		Three Months Ended		Six Months Ended	
	Statement of Earnings Location	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Amortization expense	Selling, general and administrative expenses	$ 5	$ 21	$ 11	$ 41

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

	Amortization Expense
Remainder of fiscal 2025	$ 9
Fiscal 2026	18
Fiscal 2027	16
Fiscal 2028	10
Fiscal 2029	8
Fiscal 2030	7
Thereafter	33

4. Fair Value Measurements

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

Recurring Fair Value Measurements

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

	Balance Sheet Location[1]	Fair Value Hierarchy	Fair Value as of August 3, 2024	Fair Value as of February 3, 2024	Fair Value as of July 29, 2023
Assets					
Money market funds[2]	Cash and cash equivalents	Level 1	$ 212	$ 330	$ 104
Time deposits[3]	Cash and cash equivalents	Level 2	136	60	117
Money market funds[2]	Other current assets	Level 1	147	182	167
Time deposits[3]	Other current assets	Level 2	51	50	60
Marketable securities that fund deferred compensation[4]	Other assets	Level 1	38	48	47
Liabilities					
Interest rate swap derivative instruments[5]	Long-term liabilities	Level 2	2	11	20

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

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

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

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

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

Fair Value of Financial Instruments

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

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

	August 3, 2024		February 3, 2024		July 29, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt[1]	$ 1,058	$ 1,148	$ 1,022	$ 1,139	$ 991	$ 1,130

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

5. Derivative Instruments

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

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

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

Contract Type	August 3, 2024	February 3, 2024	July 29, 2023
Derivatives designated as net investment hedges	$ 103	$ 100	$ 102
Derivatives designated as fair value hedges (interest rate swaps)	500	500	500
No hedge designation (foreign exchange contracts)	59	66	50
Total	$ 662	$ 666	$ 652

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

	Statement of Earnings Location	Gain (Loss) Recognized: Three Months Ended August 3, 2024	Three Months Ended July 29, 2023	Six Months Ended August 3, 2024	Six Months Ended July 29, 2023
Interest rate swaps	Interest expense	$ 24	$ (10)	$ 9	$ (14)
Adjustments to carrying value of long-term debt	Interest expense	(24)	10	(9)	14
Total		$ -	$ -	$ -	$ -

6. Debt

Short-Term Debt

U.S. Revolving Credit Facility

We have a $1.25 billion five-year senior unsecured revolving credit facility agreement (the “Five-Year Facility Agreement”) with a syndicate of banks that expires in April 2028. There were no borrowings outstanding under the Five-Year Facility Agreement as of August 3, 2024, February 3, 2024, or July 29, 2023.

Long-Term Debt

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

	August 3, 2024	February 3, 2024	July 29, 2023
Notes, 4.45%, due October 1, 2028	$ 500	$ 500	$ 500
Notes, 1.95%, due October 1, 2030	650	650	650
Interest rate swap valuation adjustments	(2)	(11)	(20)
Subtotal	1,148	1,139	1,130
Debt discounts and issuance costs	(7)	(8)	(9)
Finance lease obligations	29	34	39
Total long-term debt	1,170	1,165	1,160
Less current portion	13	13	15
Total long-term debt, less current portion	$ 1,157	$ 1,152	$ 1,145

Fair Value and Future Maturities

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

7. Revenue

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

	August 3, 2024	February 3, 2024	July 29, 2023
Receivables, net[1]	$ 474	$ 512	$ 485
Short-term contract liabilities included in:			
Unredeemed gift card liabilities	243	253	250
Deferred revenue	940	1,000	996
Accrued liabilities	64	53	64
Long-term contract liabilities included in:			
Long-term liabilities	233	245	254

(1) Receivables are recorded net of allowances for expected credit losses of $16 million, $23 million and $18 million as of August 3, 2024, February 3, 2024, and July 29, 2023, respectively.

During the first six months of fiscal 2025 and fiscal 2024, $893 million and $1,026 million of revenue was recognized, respectively, that was included in the contract liabilities at the beginning of the respective periods.

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

Fiscal Year		Amount
Remainder of fiscal 2025	$	17
Fiscal 2026		33
Fiscal 2027		27
Fiscal 2028		25
Fiscal 2029		25
Fiscal 2030		25
Thereafter		112

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

8. Earnings per Share

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

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Numerator				
Net earnings	$ 291	$ 274	$ 537	$ 518
Denominator				
Weighted-average common shares outstanding	216.0	218.6	216.1	218.7
Dilutive effect of stock compensation plan awards	1.1	0.4	1.1	0.8
Weighted-average common shares outstanding, assuming dilution	217.1	219.0	217.2	219.5
Potential shares which were anti-dilutive and excluded from weighted-average share computations	-	1.1	-	1.3
Basic earnings per share	$ 1.35	$ 1.25	$ 2.49	$ 2.37
Diluted earnings per share	$ 1.34	$ 1.25	$ 2.47	$ 2.36

9. Repurchase of Common Stock

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

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Total cost of shares repurchased	$ 98	$ 69	$ 150	$ 150
Average price per share	$ 82.57	$ 76.88	$ 80.86	$ 76.48
Total number of shares repurchased	1.1	0.9	1.8	2.0

As of August 3, 2024, $3.6 billion of the $5.0 billion share repurchase authorization was available. Between the end of the second quarter of fiscal 2025 on August 3, 2024, and September 4, 2024, we repurchased an incremental 0.4 million shares of our common stock at a cost of $39 million. We currently expect total share repurchases of approximately $500 million in fiscal 2025.

10. Contingencies

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

11. Segments

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Revenue by reportable segment				
Domestic	$ 8,623	$ 8,890	$ 16,826	$ 17,691
International	665	693	1,309	1,359
Total revenue	$ 9,288	$ 9,583	$ 18,135	$ 19,050
Revenue by product category				
Domestic:				
Computing and Mobile Phones	$ 3,792	$ 3,674	$ 7,380	$ 7,362
Consumer Electronics	2,478	2,658	4,842	5,250
Appliances	1,177	1,384	2,267	2,723
Entertainment	498	544	1,018	1,135
Services	590	550	1,168	1,087
Other	88	80	151	134
Total Domestic revenue	$ 8,623	$ 8,890	$ 16,826	$ 17,691
International:				
Computing and Mobile Phones	$ 308	$ 309	$ 626	$ 625
Consumer Electronics	186	194	359	378
Appliances	86	92	146	151
Entertainment	39	50	85	110
Services	38	38	77	74
Other	8	10	16	21
Total International revenue	$ 665	$ 693	$ 1,309	$ 1,359

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Domestic	$ 367	$ 329	$ 670	$ 619
International	16	19	25	40
Total operating income	383	348	695	659
Other income (expense):				
Gain on sale of subsidiary, net	-	21	-	21
Investment income and other	21	12	46	33
Interest expense	(13)	(12)	(25)	(24)
Earnings before income tax expense and equity in income of affiliates	$ 391	$ 369	$ 716	$ 689

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

	August 3, 2024	February 3, 2024	July 29, 2023
Domestic	$ 14,471	$ 13,660	$ 14,028
International	1,153	1,307	1,290
Total assets	$ 15,624	$ 14,967	$ 15,318

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

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

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 (including the information presented therein under *Risk Factors*), as well as our other reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Overview

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

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

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

Comparable Sales

Throughout this MD&A, we refer to comparable sales. Comparable sales is a metric used by management to evaluate the performance of our existing stores, websites and call centers by measuring the change in net sales for a particular period over the comparable prior period of equivalent length. Comparable sales includes revenue from stores, websites and call centers operating for at least 14 full months. Revenue from online sales is included in comparable sales and represents sales initiated on a website or app, regardless of whether customers choose to pick up product in store, curbside, at an alternative pick-up location or take delivery direct to their homes. Revenue from acquisitions is included in comparable sales beginning with the first full quarter following the first anniversary of the date of the acquisition. Comparable sales also includes credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. Revenue from stores closed more than 14 days, including but not limited to relocated, remodeled, expanded and downsized stores, or stores impacted by natural disasters, is excluded from comparable sales until at least 14 full months after reopening. Comparable sales excludes the impact of certain periodic warranty-related profit-share revenue, the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only) and the impact of the 53rd week (applicable in 53-week fiscal years only). Comparable sales is based on our fiscal calendar and is not adjusted to align calendar weeks. All periods presented apply this methodology consistently.

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

Non-GAAP Financial Measures

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

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

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

Business Strategy Update

In the second quarter of fiscal 2025, we continued to manage our profitability through strong execution, while at the same time preparing for future growth. We made progress on our fiscal 2025 priorities, grew our paid membership base, continued to implement previously announced restructuring actions and drove improvements in our prioritized customer experiences. We delivered sales growth in our Domestic tablet and computing categories as our market position, expert sales associates and compelling merchandising allowed us to capitalize on demand driven by our customers' desire to replace or upgrade their products combined with new innovation.

Our enterprise comparable sales declined 2.3% in the second quarter of fiscal 2025, compared to a comparable sales decline of 6.1% in the first quarter of fiscal 2025. We believe the second quarter sequential improvement in comparable sales supports our belief that this will be a year of further stabilization in the consumer electronics industry. To ensure we are in the best position possible to benefit from these industry developments, we are focused on the following four priorities: (1) invigorate and progress targeted customer experiences; (2) drive operational effectiveness and efficiency; (3) continue our disciplined approach to capital allocation; and (4) explore, pilot and drive incremental revenue streams.

In the second quarter of fiscal 2025, we completed the roll-out of personalized, relevant and motivational content to our App users to drive higher engagement. Each of our App users' home screens now look different based on their personal preferences and a number of factors like current location, shopping history, membership status and what we know they care about the most based on their activity.

In our stores, we are making enhancements to every store in the chain in some fashion throughout the second and third quarters, improving both our merchandising and ease of shopping for customers. This includes working with many of our vendors to implement new and enhanced in-store experiences across the store. To continue to elevate the expert service we provide customers, we have added fully dedicated labor expertise to our in-store computing and have begun the process of doing so in our home theater and major appliances departments in hundreds of stores. These changes are in addition to the actions taken throughout the past year to streamline our leadership model, allowing us to invest in more customer-facing sales associate hours in our stores.

While we elevate our customer experiences, we are simultaneously executing on our longstanding commitment to drive operational effectiveness and efficiencies and identify cost reductions, as this is paramount to help offset inflationary pressures in our business and fund investment capacity. For example, in fiscal 2025 we are focused on driving further efficiencies across our forward and reverse supply chain, our Geek Squad repair operations and our customer care experience. We will continue to lean heavily on analytics and technology to achieve these efficiencies.

Our third key priority for the year is to continue our disciplined approach to capital allocation. This includes striking the appropriate balance of prioritizing areas that best position us for the future, while prudently dealing with the near-term uncertainty in the consumer electronics industry.

Our fourth key priority for fiscal 2025 is longer-term in focus. We will continue to explore opportunities that leverage our scale and capabilities to drive incremental profitable revenue streams over time.

We are the largest consumer electronics specialty retailer with what we believe to be a unique range of product assortment and expert services to help humanize tech, especially new innovation, for every stage of our customers' lives. We intend to strengthen our position in key categories like computing, home theater and major appliances through our differentiated experiences, pointed marketing spend and competitive pricing.

Results of Operations

Consolidated Results

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Revenue	$ 9,288	$ 9,583	$ 18,135	$ 19,050
Revenue % change	(3.1)%	(7.2)%	(4.8)%	(9.2)%
Comparable sales % change	(2.3)%	(6.2)%	(4.2)%	(8.2)%
Gross profit	$ 2,186	$ 2,220	$ 4,250	$ 4,370
Gross profit as a % of revenue[1]	23.5 %	23.2 %	23.4 %	22.9 %
Selling, general and administrative expense ("SG&A")	$ 1,810	$ 1,879	$ 3,547	$ 3,727
SG&A as a % of revenue[1]	19.5 %	19.6 %	19.6 %	19.6 %
Restructuring charges	$ (7)	$ (7)	$ 8	$ (16)
Operating income	$ 383	$ 348	$ 695	$ 659
Operating income as a % of revenue	4.1 %	3.6 %	3.8 %	3.5 %
Net earnings	$ 291	$ 274	$ 537	$ 518
Diluted earnings per share	$ 1.34	$ 1.25	$ 2.47	$ 2.36

(1) Because retailers vary in how they record costs of operating their supply chain between cost of sales and SG&A, our gross profit rate and SG&A rate may not be comparable to other retailers' corresponding rates. For additional information regarding costs classified in cost of sales and SG&A, refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

In the second quarter and first six months of fiscal 2025, we generated $9.3 billion and $18.1 billion in revenue, respectively, and our comparable sales sequentially improved from the first quarter of fiscal 2025 to a decline of 2.3% and a decline of 4.2%, respectively, as we continued to operate in a challenged consumer electronics industry. Despite comparable sales declines in the second quarter of fiscal 2025 in categories such as appliances, home theater and gaming, we delivered comparable sales growth in our tablet and computing categories, driven by customers' desire to replace or upgrade their products combined with new product innovation.

Revenue, gross profit rate, SG&A and operating income rate changes in the second quarter and first six months of fiscal 2025 were primarily driven by our Domestic segment. For further discussion of our Domestic and International segments, see *Segment Performance Summary*, below.

Store Summary

Stores open by reportable segment were as follows:

	August 3, 2024	July 29, 2023
Best Buy	890	907
Outlet Centers	26	20
Pacific Sales	20	20
Yardbird	23	22
Total Domestic stores	959	969
Canada Best Buy stores	129	128
Canada Best Buy Mobile stand-alone stores	32	32
Total International stores	161	160
Total stores	1,120	1,129

We continuously monitor store performance as part of a market-driven, omnichannel strategy. As we approach the expiration of leases, we evaluate various options for each location, including whether a store should remain open. We currently expect to close a total of approximately 10 to 15 Domestic Best Buy stores in fiscal 2025.

Income Tax Expense

Income tax expense increased in the second quarter of fiscal 2025, primarily due to an increase in pre-tax earnings. Our effective tax rate ("ETR") decreased to 25.8% in the second quarter of fiscal 2025 compared to 26.1% in the second quarter of fiscal 2024, primarily due to increased tax benefits from green energy incentives.

Income tax expense increased in the first six months of fiscal 2025, primarily due to an increase in pre-tax earnings. Our ETR increased to 25.3% in the first six months of fiscal 2025 compared to 24.8% in the first six months of fiscal 2024, primarily due to reduced tax benefits from the resolution of tax matters and stock-based compensation, partially offset by increased tax benefits from green energy incentives.

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

Segment Performance Summary

Domestic Segment

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Revenue	$ 8,623	$ 8,890	$ 16,826	$ 17,691
Revenue % change	(3.0)%	(7.1)%	(4.9)%	(9.1)%
Comparable sales % change[1]	(2.3)%	(6.3)%	(4.3)%	(8.4)%
Gross profit	$ 2,027	$ 2,052	$ 3,944	$ 4,044
Gross profit as a % of revenue	23.5 %	23.1 %	23.4 %	22.9 %
SG&A	$ 1,668	$ 1,730	$ 3,266	$ 3,440
SG&A as a % of revenue	19.3 %	19.5 %	19.4 %	19.4 %
Restructuring charges	$ (8)	$ (7)	$ 8	$ (15)
Operating income	$ 367	$ 329	$ 670	$ 619
Operating income as a % of revenue	4.3 %	3.7 %	4.0 %	3.5 %
Selected Online Revenue Data				
Total online revenue	$ 2,718	$ 2,763	$ 5,243	$ 5,451
Online revenue as a % of total segment revenue	31.5 %	31.1 %	31.2 %	30.8 %
Comparable online sales % change[1]	(1.6)%	(7.1)%	(3.8)%	(9.7)%

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

Domestic revenue decreased in the second quarter of fiscal 2025, primarily driven by comparable sales declines in the appliances, home theater and gaming categories, partially offset by comparable sales growth in the tablets, computing and services categories. In the first six months of fiscal 2025, Domestic revenue decreased, primarily driven by comparable sales declines in the appliances, home theater and gaming categories, partially offset by comparable sales growth in the services, tablets and computing categories. Online revenue of $2.7 billion and $5.2 billion in the second quarter and first six months of fiscal 2025 decreased 1.6% and 3.8%, respectively, on a comparable basis.

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

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Computing and Mobile Phones	44 %	41 %	3.9 %	(6.4)%
Consumer Electronics	29 %	30 %	(6.2)%	(5.7)%
Appliances	13 %	16 %	(14.9)%	(16.1)%
Entertainment	6 %	6 %	(7.4)%	9.0 %
Services	7 %	6 %	8.5 %	7.6 %
Other	1 %	1 %	14.4 %	2.4 %
Total	100 %	100 %	(2.3)%	(6.3)%

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 3.9% comparable sales growth was driven primarily by tablets and computing, partially offset by a comparable sales decline in mobile phones.
- **Consumer Electronics:** The 6.2% comparable sales decline was driven primarily by home theater.
- **Appliances:** The 14.9% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 7.4% comparable sales decline was driven primarily by gaming.
- **Services:** The 8.5% comparable sales growth was driven primarily by delivery and installation services.

Domestic gross profit rate increased in the second quarter and first six months of fiscal 2025, primarily due to improved financial performance from our services category, including our membership offerings, which was partially offset by lower product margin rates and lower profit-sharing revenue from our private label and co-branded credit card arrangement.

Domestic SG&A decreased in the second quarter of fiscal 2025, primarily due to lower employee compensation expense and lower expenses across multiple other areas, including reduced vehicle rental costs and credit card processing fees. These decreases were partially offset by higher advertising expense.

Domestic SG&A decreased in the first six months of fiscal 2025, primarily due to lower employee compensation expense, which was primarily store payroll, and lower expenses across multiple other areas, including reduced vehicle rental costs. These decreases were partially offset by higher advertising and technology expense.

Domestic restructuring charges in the second quarter and first six months of fiscal 2025 were primarily related to employee termination benefits and subsequent adjustments from higher-than-expected employee retention associated with an enterprise-wide restructuring initiative that commenced in the fourth quarter of fiscal 2024. Refer to Note 2, *Restructuring*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information.

Domestic operating income rate increased in the second quarter and first six months of fiscal 2025, primarily due to favorability in the gross profit rate.

International Segment

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Revenue	$ 665	$ 693	$ 1,309	$ 1,359
Revenue % change	(4.0)%	(8.8)%	(3.7)%	(10.2)%
Comparable sales % change	(1.8)%	(5.4)%	(2.6)%	(5.5)%
Gross profit	$ 159	$ 168	$ 306	$ 326
Gross profit as a % of revenue	23.9 %	24.2 %	23.4 %	24.0 %
SG&A	$ 142	$ 149	$ 281	$ 287
SG&A as a % of revenue	21.4 %	21.5 %	21.5 %	21.1 %
Operating income	$ 16	$ 19	$ 25	$ 40
Operating income as a % of revenue	2.4 %	2.7 %	1.9 %	2.9 %

International revenue decreased in the second quarter of fiscal 2025, primarily driven by the negative impact of foreign exchange rates and comparable sales declines in gaming and computing, partially offset by comparable sales growth in mobile phones.

International revenue decreased in the first six months of fiscal 2025, primarily driven by comparable sales declines in gaming and computing, as well as the negative impact of foreign exchange rates. These drivers were partially offset by comparable sales growth in mobile phones.

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

	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Computing and Mobile Phones	46 %	45 %	1.7 %	(2.4)%
Consumer Electronics	28 %	28 %	(2.1)%	(10.4)%
Appliances	13 %	13 %	(3.9)%	(6.1)%
Entertainment	6 %	7 %	(20.8)%	2.5 %
Services	6 %	5 %	5.9 %	4.6 %
Other	1 %	2 %	(20.1)%	(38.1)%
Total	100 %	100 %	(1.8)%	(5.4)%

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 1.7% comparable sales growth was driven primarily by mobile phones, partially offset by a comparable sales decline in computing.
- **Consumer Electronics:** The 2.1% comparable sales decline was driven primarily by home automation.
- **Appliances:** The 3.9% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 20.8% comparable sales decline was driven primarily by gaming, partially offset by comparable sales growth in virtual reality.
- **Services:** The 5.9% comparable sales growth was driven primarily by growth in our membership programs.

International gross profit rate decreased in the second quarter and first six months of fiscal 2025, primarily driven by lower product margin rates and higher supply chain costs, which were partially offset by growth in the higher margin services category.

International SG&A decreased in the second quarter of fiscal 2025, primarily driven by the favorable impact of foreign exchange rates and lower advertising expense, which was partially offset by expenses associated with new Best Buy Express locations as a result of our previously announced collaboration with Bell Canada.

International SG&A decreased in the first six months of fiscal 2025, primarily driven by the favorable impact of foreign exchange rates, lower advertising expense and lower employee compensation expense, which was primarily incentive compensation. These drivers were partially offset by expenses associated with new Best Buy Express locations and higher technology expense.

International operating income rate decreased in the second quarter of fiscal 2025, primarily due to an unfavorable gross profit rate.

International operating income rate decreased in the first six months of fiscal 2025, primarily due to an unfavorable gross profit rate and decreased leverage from lower sales volume on our fixed expenses, which resulted in an unfavorable SG&A rate.

Consolidated Non-GAAP Financial Measures

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	**July 29, 2023**	**August 3, 2024**	**July 29, 2023**
Operating income	$ 383	$ 348	$ 695	$ 659
% of revenue	*4.1 %*	*3.6 %*	*3.8 %*	*3.5 %*
Intangible asset amortization(1)	5	21	11	41
Restructuring charges(2)	(7)	(7)	8	(16)
Non-GAAP operating income	$ 381	$ 362	$ 714	$ 684
% of revenue	*4.1 %*	*3.8 %*	*3.9 %*	*3.6 %*
Effective tax rate	25.8 %	26.1 %	25.3 %	24.8 %
Intangible asset amortization(1)	-%	(0.4)%	-%	0.4 %
Restructuring charges(2)	-%	0.4 %	-%	(0.1)%
Loss on investments	-%	0.5 %	-%	-%
Non-GAAP effective tax rate	25.8 %	26.6 %	25.3 %	25.1 %
Diluted EPS	$ 1.34	$ 1.25	$ 2.47	$ 2.36
Intangible asset amortization(1)	0.03	0.10	0.05	0.18
Restructuring charges(2)	(0.03)	(0.03)	0.04	(0.07)
Loss on investments	-	-	-	0.02
Gain on sale of subsidiary, net(3)	-	(0.10)	-	(0.10)
Income tax impact of non-GAAP adjustments(4)	-	-	(0.02)	(0.02)
Non-GAAP diluted EPS	$ 1.34	$ 1.22	$ 2.54	$ 2.37

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

(1) Represents the non-cash amortization of definite-lived intangible assets associated with acquisitions, including customer relationships, tradenames and developed technology assets.
(2) Represents charges related to employee termination benefits and subsequent adjustments from higher-than-expected employee retention 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 the U.S. non-GAAP adjustments is calculated using the statutory tax rate of 24.5%. There is no forecasted annual income tax charge for Mexico non-GAAP items, as there is no forecasted annual tax expense on the income in the calculation of GAAP income tax expense.

Non-GAAP operating income rate increased in the second quarter and first six months of fiscal 2025, primarily due to a favorable gross profit rate in our Domestic segment.

Non-GAAP effective tax rate decreased in the second quarter of fiscal 2025, primarily due to increased tax benefits from green energy incentives. Non-GAAP effective tax rate increased in the first six months of fiscal 2025, primarily due to reduced tax benefits from the resolution of tax matters and stock-based compensation, partially offset by increased tax benefits from green energy incentives.

Non-GAAP diluted EPS increased in the second quarter and first six months of fiscal 2025, primarily due to the increase in non-GAAP operating income.

Liquidity and Capital Resources

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

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

	August 3, 2024	February 3, 2024	July 29, 2023
Cash and cash equivalents	$ 1,387	$ 1,447	$ 1,093

The decrease in cash and cash equivalents from February 3, 2024, was primarily due to dividend payments and capital expenditures, partially offset by positive cash flows from operations, primarily driven by earnings.

The increase in cash and cash equivalents from July 29, 2023, was primarily due to positive cash flows from operations, primarily driven by earnings, partially offset by dividend payments, capital expenditures and share repurchases.

Cash Flows

Cash flows were as follows ($ in millions):

	Six Months Ended	
	August 3, 2024	July 29, 2023
Total cash provided by (used in):		
Operating activities	$ 817	$ 181
Investing activities	(352)	(381)
Financing activities	(557)	(560)
Effect of exchange rate changes on cash and cash equivalents	(3)	(2)
Decrease in cash, cash equivalents and restricted cash	$ (95)	$ (762)

Operating Activities

The increase in cash provided by operating activities in the first six months of fiscal 2025 was primarily driven by the timing and volume of inventory purchases and payments, partially offset by the timing of vendor funding receivables.

Investing Activities

Cash used in investing activities in the first six months of fiscal 2025 decreased, primarily driven by lower capital spending. We currently expect capital expenditures to approximate $750 million in fiscal 2025 compared to $795 million in fiscal 2024.

Financing Activities

Cash used in financing activities in the first six months of fiscal 2025 remained relatively consistent with the comparable prior-year period.

Sources of Liquidity

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

We have a $1.25 billion five-year senior unsecured revolving credit facility agreement (the "Five-Year Facility Agreement") with a syndicate of banks that expires in April 2028. There were no borrowings outstanding under the Five-Year Facility Agreement as of August 3, 2024, February 3, 2024, or July 29, 2023.

Restricted Cash

Our liquidity is also affected by restricted cash balances that are primarily restricted to cover product protection plans provided under our membership offerings and self-insurance liabilities. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was $311 million, $346 million and $398 million at August 3, 2024, February 3, 2024, and July 29, 2023, respectively. The decrease in restricted cash from February 3, 2024, and July 29, 2023, was primarily due to releases of product protection reserves based on claims and purchasing behaviors of customers participating in our membership offerings.

Debt and Capital

As of August 3, 2024, we had $500 million of principal amount of notes due October 1, 2028, and $650 million of principal amount of notes due October 1, 2030. Refer to Note 6, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q, and Note 8, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, for additional information about our outstanding debt.

Share Repurchases and Dividends

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

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

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

	Three Months Ended		Six Months Ended	
	August 3, 2024	July 29, 2023	August 3, 2024	July 29, 2023
Total cost of shares repurchased	$ 98	$ 69	$ 150	$ 150
Average price per share	$ 82.57	$ 76.88	$ 80.86	$ 76.48
Total number of shares repurchased	1.1	0.9	1.8	2.0
Regular quarterly cash dividend per share	$ 0.94	$ 0.92	$ 1.88	$ 1.84
Cash dividends declared and paid	$ 203	$ 200	$ 405	$ 402

The total cost of shares repurchased increased in the second quarter of fiscal 2025, primarily due to an increase in the volume of repurchases. The total cost of shares repurchased remained consistent in the first six months of fiscal 2025, as the decrease in the volume of repurchases was offset by the increase in the average price per share. Cash dividends declared and paid increased during the second quarter and first six months of fiscal 2025, due to the increase in the regular quarterly cash dividend per share, partially offset by fewer shares outstanding.

Between the end of the second quarter of fiscal 2025 on August 3, 2024, and September 4, 2024, we repurchased an incremental 0.4 million shares of our common stock at a cost of $39 million. We currently expect total share repurchases of approximately $500 million in fiscal 2025.

Off-Balance-Sheet Arrangements and Contractual Obligations

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements other than in connection with our $1.25 billion in undrawn capacity on our Five-Year Facility Agreement as of August 3, 2024, which, if drawn upon, would be included in either short-term or long-term debt on our Condensed Consolidated Balance Sheets.

There has been no material change in our contractual obligations other than in the ordinary course of business since the end of fiscal 2024. See our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, for additional information regarding our off-balance-sheet arrangements and contractual obligations.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, and our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2024.

New or Recently Issued Accounting Pronouncements

For a description of applicable new or recently issued accounting pronouncements, including our assessment of the impact on our financial statements, see Note 1, *Basis of Presentation*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "appear," "approximate," "assume," "believe," "continue," "could," "estimate," "expect," "foresee," "guidance," "intend," "may," "might," "outlook," "plan," "possible," "project," "seek," "should," "would," and other words and terms of similar meaning or the negatives thereof. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, our operating model, new strategies and growth initiatives, the competitive environment, consumer behavior and other events. These statements involve a number of judgments and are subject to certain risks and uncertainties, many of which are outside the control of the Company, that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of our most recent Annual Report on Form 10-K, and any updated information in subsequent Quarterly Reports on Form 10-Q, for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following: macroeconomic pressures in the markets in which we operate (including but not limited to recession, inflation rates, fluctuations in foreign currency exchange rates, limitations on a government's ability to borrow and/or spend capital, fluctuations in housing prices, energy markets, 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 of 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 those related to the conflicts in Eastern Europe and the Middle East or fluctuations in foreign currency exchange rates) and those of our vendors; failure to effectively manage our costs; our dependence on cash flows and net earnings generated during the fourth fiscal quarter; pricing investments and promotional activity; economic or regulatory developments that might affect our ability to provide attractive promotional financing; constraints in the capital markets; changes to our vendor credit terms; changes in our credit ratings; 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As disclosed in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, in addition to the risks inherent in our operations, we are exposed to certain market risks.

Interest Rate Risk

We are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. Our cash, cash equivalents and restricted cash generate interest income that will vary based on changes in short-term interest rates. In addition, we have swapped a portion of our fixed-rate debt to floating rate such that the interest expense on this debt will vary with short-term interest rates. Refer to Note 1, *Summary of Significant Accounting Policies,* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, for further information regarding our interest rate swaps.

As of August 3, 2024, we had $1.7 billion of cash, cash equivalents and restricted cash and $0.5 billion of debt that has been swapped to floating rate, and therefore the net asset balance exposed to interest rate changes was $1.2 billion. As of August 3, 2024, a 50-basis point increase in short-term interest rates would have led to an estimated $6 million increase in interest income, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated $6 million decrease in interest income.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to operations in our International segment. On a limited basis, we utilize foreign exchange forward contracts to manage foreign currency exposure to certain forecasted inventory purchases, recognized receivable and payable balances and our investment in our Canadian operations. Refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, for additional information regarding these instruments.

In the second quarter and first six months of fiscal 2025, foreign currency exchange rate fluctuations were driven by the strength of the U.S. dollar against the Canadian dollar compared to the prior-year period. We estimate that the foreign currency exchange rate fluctuations had an unfavorable impact on our revenue of approximately $18 million and $19 million in the second quarter and first six months of fiscal 2025, respectively. The impact of foreign exchange rate fluctuations on our net earnings in the second quarter and first six months of fiscal 2025 was not significant.

Item 4. Controls and Procedures

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

Our management, including our Chief Executive Officer and Senior Executive Vice President of Enterprise Strategy and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), at August 3, 2024. Based on that evaluation, our Chief Executive Officer and Senior Executive Vice President of Enterprise Strategy and Chief Financial Officer concluded that, at August 3, 2024, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended August 3, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

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

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

c) Stock Repurchases

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

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
May 5, 2024 through June 1, 2024	389,162	$ 74.00	389,162	$ 3,703,000,000
June 2, 2024 through July 6, 2024	433,510	$ 86.81	433,510	$ 3,666,000,000
July 7, 2024 through August 3, 2024	360,052	$ 86.73	360,052	$ 3,635,000,000
Total fiscal 2025 second quarter	1,182,724	$ 82.57	1,182,724	$ 3,635,000,000

Item 5. Other Information

Rule 10b5-1 Plan Elections

Set forth below are developments regarding trading plan arrangements among our directors and officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) for the quarter ended August 3, 2024.

- On June 6, 2024, Corie Barry, the Company's Chief Executive Officer and a director, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, providing for the potential sale of up to 79,829 shares of our common stock through September 17, 2024.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 12, 2020).
3.2	Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Best Buy Co., Inc. on June 14, 2018).
10.1*	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2024) – Directors.
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1).
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(1).
101	The following financial information from our Quarterly Report on Form 10-Q for the second quarter of fiscal 2025, filed with the SEC on September 6, 2024, formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Condensed Consolidated Balance Sheets as of August 3, 2024, February 3, 2024, and July 29, 2023, (ii) the Condensed Consolidated Statements of Earnings for the three and six months ended August 3, 2024, and July 29, 2023, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended August 3, 2024, and July 29, 2023, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended August 3, 2024, and July 29, 2023, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended August 3, 2024, and July 29, 2023, and (vi) the Notes to Condensed Consolidated Financial Statements.
104	The cover page from our Quarterly Report on Form 10-Q for the second quarter of fiscal 2025, filed with the SEC on September 6, 2024, formatted in iXBRL (included as Exhibit 101).

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

* Management contracts or compensatory plans or arrangements

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

SIGNATURES

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

	BEST BUY CO., INC. (Registrant)	
Date: September 6, 2024	By:	/s/ CORIE BARRY Corie Barry *Chief Executive Officer*
Date: September 6, 2024	By:	/s/ MATTHEW BILUNAS Matthew Bilunas *Senior Executive Vice President of Enterprise Strategy and Chief Financial Officer*
Date: September 6, 2024	By:	/s/ MATHEW R. WATSON Mathew R. Watson *Senior Vice President, Finance – Controller and Chief Accounting Officer*

Exhibit 10.1

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

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

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

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

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

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

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

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

(a) **Confidentiality.** In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your service to the Company and thereafter, to maintain the confidentiality of the Company Group's Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group. You will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. You shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

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

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

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

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

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

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

(A) cause the immediate forfeiture of all of your Restricted Stock Units, whether vested or unvested;

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

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

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

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

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

4. General Terms and Conditions.

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

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

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

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

(c) Participant's Acknowledgements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit 31.1

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

I, Corie Barry, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 6, 2024	/s/ CORIE BARRY
	Corie Barry
	Chief Executive Officer

Exhibit 31.2

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

I, Matthew Bilunas, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 6, 2024	/s/ MATTHEW BILUNAS
	Matthew Bilunas
	Senior Executive Vice President of Enterprise Strategy, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Executive Officer of Best Buy Co., Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended August 3, 2024 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: September 6, 2024	/s/ CORIE BARRY
	Corie Barry
	Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Financial Officer of Best Buy Co., Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended August 3, 2024 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: September 6, 2024	/s/ MATTHEW BILUNAS
	Matthew Bilunas
	Senior Executive Vice President of Enterprise Strategy, Chief Financial Officer