

**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 July 30, 2022

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 225,130,807 shares of common stock outstanding as of September 6, 2022.

BEST BUY CO., INC.
FORM 10-Q FOR THE QUARTER ENDED JULY 30, 2022

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PART I — FINANCIAL INFORMATION
Item 1. Financial Statements
Condensed Consolidated Balance Sheets
\$ in millions, except per share amounts (unaudited)

	July 30, 2022	January 29, 2022	July 31, 2021
Assets			
Current assets			
Cash and cash equivalents	\$ 840	\$ 2,936	\$ 4,340
Receivables, net	840	1,042	883
Merchandise inventories	6,043	5,965	6,417
Other current assets	621	596	400
Total current assets	8,344	10,539	12,040
Property and equipment, net	2,319	2,250	2,226
Operating lease assets	2,796	2,654	2,670
Goodwill	1,385	1,384	986
Other assets	575	677	657
Total assets	<u>\$ 15,419</u>	<u>\$ 17,504</u>	<u>\$ 18,579</u>
Liabilities and equity			
Current liabilities			
Accounts payable	\$ 5,406	\$ 6,803	\$ 6,946
Unredeemed gift card liabilities	273	316	293
Deferred revenue	1,133	1,103	854
Accrued compensation and related expenses	374	845	605
Accrued liabilities	820	946	892
Short-term debt	-	-	110
Current portion of operating lease liabilities	629	648	643
Current portion of long-term debt	15	13	14
Total current liabilities	8,650	10,674	10,357
Long-term operating lease liabilities	2,221	2,061	2,090
Long-term debt	1,184	1,216	1,243
Long-term liabilities	472	533	554
Contingencies (Note 11)			
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 - 225.1 million, 227.4 million and 247.3 million shares, respectively	22	23	25
Additional paid-in capital	20	-	-
Retained earnings	2,522	2,668	3,975
Accumulated other comprehensive income	328	329	335
Total equity	2,892	3,020	4,335
Total liabilities and equity	<u>\$ 15,419</u>	<u>\$ 17,504</u>	<u>\$ 18,579</u>

NOTE: The Consolidated Balance Sheet as of January 29, 2022, 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	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Revenue	\$ 10,329	\$ 11,849	\$ 20,976	\$ 23,486
Cost of sales	8,042	9,039	16,336	17,961
Gross profit	2,287	2,810	4,640	5,525
Selling, general and administrative expenses	1,882	2,009	3,772	3,997
Restructuring charges	34	4	35	(38)
Operating income	371	797	833	1,566
Other income (expense):				
Investment income (loss) and other	3	3	(2)	6
Interest expense	(7)	(6)	(13)	(12)
Earnings before income tax expense and equity in income (loss) of affiliates	367	794	818	1,560
Income tax expense	58	64	168	236
Equity in income (loss) of affiliates	(3)	4	(3)	5
Net earnings	\$ 306	\$ 734	\$ 647	\$ 1,329
Basic earnings per share	\$ 1.36	\$ 2.93	\$ 2.86	\$ 5.28
Diluted earnings per share	\$ 1.35	\$ 2.90	\$ 2.85	\$ 5.22
Weighted-average common shares outstanding:				
Basic	225.4	250.2	226.1	251.7
Diluted	226.1	252.8	227.2	254.7

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net earnings	\$ 306	\$ 734	\$ 647	\$ 1,329
Foreign currency translation adjustments, net of tax	-	(3)	(1)	7
Comprehensive income	\$ 306	\$ 731	\$ 646	\$ 1,336

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	July 30, 2022	July 31, 2021
Operating activities		
Net earnings	\$ 647	\$ 1,329
Adjustments to reconcile net earnings to total cash provided by (used in) operating activities:		
Depreciation and amortization	453	430
Restructuring charges	35	(38)
Stock-based compensation	65	71
Other, net	19	2
Changes in operating assets and liabilities, net of acquired assets and liabilities:		
Receivables	201	175
Merchandise inventories	(79)	(794)
Other assets	(13)	(19)
Accounts payable	(1,434)	(58)
Income taxes	42	(162)
Other liabilities	(645)	(72)
Total cash provided by (used in) operating activities	(709)	864
Investing activities		
Additions to property and equipment	(441)	(323)
Purchases of investments	(46)	(93)
Sales of investments	2	60
Other, net	1	(2)
Total cash used in investing activities	(484)	(358)
Financing activities		
Repurchase of common stock	(465)	(1,323)
Dividends paid	(397)	(350)
Other, net	1	11
Total cash used in financing activities	(861)	(1,662)
Effect of exchange rate changes on cash and cash equivalents	1	5
Decrease in cash, cash equivalents and restricted cash	(2,053)	(1,151)
Cash, cash equivalents and restricted cash at beginning of period	3,205	5,625
Cash, cash equivalents and restricted cash at end of period	\$ 1,152	\$ 4,474

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 April 30, 2022	224.6	\$ 22	\$ -	\$ 2,417	\$ 328	\$ 2,767
Net earnings, three months ended July 30, 2022	-	-	-	306	-	306
Stock-based compensation	-	-	26	-	-	26
Issuance of common stock	0.6	-	1	-	-	1
Common stock dividends, \$0.88 per share	-	-	3	(201)	-	(198)
Repurchase of common stock	(0.1)	-	(10)	-	-	(10)
Balances at July 30, 2022	<u>225.1</u>	<u>\$ 22</u>	<u>\$ 20</u>	<u>\$ 2,522</u>	<u>\$ 328</u>	<u>\$ 2,892</u>
Balances at January 29, 2022	227.4	\$ 23	\$ -	\$ 2,668	\$ 329	\$ 3,020
Net earnings, six months ended July 30, 2022	-	-	-	647	-	647
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(1)	(1)
Stock-based compensation	-	-	65	-	-	65
Issuance of common stock	2.3	-	10	-	-	10
Common stock dividends, \$1.76 per share	-	-	7	(404)	-	(397)
Repurchase of common stock	(4.6)	(1)	(62)	(389)	-	(452)
Balances at July 30, 2022	<u>225.1</u>	<u>\$ 22</u>	<u>\$ 20</u>	<u>\$ 2,522</u>	<u>\$ 328</u>	<u>\$ 2,892</u>
Balances at May 1, 2021	250.4	\$ 25	\$ 33	\$ 3,762	\$ 338	\$ 4,158
Net earnings, three months ended July 31, 2021	-	-	-	734	-	734
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(3)	(3)
Stock-based compensation	-	-	34	-	-	34
Issuance of common stock	0.6	-	3	-	-	3
Common stock dividends, \$0.70 per share	-	-	5	(180)	-	(175)
Repurchase of common stock	(3.7)	-	(75)	(341)	-	(416)
Balances at July 31, 2021	<u>247.3</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 3,975</u>	<u>\$ 335</u>	<u>\$ 4,335</u>
Balances at January 30, 2021	256.9	\$ 26	\$ -	\$ 4,233	\$ 328	\$ 4,587
Net earnings, six months ended July 31, 2021	-	-	-	1,329	-	1,329
Other comprehensive income:						
Foreign currency translation adjustments, net of tax	-	-	-	-	7	7
Stock-based compensation	-	-	71	-	-	71
Issuance of common stock	2.5	-	22	-	-	22
Common stock dividends, \$1.40 per share	-	-	8	(358)	-	(350)
Repurchase of common stock	(12.1)	(1)	(101)	(1,229)	-	(1,331)
Balances at July 31, 2021	<u>247.3</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 3,975</u>	<u>\$ 335</u>	<u>\$ 4,335</u>

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.

Historically, we have generated a large proportion of our revenue and earnings in the fiscal fourth quarter, which includes the majority of the holiday shopping season. Due to the seasonal nature of our business, interim results are not necessarily indicative of results for the entire fiscal year. The interim financial statements and the related notes included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022. The first six months of fiscal 2023 and fiscal 2022 included 26 weeks.

In preparing the accompanying condensed consolidated financial statements, we evaluated the period from July 30, 2022, through the date the financial statements were issued for material subsequent events requiring recognition or disclosure. Other than the Inflation Reduction Act of 2022 that was enacted on August 16, 2022, no such events were identified for the reported periods. See Note 10, *Income Taxes*, for additional information.

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):

	July 30, 2022	January 29, 2022	July 31, 2021
Cash and cash equivalents	\$ 840	\$ 2,936	\$ 4,340
Restricted cash included in Other current assets	312	269	134
Total cash, cash equivalents and restricted cash	<u>\$ 1,152</u>	<u>\$ 3,205</u>	<u>\$ 4,474</u>

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

2. Restructuring

Restructuring charges were as follows (\$ in millions):

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Fiscal 2023 Resource Optimization Initiative	\$ 34	\$ -	\$ 34	\$ -
Mexico Exit and Strategic Realignment ⁽¹⁾	-	4	1	(44)
Total	<u>\$ 34</u>	<u>\$ 4</u>	<u>\$ 35</u>	<u>\$ (44)</u>

(1) Includes (\$6) million related to inventory markdowns recorded in Cost of Sales on our Condensed Consolidated Statements of Earnings for the six months ended July 31, 2021.

Fiscal 2023 Resource Optimization Initiative

In light of ongoing changes in business trends, during the second quarter of fiscal 2023, we commenced an enterprise-wide initiative to better align our spending with critical strategies and operations, as well as to optimize our cost structure. We incurred \$34 million of charges in our Domestic segment related to termination benefits. We currently expect to incur additional charges through the remainder of fiscal 2023, primarily within our Domestic segment, of approximately \$40 million to \$65 million related to this initiative.

All charges incurred related to this plan were from continuing operations and were presented within Restructuring charges on our Condensed Consolidated Statements of Earnings. There were \$1 million of cash payments related to this initiative during the second quarter of fiscal 2023, and our remaining termination benefits liability as of July 30, 2022, was \$33 million.

Mexico Exit and Strategic Realignment

In the third quarter of fiscal 2021, we made the decision to exit our operations in Mexico and began taking other actions to more broadly align our organizational structure in support of our strategy.

Charges incurred in our International segment primarily related to our decision to exit our operations in Mexico. All of our former stores in Mexico were closed as of the first quarter of fiscal 2022.

Charges incurred in our Domestic segment primarily related to actions taken to align our organizational structure in support of our strategy. During the six months ended July 31, 2021, we recorded a \$44 million credit primarily due to a reduction in expected termination benefits resulting from adjustments to previously planned organizational changes and higher-than-expected employee retention.

All charges incurred related to this plan were from continuing operations and were presented as follows (\$ in millions):

	Statement of Earnings Location	Three Months Ended July 31, 2021			Six Months Ended July 31, 2021		
		Domestic	International	Total	Domestic	International	Total
Inventory markdowns	Cost of sales	\$ -	\$ -	\$ -	\$ -	\$ (6)	\$ (6)
Asset impairments	Restructuring charges	-	4	4	-	7	7
Termination benefits	Restructuring charges	-	-	-	(44)	(1)	(45)
		<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ (44)</u>	<u>\$ -</u>	<u>\$ (44)</u>

	Statement of Earnings Location	Cumulative Amount as of July 30, 2022		
		Domestic	International	Total
Inventory markdowns	Cost of sales	\$ -	\$ 17	\$ 17
Asset impairments ⁽¹⁾	Restructuring charges	10	63	73
Termination benefits	Restructuring charges	83	19	102
Currency translation adjustment	Restructuring charges	-	39	39
Other ⁽²⁾	Restructuring charges	-	6	6
		<u>\$ 93</u>	<u>\$ 144</u>	<u>\$ 237</u>

(1) Remaining net carrying value approximates fair value and was immaterial as of July 30, 2022.

(2) Other charges are primarily comprised of contract termination costs.

We do not expect to incur material future restructuring charges related to the exit from Mexico or strategic realignment initiatives described above, and no material liability remains as of July 30, 2022.

3. Goodwill and Intangible Assets

Goodwill

Goodwill balances by reportable segment were as follows (\$ in millions):

	July 30, 2022		January 29, 2022		July 31, 2021	
	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment
Domestic	\$ 1,452	\$ (67)	\$ 1,451	\$ (67)	\$ 1,053	\$ (67)
International	608	(608)	608	(608)	608	(608)
Total	<u>\$ 2,060</u>	<u>\$ (675)</u>	<u>\$ 2,059</u>	<u>\$ (675)</u>	<u>\$ 1,661</u>	<u>\$ (675)</u>

No impairment charges were recorded during the periods presented.

Definite-Lived Intangible Assets

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

	July 30, 2022		January 29, 2022		July 31, 2021		Weighted-Average Useful Life Remaining as of July 30, 2022 (in years)
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
Customer relationships	\$ 360	\$ 208	\$ 360	\$ 180	\$ 339	\$ 152	7.7
Tradenames	108	47	108	38	81	31	5.5
Developed technology	64	46	64	39	56	32	2.7
Total	<u>\$ 532</u>	<u>\$ 301</u>	<u>\$ 532</u>	<u>\$ 257</u>	<u>\$ 476</u>	<u>\$ 215</u>	<u>6.8</u>

Amortization expense was as follows (\$ in millions):

	Statement of Earnings Location	Three Months Ended		Six Months Ended	
		July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Amortization expense	SG&A	\$ 22	\$ 20	\$ 44	\$ 40

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

	Amortization Expense
Remainder of fiscal 2023	\$ 43
Fiscal 2024	61
Fiscal 2025	21
Fiscal 2026	20
Fiscal 2027	18
Fiscal 2028	12
Thereafter	56

4. Fair Value Measurements

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

Recurring Fair Value Measurements

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

	Balance Sheet Location ⁽¹⁾	Fair Value Hierarchy	Fair Value at		
			July 30, 2022	January 29, 2022	July 31, 2021
Assets					
Money market funds ⁽²⁾	Cash and cash equivalents	Level 1	\$ 1	\$ 548	\$ 1,113
Time deposits ⁽³⁾	Cash and cash equivalents	Level 2	26	278	625
Money market funds ⁽²⁾	Other current assets	Level 1	125	-	-
Time deposits ⁽³⁾	Other current assets	Level 2	-	-	65
Marketable securities that fund deferred compensation ⁽⁴⁾	Other assets	Level 1	48	54	54
Interest rate swap derivative instruments ⁽⁵⁾	Other assets	Level 2	19	50	79

(1) Balance sheet location is determined by length to maturity at date of purchase.

(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, restricted cash, receivables, accounts payable, short-term debt 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 instruments 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):

	July 30, 2022		January 29, 2022		July 31, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt ⁽¹⁾	\$ 1,069	\$ 1,169	\$ 1,205	\$ 1,200	\$ 1,306	\$ 1,229

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

5. Derivative Instruments

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

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

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

Contract Type	July 30, 2022	January 29, 2022	July 31, 2021
Derivatives designated as net investment hedges	\$ 118	\$ 155	\$ 109
Derivatives designated as interest rate swaps	500	500	500
No hedge designation (foreign exchange contracts)	65	68	46
Total	<u>\$ 683</u>	<u>\$ 723</u>	<u>\$ 655</u>

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

	Statement of Earnings Location	Gain (Loss) Recognized			
		Three Months Ended		Six Months Ended	
		July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Interest rate swap contracts	Interest expense	\$ 14	\$ 14	\$ (31)	\$ (12)
Adjustments to carrying value of long-term debt	Interest expense	(14)	(14)	31	12
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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. The Five-Year Facility Agreement permits borrowings of up to \$1.25 billion and expires in May 2026. There were no borrowings outstanding under the Five-Year Facility Agreement as of July 30, 2022, January 29, 2022, or July 31, 2021.

Bank Advance

In conjunction with a solar energy investment, we were advanced \$110 million due October 31, 2021. The advance was recorded within Short-term debt on our Condensed Consolidated Balance Sheets as of July 31, 2021, and bore interest at 0.14%. This advance was repaid on October 29, 2021.

Long-Term Debt

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

	July 30, 2022	January 29, 2022	July 31, 2021
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	19	50	79
Subtotal	1,169	1,200	1,229
Debt discounts and issuance costs	(10)	(11)	(12)
Finance lease obligations	40	40	40
Total long-term debt	1,199	1,229	1,257
Less current portion	15	13	14
Total long-term debt, less current portion	<u>\$ 1,184</u>	<u>\$ 1,216</u>	<u>\$ 1,243</u>

See Note 4, *Fair Value Measurements*, for the fair value of long-term debt.

7. Revenue

We generate substantially all of our revenue from contracts with customers for the sale of products and services. Contract balances primarily consist of receivables and liabilities related to product merchandise not yet delivered to customers, unfulfilled membership benefits and services not yet completed, unredeemed gift cards and options that provide a material right to customers, such as our customer loyalty programs. Contract balances were as follows (\$ in millions):

	July 30, 2022	January 29, 2022	July 31, 2021
Receivables, net ⁽¹⁾	\$ 534	\$ 591	\$ 528
Short-term contract liabilities included in:			
Unredeemed gift card liabilities	273	316	293
Deferred revenue	1,133	1,103	854
Accrued liabilities	78	83	79

(1) Receivables are recorded net of allowances for doubtful accounts of \$21 million, \$31 million and \$24 million as of July 30, 2022, January 29, 2022, and July 31, 2021, respectively.

During the first six months of fiscal 2023 and fiscal 2022, \$1,089 million and \$866 million of revenue was recognized, respectively, that was included in the contract liabilities at the beginning of the respective periods.

See Note 12, *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	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Numerator				
Net earnings	\$ 306	\$ 734	\$ 647	\$ 1,329
Denominator				
Weighted-average common shares outstanding	225.4	250.2	226.1	251.7
Dilutive effect of stock compensation plan awards	0.7	2.6	1.1	3.0
Weighted-average common shares outstanding, assuming dilution	226.1	252.8	227.2	254.7
Potential shares which were anti-dilutive and excluded from weighted-average share computations	2.1	-	1.9	-
Basic earnings per share	\$ 1.36	\$ 2.93	\$ 2.86	\$ 5.28
Diluted earnings per share	\$ 1.35	\$ 2.90	\$ 2.85	\$ 5.22

9. Repurchase of Common Stock

On February 28, 2022, our Board of Directors approved a new \$5.0 billion share repurchase program, which replaced the \$5.0 billion share repurchase program authorized on February 16, 2021. There is no expiration date governing the period over which we can repurchase shares under this authorization. Share repurchases were paused during the second quarter of fiscal 2023.

Information regarding the shares we repurchased and retired was as follows (\$ and shares in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Total cost of shares repurchased	\$ 10	\$ 416	\$ 452	\$ 1,331
Average price per share	\$ 83.71	\$ 112.75	\$ 96.83	\$ 109.92
Number of shares repurchased	0.1	3.7	4.6	12.1

As of July 30, 2022, \$4.7 billion of the \$5.0 billion share repurchase authorization was available.

10. Income Taxes

Unrecognized Tax Benefits

Our income tax returns are routinely examined by domestic and foreign tax authorities. During the second quarter of fiscal 2022, we reduced our unrecognized tax benefits by \$101 million relating to multi-jurisdiction, multi-year, non-cash benefits from the resolution of certain discrete tax matters, all of which resulted in a tax benefit.

Inflation Reduction Act of 2022

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which, among other things, implements a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. Based on our current analysis of the provisions, we do not believe this legislation will have a material impact on our consolidated financial statements.

11. 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.

12. Segments

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Revenue by reportable segment				
Domestic	\$ 9,569	\$ 11,011	\$ 19,463	\$ 21,852
International	760	838	1,513	1,634
Total revenue	<u>\$ 10,329</u>	<u>\$ 11,849</u>	<u>\$ 20,976</u>	<u>\$ 23,486</u>
Revenue by product category				
Domestic:				
Computing and Mobile Phones	\$ 3,964	\$ 4,765	\$ 8,249	\$ 9,558
Consumer Electronics	2,845	3,380	5,741	6,618
Appliances	1,657	1,688	3,247	3,237
Entertainment	508	560	1,081	1,228
Services	516	570	1,005	1,126
Other	79	48	140	85
Total Domestic revenue	<u>\$ 9,569</u>	<u>\$ 11,011</u>	<u>\$ 19,463</u>	<u>\$ 21,852</u>
International:				
Computing and Mobile Phones	\$ 327	\$ 373	\$ 671	\$ 767
Consumer Electronics	223	250	436	467
Appliances	104	103	175	173
Entertainment	51	57	108	122
Services	37	40	91	75
Other	18	15	32	30
Total International revenue	<u>\$ 760</u>	<u>\$ 838</u>	<u>\$ 1,513</u>	<u>\$ 1,634</u>

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Domestic	\$ 343	\$ 757	\$ 772	\$ 1,491
International	28	40	61	75
Total operating income	<u>371</u>	<u>797</u>	<u>833</u>	<u>1,566</u>
Other income (expense):				
Investment income (loss) and other	3	3	(2)	6
Interest expense	(7)	(6)	(13)	(12)
Earnings before income tax expense and equity in income (loss) of affiliates	<u>\$ 367</u>	<u>\$ 794</u>	<u>\$ 818</u>	<u>\$ 1,560</u>

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

	July 30, 2022	January 29, 2022	July 31, 2021
Domestic	\$ 14,272	\$ 16,016	\$ 17,296
International	1,147	1,488	1,283
Total assets	\$ 15,419	\$ 17,504	\$ 18,579

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended January 29, 2022 (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. All of our former stores in Mexico were closed as of the end of the first quarter of fiscal 2022, and our International segment is now comprised of all our operations in Canada.

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

Comparable Sales

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

On November 2, 2021, we acquired all outstanding shares of Current Health Ltd. ("Current Health"). On November 4, 2021, we acquired all outstanding shares of Two Peaks, LLC d/b/a Yardbird Furniture ("Yardbird"). Consistent with our comparable sales policy, the results of Current Health and Yardbird are excluded from our comparable sales calculation until the first quarter of fiscal 2024.

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

Non-GAAP Financial Measures

This MD&A includes financial information prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), as well as certain adjusted or non-GAAP financial measures, such as constant currency, non-GAAP operating income, non-GAAP effective tax rate and non-GAAP diluted earnings per share ("EPS"). We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, provide additional useful information for evaluating current period performance and assessing future performance. For these reasons, internal management reporting, including budgets and 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 impairments, price-fixing settlements, gains and losses on 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

One of our greatest strengths is our ability to adapt to rapidly changing and challenging environments, whether due to changes in technology, macroeconomic trends or a pandemic. We are currently operating in an unpredictable consumer electronics industry. As previously stated, we assumed the consumer electronics industry would be lower following two years of elevated growth driven by unusually strong demand for technology products and services and fueled partly by stimulus dollars. In addition, we expected to see some impact on our business as customers broadly shifted their spending back into experience areas, such as travel and entertainment. We did not expect these impacts to be compounded by a changing macro environment where consumers are dealing with sustained and record high levels of inflation in some of the most fundamental parts of their daily lives, like food.

While these factors have led to an uneven sales environment, they have not deterred us from continuing to make progress on our initiatives. During the quarter we drove broad customer satisfaction improvements even compared to pre-pandemic levels, particularly in installation and repair. We signed up new Best Buy Totaltech members and increased our delivery speed, delivering almost one-third of customer online orders in one day. We also completed store remodels, opened new outlet stores and began implementing newly signed deals with healthcare companies.

In this environment, we are managing thoughtfully and carefully while still investing in our future. This includes managing our inventory levels and actively assessing further actions to evolve our operating model, manage profitability and iterate on our growth initiatives. We have proactively managed our inventory levels and believe they continue to reflect a healthy and evolving mix of products that enables us to positively react to ever-changing consumer needs. We are planning for lower store payroll expenses and reducing spending in discretionary areas by increasing our rigor around backfilling corporate roles, capital expenditures and travel. During the quarter, we also commenced an enterprise-wide restructuring initiative to better align our spending with critical strategies and operations, as well as to optimize our cost structure.

While we remain confident in our strategy, the current macroeconomic backdrop has changed in ways that we and many others were not expecting. We fundamentally believe that technology is more important than ever in our everyday lives, and as a result of the past few years, consumers have even more technology devices in their homes that will need to be updated, upgraded and supported over time. As our vendor partners continue to innovate and the world becomes increasingly more digital in all aspects, we will be there to uniquely help customers in our stores, online, virtually and directly in their homes.

Results of Operations

Consolidated Results

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Revenue	\$ 10,329	\$ 11,849	\$ 20,976	\$ 23,486
Revenue % change	(12.8)%	19.6 %	(10.7)%	27.1 %
Comparable sales % change	(12.1)%	19.6 %	(10.1)%	27.7 %
Gross profit	\$ 2,287	\$ 2,810	\$ 4,640	\$ 5,525
Gross profit as a % of revenue ⁽¹⁾	22.1 %	23.7 %	22.1 %	23.5 %
SG&A	\$ 1,882	\$ 2,009	\$ 3,772	\$ 3,997
SG&A as a % of revenue ⁽¹⁾	18.2 %	17.0 %	18.0 %	17.0 %
Restructuring charges	\$ 34	\$ 4	\$ 35	\$ (38)
Operating income	\$ 371	\$ 797	\$ 833	\$ 1,566
Operating income as a % of revenue	3.6 %	6.7 %	4.0 %	6.7 %
Net earnings	\$ 306	\$ 734	\$ 647	\$ 1,329
Diluted earnings per share	\$ 1.35	\$ 2.90	\$ 2.85	\$ 5.22

(1) Because retailers vary in how they record costs of operating their supply chain between cost of sales and SG&A, our gross profit rate and SG&A rate may not be comparable to other retailers' corresponding rates. For additional information regarding costs classified in cost of sales and SG&A, refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

In the second quarter and first six months of fiscal 2023, we generated \$10.3 billion and \$21.0 billion in revenue and our comparable sales decreased 12.1% and 10.1%, respectively, as we lapped strong comparable sales last year, which were driven by the timing of government stimulus payments, temporary store closures due to the COVID-19 pandemic and heightened demand for stay-at-home focused purchases. In addition, we faced macroeconomic pressures, including high inflation, that have resulted in overall softness in customer demand within the consumer electronics industry.

Revenue, gross profit rate, SG&A and operating income rate changes in the second quarter and first six months of fiscal 2023 were primarily driven by our Domestic segment. For further discussion of each segment's rate changes, see *Segment Performance Summary*, below.

Income Tax Expense

Income tax expense decreased in the second quarter of fiscal 2023 primarily due to a decrease in pre-tax earnings, partially offset by the prior year resolution of certain discrete tax matters. Our effective tax rate ("ETR") increased to 15.6% in the second quarter of fiscal 2023 compared to 8.0% in the second quarter of fiscal 2022, primarily due to the prior year resolution of certain discrete tax matters, partially offset by the impact of lower pre-tax earnings in the current year.

Income tax expense decreased in the first six months of fiscal 2023 primarily due to a decrease in pre-tax earnings, partially offset by the prior year resolution of certain discrete tax matters. Our ETR increased to 20.5% in the first six months of fiscal 2023 compared to 15.1% in the first six months of fiscal 2022, primarily due to the prior year resolution of certain discrete tax matters, partially offset by the impact of lower pre-tax earnings in the current year. Refer to Note 10, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information.

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.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which, among other things, implements a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. Based on our current analysis of the provisions, we do not believe this legislation will have a material impact on our consolidated financial statements.

Segment Performance Summary

Domestic Segment

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Revenue	\$ 9,569	\$ 11,011	\$ 19,463	\$ 21,852
Revenue % change	(13.1)%	20.6 %	(10.9)%	28.2 %
Comparable sales % change ⁽¹⁾	(12.7)%	20.8 %	(10.6)%	28.7 %
Gross profit	\$ 2,109	\$ 2,606	\$ 4,279	\$ 5,132
Gross profit as a % of revenue	22.0 %	23.7 %	22.0 %	23.5 %
SG&A	\$ 1,732	\$ 1,849	\$ 3,473	\$ 3,685
SG&A as a % of revenue	18.1 %	16.8 %	17.8 %	16.9 %
Restructuring charges	\$ 34	\$ -	\$ 34	\$ (44)
Operating income	\$ 343	\$ 757	\$ 772	\$ 1,491
Operating income as a % of revenue	3.6 %	6.9 %	4.0 %	6.8 %
Selected Online Revenue Data				
Total online revenue	\$ 2,975	\$ 3,486	\$ 6,034	\$ 7,082
Online revenue as a % of total segment revenue	31.0 %	31.7 %	31.0 %	32.4 %
Comparable online sales % change ⁽¹⁾	(14.7)%	(28.1)%	(14.8)%	(13.5)%

(1) Online sales are included in the comparable sales calculation.

The decrease in revenue in the second quarter and first six months of fiscal 2023 was primarily driven by comparable sales declines across most of our product categories, particularly computing and home theater. Online revenue of \$3.0 billion and \$6.0 billion in the second quarter and first six months of fiscal 2023 decreased 14.7% and 14.8% on a comparable basis, respectively. These decreases in revenue were primarily due to the reasons described above.

Domestic segment stores open at the beginning and end of the second quarters of fiscal 2023 and fiscal 2022 were as follows:

	Fiscal 2023				Fiscal 2022			
	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter
Best Buy	931	1	(2)	930	946	2	(1)	947
Outlet Centers	16	2	-	18	14	1	-	15
Pacific Sales	21	-	-	21	21	-	-	21
Yardbird	9	4	-	13	-	-	-	-
Total	977	7	(2)	982	981	3	(1)	983

We continuously monitor store performance as part of a market-driven, omnichannel strategy. As we approach the expiration of leases, we evaluate various options for each location, including whether a store should remain open. We currently expect to close approximately 15 to 20 Best Buy stores in fiscal 2023 and to increase the number of Outlet Centers to approximately 30 by the end of fiscal 2024.

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	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Computing and Mobile Phones	42 %	43 %	(16.6)%	11.4 %
Consumer Electronics	30 %	31 %	(14.7)%	27.4 %
Appliances	17 %	16 %	(1.2)%	31.1 %
Entertainment	5 %	5 %	(9.2)%	36.4 %
Services	5 %	5 %	(8.5)%	23.6 %
Other	1 %	-%	15.6 %	N/A
Total	100 %	100 %	(12.7)%	20.8 %

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 16.6% comparable sales decline was driven primarily by computing, tablets and wearables.
- **Consumer Electronics:** The 14.7% comparable sales decline was driven primarily by home theater, headphones and portable speakers.
- **Appliances:** The 1.2% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 9.2% comparable sales decline was driven primarily by gaming.
- **Services:** The 8.5% comparable sales decline was driven primarily by the launch of our Totaltech membership offering that includes benefits that were previously stand-alone revenue-generating services, such as warranty.

Our gross profit rates decreased in the second quarter and first six months of fiscal 2023, primarily due to lower services margin rates, which resulted in approximately 100 basis points of margin pressure on a weighted basis in both the second quarter and first six months of fiscal 2023. Our Totaltech membership offering was the primary driver of the lower services margin rates, which is primarily due to incremental customer benefits, and associated costs, compared to our previous Total Tech Support offer. Lower product margin rates, including increased promotions, and higher supply chain costs also contributed to the decreases in our gross profit rates. These decreases were partially offset by higher profit-sharing revenue from our private label and co-branded credit card arrangement in the second quarter and first six months of fiscal 2023.

Our SG&A decreased in the second quarter and first six months of fiscal 2023, primarily due to lower incentive compensation expense of approximately \$135 million and \$265 million, respectively, compared to prior-year periods. We currently expect to be below required financial thresholds for short-term incentive compensation performance metrics in the current year while lapping short-term incentive payments near maximum levels in the prior year.

The restructuring charges incurred in the second quarter and first six months of fiscal 2023 primarily related to termination benefits related to an enterprise-wide restructuring initiative that commenced in the second quarter of fiscal 2023 to better align our spending with critical strategies and operations, as well as to optimize our cost structure. 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.

Our operating income rates decreased in the second quarter and first six months of fiscal 2023, primarily due to the unfavorable gross profit rates and decreased leverage from lower sales volume on our fixed expenses, which resulted in unfavorable SG&A rates.

International Segment

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Revenue	\$ 760	\$ 838	\$ 1,513	\$ 1,634
Revenue % change	(9.3)%	7.2 %	(7.4)%	14.3 %
Comparable sales % change	(4.2)%	5.0 %	(2.8)%	15.0 %
Gross profit	\$ 178	\$ 204	\$ 361	\$ 393
Gross profit as a % of revenue	23.4 %	24.3 %	23.9 %	24.1 %
SG&A	\$ 150	\$ 160	\$ 299	\$ 312
SG&A as a % of revenue	19.7 %	19.1 %	19.8 %	19.1 %
Restructuring charges	\$ -	\$ 4	\$ 1	\$ 6
Operating income	\$ 28	\$ 40	\$ 61	\$ 75
Operating income as a % of revenue	3.7 %	4.8 %	4.0 %	4.6 %

The decreases in revenue in the second quarter and first six months of fiscal 2023 were primarily driven by comparable sales declines of 4.2% and 2.8%, respectively, in Canada and the negative impact from unfavorable foreign currency exchange rates. The decrease in revenue in the first six months of fiscal 2023 was also driven by lower revenue in Mexico as a result of our decision in fiscal 2021 to exit operations.

International segment stores open at the beginning and end of the second quarters of fiscal 2023 and fiscal 2022 were as follows:

	Fiscal 2023				Fiscal 2022			
	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter	Total Stores at Beginning of Second Quarter	Stores Opened	Stores Closed	Total Stores at End of Second Quarter
Canada								
Best Buy	127	-	-	127	130	-	(1)	129
Best Buy Mobile	33	-	-	33	33	-	-	33
Total	160	-	-	160	163	-	(1)	162

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	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Computing and Mobile Phones	43 %	44 %	(7.6)%	(1.6)%
Consumer Electronics	29 %	30 %	(4.8)%	11.8 %
Appliances	14 %	12 %	6.8 %	11.6 %
Entertainment	7 %	7 %	(5.8)%	13.7 %
Services	5 %	5 %	(0.4)%	2.2 %
Other	2 %	2 %	12.6 %	10.8 %
Total	100 %	100 %	(4.2)%	5.0 %

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 7.6% comparable sales decline was driven primarily by computing, partially offset by comparable sales growth in mobile phones.
- **Consumer Electronics:** The 4.8% comparable sales decline was driven primarily by home theater.
- **Appliances:** The 6.8% comparable sales growth was driven primarily by small appliances.
- **Entertainment:** The 5.8% comparable sales decline was driven primarily by gaming.
- **Services:** The 0.4% comparable sales decline was driven primarily by warranty services.
- **Other:** The 12.6% comparable sales growth was driven primarily by sporting goods.

The decrease in our gross profit rate in the second quarter of fiscal 2023 was primarily driven by lower product margin rates. In the first six months of fiscal 2023, the decrease in our gross profit rate was primarily driven by lower product margin rates and a \$6 million benefit in the first six months of fiscal 2022 associated with more-favorable-than-expected inventory markdowns related to our decision to exit operations in Mexico. The decrease in the first six months of fiscal 2023 was partially offset by a larger percentage of revenue from the higher margin services category in Canada.

Our SG&A decreased in the second quarter and first six months of fiscal 2023, primarily due to lower incentive compensation expense and the favorable impact of foreign currency exchange rates, partially offset by higher store payroll expense.

Our operating income rates decreased in the second quarter and first six months of fiscal 2023, primarily due to the unfavorable gross profit rates and decreased leverage from lower sales volume on our fixed expenses, which resulted in unfavorable SG&A rates.

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	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Operating income	\$ 371	\$ 797	\$ 833	\$ 1,566
% of revenue	3.6 %	6.7 %	4.0 %	6.7 %
Intangible asset amortization ⁽¹⁾	22	20	44	40
Restructuring charges ⁽²⁾	34	4	35	(38)
Restructuring - inventory markdowns ⁽³⁾	-	-	-	(6)
Non-GAAP operating income	\$ 427	\$ 821	\$ 912	\$ 1,562
% of revenue	4.1 %	6.9 %	4.3 %	6.7 %
Effective tax rate	15.6 %	8.0 %	20.5 %	15.1 %
Intangible asset amortization ⁽¹⁾	0.4 %	0.4 %	0.2 %	0.3 %
Restructuring charges ⁽²⁾	0.7 %	- %	0.1 %	(0.3) %
Non-GAAP effective tax rate	16.7 %	8.4 %	20.8 %	15.1 %
Diluted EPS	\$ 1.35	\$ 2.90	\$ 2.85	\$ 5.22
Intangible asset amortization ⁽¹⁾	0.10	0.08	0.19	0.16
Restructuring charges ⁽²⁾	0.15	0.02	0.15	(0.15)
Restructuring - inventory markdowns ⁽³⁾	-	-	-	(0.02)
Income tax impact of non-GAAP adjustments ⁽⁴⁾	(0.06)	(0.02)	(0.08)	-
Non-GAAP diluted EPS	\$ 1.54	\$ 2.98	\$ 3.11	\$ 5.21

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

(2) Represents charges primarily related to termination benefits in the Domestic segment for the periods ended July 30, 2022, associated with an enterprise-wide initiative that commenced in the second quarter of fiscal 2023 to better align our spending with critical strategies and operations, as well as to optimize our cost structure. Represents adjustments to previously planned organizational changes and higher-than-expected retention rates in the Domestic segment and charges associated with the exit from operations in Mexico in the International segment for the periods ended July 31, 2021.

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

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

Our non-GAAP operating income rate decreased in the second quarter and first six months of fiscal 2023, primarily driven by our Domestic segment's lower gross profit rates and decreased leverage from lower sales volume on our fixed expenses, which resulted in unfavorable SG&A rates.

Our non-GAAP effective tax rate increased in the second quarter and first six months of fiscal 2023, primarily due to the prior year resolution of certain discrete tax matters, partially offset by the impact of lower pre-tax earnings in the current year. Refer to Note 10, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for additional information.

Our non-GAAP diluted EPS decreased in the second quarter and first six months of fiscal 2023, primarily driven by the decreases in non-GAAP operating income.

Liquidity and Capital Resources

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including the level of investment required to support our business strategies, the performance of our business, capital expenditures, 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. We have a disciplined approach to capital allocation, which focuses on investing in key priorities that support our strategy.

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

	July 30, 2022	January 29, 2022	July 31, 2021
Cash and cash equivalents	\$ 840	\$ 2,936	\$ 4,340

The decrease in cash and cash equivalents from January 29, 2022, was primarily due to lower inventory turnover and the timing and volume of inventory purchases and payments, higher incentive compensation payments in fiscal 2023 as a result of strong fiscal 2022 results, share repurchases, capital expenditures and dividend payments, partially offset by earnings.

The decrease in cash and cash equivalents from July 31, 2021, was primarily due to share repurchases, lower inventory turnover and the timing and volume of inventory purchases and payments, capital expenditures, dividend payments and acquisitions, partially offset by earnings.

Cash Flows

Cash flows were as follows (\$ in millions):

	Six Months Ended	
	July 30, 2022	July 31, 2021
Total cash provided by (used in):		
Operating activities	\$ (709)	\$ 864
Investing activities	(484)	(358)
Financing activities	(861)	(1,662)
Effect of exchange rate changes on cash	1	5
Decrease in cash, cash equivalents and restricted cash	<u>\$ (2,053)</u>	<u>\$ (1,151)</u>

Operating Activities

The increase in cash used in operating activities in the first six months of fiscal 2023 was primarily driven by lower earnings in the current year period, lower inventory turnover and the timing and volume of inventory purchases and payments, which resulted in a higher proportion of inventory purchases having been paid for compared to the first six months of fiscal 2022. The increase in cash used in operating activities was also due to higher incentive compensation payments in the first six months of fiscal 2023 as a result of strong fiscal 2022 results.

Investing Activities

The increase in cash used in investing activities in the first six months of fiscal 2023 was primarily driven by increased capital spending for initiatives to support our business.

Financing Activities

The decrease in cash used in financing activities in the first six months of fiscal 2023 was primarily driven by lower share repurchases.

Sources of Liquidity

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

We have a \$1.25 billion, five year senior unsecured revolving credit facility agreement (the "Five-Year Facility Agreement") with a syndicate of banks. The Five-Year Facility Agreement permits borrowings of up to \$1.25 billion and expires in May 2026. There were no borrowings outstanding under the Five-Year Facility Agreement as of July 30, 2022, January 29, 2022, or July 31, 2021.

Our credit ratings and outlook as of September 6, 2022, remained unchanged from those disclosed in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, and are summarized below.

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

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

Restricted Cash

Our liquidity is also affected by restricted cash balances that are primarily restricted to cover product protection plans provided under our Totaltech membership offering and self-insurance liabilities. Restricted cash, which is included in Other current assets on our Condensed Consolidated Balance Sheets, was \$312 million, \$269 million and \$134 million at July 30, 2022, January 29, 2022, and July 31, 2021, respectively. The increases in restricted cash from January 29, 2022, and July 31, 2021, were primarily due to the national launch of our Totaltech membership offering in October 2021 and growth in the membership base, partially offset by a decrease in restricted cash for self-insurance liabilities.

Debt and Capital

As of July 30, 2022, we had \$500 million principal amount of notes due October 1, 2028, and \$650 million principal amount of notes due October 1, 2030. Refer to Note 6, *Debt*, of the Notes to Condensed Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q, and Note 8, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, 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.

On February 28, 2022, our Board approved a new \$5.0 billion share repurchase program, which replaced the \$5.0 billion share repurchase program authorized on February 16, 2021. There is no expiration date governing the period over which we can repurchase shares under this authorization. Share repurchases were paused during the second quarter of fiscal 2023.

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

	Three Months Ended		Six Months Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Total cost of shares repurchased	\$ 10	\$ 416	\$ 452	\$ 1,331
Average price per share	\$ 83.71	\$ 112.75	\$ 96.83	\$ 109.92
Number of shares repurchased	0.1	3.7	4.6	12.1
Regular quarterly cash dividend per share	\$ 0.88	\$ 0.70	\$ 1.76	\$ 1.40
Cash dividends declared and paid	\$ 198	\$ 175	\$ 397	\$ 350

The total cost of shares repurchased decreased in the second quarter and first six months of fiscal 2023, primarily due to decreases in the volume of repurchases. Cash dividends declared and paid increased in the second quarter and first six months of fiscal 2023, primarily due to increases in the regular quarterly cash dividend per share.

Other Financial Measures

Our current ratio, calculated as current assets divided by current liabilities, was 1.0 as of July 30, 2022, and January 29, 2022, and 1.2 as of July 31, 2021. The decrease from July 31, 2021, was primarily driven by lower cash and cash equivalents.

Our debt to earnings ratio, calculated as total debt (including current portion) divided by net earnings over the trailing twelve months increased to 0.7 as of July 30, 2022, compared to 0.5 as of January 29, 2022, and July 31, 2021, primarily due to lower net earnings.

Off-Balance-Sheet Arrangements and Contractual Obligations

Our liquidity is not dependent on the use of off-balance-sheet financing arrangements other than in connection with our \$1.25 billion in undrawn capacity on our Five-Year Facility Agreement as of July 30, 2022, 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 2022. See our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, for additional information regarding our off-balance-sheet arrangements and contractual obligations.

Significant Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, and our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2022.

New Accounting Pronouncements

We do not expect any recently issued accounting pronouncements to have a material effect on our financial statements.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "assume," "believe," "estimate," "expect," "guidance," "intend," "outlook," "plan," "project" and other words and terms of similar meaning. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment and other events. These statements are subject to certain risks and uncertainties 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 Annual Report on Form 10-K for the fiscal year ended January 29, 2022, 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: levels of consumer confidence; macroeconomic pressures in the markets in which we operate (including but not limited to the effects of COVID-19; increased inflation rates; increased levels of inventory loss due to organized crime, petty theft or otherwise, fluctuations in housing prices, energy markets, and jobless rates and those related to the conflict in Ukraine); supply chain issues; any material disruption in our relationship with or the services of third-party vendors, risks related to our exclusive brand products and risks associated with vendors that source products outside of the U.S.; the duration and scope of the COVID-19 pandemic and its resurgences and the impact on demand for our products and services; catastrophic events, health crises and pandemics; susceptibility of our products to technological advancements, product life cycles and launches; conditions in the industries and categories in which we operate; changes in consumer preferences, spending and debt; competition (including from multi-channel retailers, e-commerce business, technology service providers, traditional store-based retailers, vendors and mobile network carriers); our ability to attract and retain qualified employees; changes in market compensation rates; our expansion strategies; 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 company transformation; our mix of products and services; our ability to effectively manage strategic ventures, alliances or acquisitions; our ability to effectively manage our real estate portfolio; trade restrictions or changes in the costs of imports (including existing or new tariffs or duties and changes in the amount of any such tariffs or duties); our reliance on our information technology systems; our dependence on 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 tax statutes and regulations); risks arising from our international activities (including those related to the conflict in Ukraine); 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 general economic uncertainty in key global markets and worsening of global economic conditions or low levels of economic growth. We caution that the foregoing list of important factors is not complete. Any forward-looking statements speak only as of the date they are made and we assume no obligation to update any forward-looking statement that we may make.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As disclosed in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, in addition to the risks inherent in our operations, we are exposed to certain market risks.

Interest Rate Risk

We are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. Our cash, cash equivalents and restricted cash generate interest income that will vary based on changes in short-term interest rates. In addition, we have swapped a portion of our fixed-rate debt to floating rate such that the interest expense on this debt will vary with short-term interest rates. Refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, for further information regarding our interest rate swaps.

As of July 30, 2022, we had \$1.15 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 balance exposed to interest rate changes was \$0.65 billion. As of July 30, 2022, a 50-basis point increase in short-term interest rates would have led to an estimated \$3 million reduction in net interest expense, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated \$3 million increase in net interest expense.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to operations in our International segment. Refer to Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, for additional information regarding these instruments.

In the second quarter and first six months of fiscal 2023, foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar compared to the Canadian dollar compared to the prior-year period, which had a negative overall impact on our revenue as this foreign currency revenue translated into less U.S. dollars. We estimate that foreign currency exchange rate fluctuations had an unfavorable impact on our revenue of approximately \$35 million and \$40 million in the second quarter and first six months of fiscal 2023, respectively. The impact of foreign exchange rate fluctuations on our net earnings in the second quarter and first six months of fiscal 2023 was not significant.

Item 4. Controls and Procedures

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

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), at July 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at July 30, 2022, our disclosure controls and procedures were effective.

There were no changes in internal control over financial reporting during the fiscal quarter ended July 30, 2022, 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 11, *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 new \$5.0 billion share repurchase program. 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 1, 2022 through May 28, 2022	119,460	\$ 83.71	119,460	\$ 4,674,000,000
May 29, 2022 through July 2, 2022	-	-	-	\$ 4,674,000,000
July 3, 2022 through July 30, 2022	-	-	-	\$ 4,674,000,000
Total	119,460	\$ 83.71	119,460	\$ 4,674,000,000

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 (2022) – 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 2023, filed with the SEC on September 8, 2022, formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Condensed Consolidated Balance Sheets as of July 30, 2022, January 29, 2022, and July 31, 2021, (ii) the Condensed Consolidated Statements of Earnings for the three and six months ended July 30, 2022, and July 31, 2021, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended July 30, 2022, and July 31, 2021, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended July 30, 2022, and July 31, 2021, (v) the Condensed Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended July 30, 2022, and July 31, 2021, 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 2023, filed with the SEC on September 8, 2022, 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 8, 2022

By: /s/ CORIE BARRY

Corie Barry
Chief Executive Officer

Date: September 8, 2022

By: /s/ MATTHEW BILUNAS

Matthew Bilunas
Chief Financial Officer

Date: September 8, 2022

By: /s/ MATHEW R. WATSON

Mathew R. Watson
Senior Vice President, Finance – Controller and Chief Accounting Officer



BEST BUY CO., INC.
LONG-TERM INCENTIVE PROGRAM AWARD AGREEMENT
Award Date: June 9, 2022

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

- 1. Grant of Award.** In consideration of your service on the Board of Directors of the Company (“**Board**”), the Company hereby grants to you the award set forth in the Award Notification (the “**Award**”) subject to the terms and conditions of this Agreement and the Best Buy Co., Inc. 2020 Omnibus Incentive Plan (the “**Plan**”). In the event of any conflict between this Agreement and the Plan, the Plan will govern. By your acceptance of this Award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.
- 2. Restricted Stock Units.** A “**Restricted Stock Unit**” is a right to receive a share of the Company’s common stock (“**Share**”) upon the lapse of the restrictions set forth in this Agreement.
 - (a) Restrictions.** During the time you serve on the Board (the “**Holding Period**”), the Restricted Stock Units are subject to the restrictions described in this Agreement and the Plan (the “**Restrictions**”). During the Holding Period, the Restricted Stock Units may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or hypothecated (whether by operation of law or otherwise) or otherwise conveyed or encumbered, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition contrary to the provisions this Agreement or the Plan, or the levy of any execution, attachment or similar process upon the Restricted Stock Units, shall be void and unenforceable against the Company. The Restricted Stock Units are subject to forfeiture to Best Buy as provided in this Agreement and the Plan.
 - (b) Vesting.** Except as otherwise set forth herein, so long as your service on the Board continues, the Restricted Stock Units shall vest in accordance with the vesting schedule stated in the Award Notification. If your service on the Board is terminated for any reason other than Cause, a pro rata portion (based on your length of service during the applicable vesting period) of any unvested Restricted Stock Units will vest as of such termination date. If your service on the Board is terminated for Cause, all Restricted Stock Units, whether vested or not as of the date of termination pursuant to the vesting schedule, will be forfeited as of the date of termination.

- (c) **Issuance of Shares; Holding Period.** Within 30 days from the end of the Holding Period, the Shares underlying the Restricted Stock Units that have vested as of the end of the Holding Period will be delivered to you.
3. **Restrictive Covenants and Remedies.** By accepting the Award, you specifically agree to the restrictive covenants contained in this Section 3 (the “**Restrictive Covenants**”) and you agree that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company Group.
- (a) **Confidentiality.** In consideration of the Award, you acknowledge that the Company Group operates in a competitive environment and has a substantial interest in protecting its Confidential Information, and you agree, during your service to the Company and thereafter, to maintain the confidentiality of the Company Group’s Confidential Information and to use such Confidential Information for the exclusive benefit of the Company Group.
- (b) **Non-Solicitation.** During the Holding Period and for one year following the termination of your service on the Board, you shall not:
- (i) induce or attempt to induce any employee of the Company Group to leave the employ of Company Group, or in any way interfere adversely with the relationship between any such employee and Company Group;
 - (ii) induce or attempt to induce any employee of Company Group to work for, render services to, provide advice to, or supply Confidential Information of Company Group to any third Person;
 - (iii) employ, or otherwise pay for services rendered by, any employee of Company Group in any business enterprise with which you may be associated, connected or affiliated;
 - (iv) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Company Group to cease doing business with Company Group, or in any way interfere with the then existing business relationship between any such customer, supplier, licensee, licensor or other business relation and Company Group; or
 - (v) assist, solicit, or encourage any other Person, directly or indirectly, in carrying out any activity set forth above that would be prohibited by any of the provisions of this Agreement if such activity were carried out by you. In particular, you will not, directly or indirectly, induce any employee of Company Group to carry out any such activity.
- (c) **Partial Invalidity.** If any portion of this Section 3 is determined by an arbitrator to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced, and enforced as so interpreted, all as determined by such arbitrator in such action. You acknowledge the uncertainty of the law in this respect and expressly stipulate that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.
- (d) **Remedy for Breach.** You agree that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company Group that would be difficult or impossible to

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

(e) Claw Back & Recovery.

- (i) In the event (i) you breach any of the Restrictive Covenants, (ii) you engage in conduct materially adverse to the interests of the Company, including any material violations of any Company policy, (iii) you engage in intentional misconduct that caused or contributed to the restatement of any financial statements of the Company, (iv) you materially violate the terms of any agreement to which you and a member of the Company Group is a party or (v) you engage in a criminal act, fraud, or violation of any securities laws, then notwithstanding any other provision of this Agreement to the contrary, the Company, in its sole discretion, may take one or more of the following actions with respect to your Award (and shall, in any event, take all action required by applicable law):
 - (A) cause the immediate forfeiture of any of your then unvested Restricted Stock Units;
 - (B) require you to immediately return to the Company any Shares issued under any Restricted Stock Units that are still under your control; and
 - (C) require you to promptly pay to the Company an amount equal to the fair market value of all Shares included in your Award that are no longer under your control (as measured on the date of issuance of any Shares issued under any Restricted Stock Units).
 - (ii) The Committee shall have sole discretion to determine what constitutes the conduct described in Section 3(e)(i) above.
 - (iii) In addition to the Company's rights set forth above, you agree your Award and the value of any portion of your Award no longer under your control, shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation, or applicable stock exchange rule, including without limitation, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- (f) Right of Set Off.** By accepting the Award, you agree that any member of the Company Group may set off any amount owed to you (including wages or other compensation, fringe benefits or vacation pay) against any amounts you owe under this Section 3.

4. General Terms and Conditions.

- (a) **Rights as a Shareholder.** You will have no rights as a shareholder with respect to any Shares issuable under the Restricted Stock Units until you have actually received such Shares in accordance with the terms of this Agreement and the Plan. This means that you will not have the right to vote as a shareholder nor the right to receive dividend payments. Upon issuance of Shares at vesting of the Restricted Stock Units, you will have all of the rights of a shareholder with respect to the Shares unless Shares are forfeited or recovered under this Agreement or the Plan.
- (b) **Dividend Equivalents.** Notwithstanding the foregoing, you shall accumulate a right to “dividend equivalents” on the Restricted Stock Units if cash dividends are paid on Shares having a record date on or after the Award Date and prior to the end of the Holding Period. You will be entitled to such dividend equivalents with respect to the Restricted Stock Units from the Award Date until the date such Restricted Stock Units are issued (the “**Dividend Equivalent Period**”), as follows:
- (i) For each Share dividend having a record date during the Dividend Equivalent Period, as of each payment date for such dividend, a dollar amount equal to the amount of the dividend that would have been paid on the number of Shares equal to the number of Restricted Stock Units held by you under this Award as of the close of business on the record date for such dividend will be converted into a number of additional notional Restricted Stock Units equal to the number of whole Shares with fractional shares rounded up to the next whole Share that could have been purchased at the closing price on the dividend payment date with such dollar amount.
 - (ii) Such accrued dividend equivalents will be paid to you in Shares at such time and in accordance with Section 2, as applies, but in each such case only to the extent that the Restricted Stock Units on which such dividend equivalents were credited have become vested and payable. The Committee may, in its discretion, pay such dividend equivalents in cash in lieu of Shares.
- (c) **Participant’s Acknowledgements.**
- (i) **Committee’s Sole Discretion.** The Committee has sole discretion to make decisions regarding your Award, and to interpret all terms of this Agreement, with the exception of the application of the Company’s Arbitration Policy. You agree that all decisions regarding and interpretations of this Agreement by the Committee are binding, conclusive, final and non-appealable.
 - (ii) **Taxes.** You are liable for any for any federal, state and other taxes incurred upon the lapse of a substantial risk of forfeiture (*e.g.*, employment taxes) or upon delivery of Shares underlying the Restricted Stock Units (*e.g.*, income taxes), and any subsequent disposition of any Shares (*e.g.*, capital gain taxes). You authorize the Company, or its agents, to satisfy its obligations with regard to all taxes by selling Shares of the Company on your behalf, or otherwise withholding from such Shares a number of Shares having a Fair Market Value

equal to the amount of all taxes required to be withheld by the Company, pursuant to the policies and processes of the Company's stock plan administrator and broker.

- (iii) **Section 409A.** Anything herein to the contrary notwithstanding, this Agreement shall be interpreted so as to comply with or satisfy an exemption from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively, "Section 409A"). The Committee may in good faith make the minimum modifications to this Agreement as it may deem appropriate to comply with Section 409A while to the maximum extent reasonably possible maintaining the original intent and economic benefit to you and the Company Group of the applicable provision.
 - (A) To the extent required by Section 409A(a)(2)(B)(i), to the extent that you are a specified employee, Shares (or cash equivalent value of Shares) underlying Restricted Stock Units that become payable to you upon your separation from service will be delayed and paid promptly after the earlier of the date that is six (6) months after the date of such separation from service or the date of your death after such separation from service. For purposes hereof, (x) any reference to your termination of service under this Agreement shall mean your separation from service, (y) the occurrence of your "separation from service" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(h) and (z) whether you are a "specified employee" will be determined in accordance with the default provisions of Treasury Regulation Section 1.409A-1(i) with the "identification date" to be December 31 and the "effective date" to be the April 1 following the identification date (as such terms are used under such regulation). Notwithstanding anything in this Agreement to the contrary, your service shall not be deemed to have been terminated unless and until you have incurred a "separation from service" within the meaning of Section 409A.
 - (B) For purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Agreement shall at all times be considered a separate and distinct payment.
- (iv) **Consultation With Professional Tax Advisors.** You acknowledge that the grant, exercise, vesting or any payment with respect to the Award, and the sale or other taxable disposition of the Shares acquired as a result of the Award may have tax consequences under federal, state, local or international tax laws. You further acknowledge that you are relying solely on your own professional tax and investment advisors with respect to any and all such matters (and are not relying, in any manner, on the Company or any of its employees or representatives). You understand and agree that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, are solely your responsibility without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse you for such taxes.

- (d) **Severability.** In the event that any provision in the Plan or this Agreement is held to be invalid, illegal or unenforceable or would disqualify the Plan or this Agreement under any law, the invalid, illegal or unenforceable provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or this Agreement, such provision shall be stricken as to the applicable jurisdiction or Shares, and the remainder of the Plan or this Agreement shall remain in full force and effect.
- (e) **Governing Law and Dispute Resolution.** Any disputes under this Agreement or the Plan must be resolved by arbitration subject to the Company's Arbitration Policy. The substantive laws of Minnesota, without regard to the conflict of law provisions, shall apply to all questions concerning this Agreement to the extent not prohibited by the applicable law of the State in which you primarily work and reside; however, the Arbitration Policy, its enforceability, and its implementation are governed by the Federal Arbitration Act.
5. **Definitions.** Capitalized terms used but not defined in this Agreement are defined in the Plan or, if not defined therein, will have the following meanings:
- (a) **"Cause"** for termination of your service with the Company Group shall, solely for purposes of this Agreement, is deemed to exist if you:
- (i) are charged with, convicted of or enter a plea of guilty or *nolo contendere* to: (a) a felony, (b) any crime involving moral turpitude, dishonesty, breach of trust or unethical business conduct, or (c) any crime involving the business of the Company Group;
 - (ii) in the performance of your duties for the Company Group or otherwise to the detriment of the Company Group, engage in: (a) dishonesty that is harmful to the Company Group, monetarily or otherwise, (b) willful or gross misconduct, (c) willful or gross neglect, (d) fraud, (e) misappropriation, (f) embezzlement, or (g) theft;
 - (iii) disobey the directions of the Board, or any individual or individuals the Board authorizes to act on its or their behalf, acting within the scope of its or their authority;
 - (iv) fail to comply with the policies or practices of the Company Group;
 - (v) are adjudicated in any civil suit, or acknowledge in writing in any agreement or stipulation, to have committed any theft, embezzlement, fraud, or other act of dishonesty involving any other Person;
 - (vi) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have engaged in a pattern of poor performance;
 - (vii) are determined, in the sole judgment of the Board or any individual or individuals the Board authorizes to act on its or their behalf, to have willfully engaged in conduct that is harmful to the Company Group, monetarily or otherwise;

- (viii) breach any provision of this Agreement or any other agreement between you and any member of the Company Group; or
- (ix) engage in any activity intended to benefit any entity at the expense of the Company Group or intended to benefit any competitor of the Company Group.

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

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

**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 8, 2022

/s/ CORIE BARRY

Corie Barry

Chief Executive Officer

**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 8, 2022

/s/ MATTHEW BILUNAS

Matthew Bilunas

Chief Financial Officer

**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 July 30, 2022 (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 8, 2022

/s/ CORIE BARRY

Corie Barry

Chief Executive Officer

**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 July 30, 2022 (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 8, 2022

/s/ MATTHEW BILUNAS

Matthew Bilunas

Chief Financial Officer
