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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2026

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

(612) 291-1000

(Registrant's telephone number, including area code)

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**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** ☒ **No** ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes** ☐ **No** ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of August 1, 2025 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $11.9 billion, computed by reference to the price of $64.12 per share, the price at which the common equity was last sold on August 1, 2025, as reported on the New York Stock Exchange-Composite Index. (For purposes of this calculation, all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of March 16, 2026, the registrant had 209,112,577 shares of its common stock, $0.10 par value per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement relating to its 2026 Regular Meeting of Shareholders ("Proxy Statement") are incorporated by reference into Part III. The Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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 Annual Report on Form 10-K are forward-looking statements and may be identified by the use of words such as “anticipate,” “appear,” “approximate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “foresee,” “guidance,” “intend,” “may,” “might,” “outlook,” “plan,” “possible,” “project” “seek,” “should,” “would,” and other words and terms of similar meaning or the negatives thereof. Such statements reflect our current view with respect to future events and are subject to certain risks, uncertainties and assumptions. A variety of factors could cause our future results to differ materially from the anticipated results expressed in such forward-looking statements. Readers should review Item 1A, *Risk Factors*, of this Annual Report on Form 10-K for a description of important factors that could cause our future results to differ materially from those contemplated by the forward-looking statements made in this Annual Report on Form 10-K. Our forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to update our forward-looking statements.

BEST BUY FISCAL 2026 FORM 10-K

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PART I

Item 1. Business.

Unless the context otherwise requires, the terms “we,” “us,” “our” and the “company” in this Annual Report on Form 10-K refer to Best Buy Co., Inc. and, as applicable, its consolidated subsidiaries. Any references to our website addresses do not constitute incorporation by reference of the information contained on the websites.

Description of Business

We were incorporated in the state of Minnesota in 1966. 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 unique combination of tech expertise 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 operations in the U.S. and Canada.

Segments and Geographic Areas

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, and includes the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Essentials, Best Buy Health, Best Buy Marketplace, Geek Squad, Imagine That, Insignia, Lively, Jitterbug, My Best Buy, My Best Buy Memberships, Pacific Kitchen and Home, TechLiquidators and Yardbird; and the domain names bestbuy.com, lively.com, techliquidators.com and yardbird.com. Our International segment is comprised of all operations in Canada under the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Express, Best Buy Marketplace, Best Buy Mobile, Geek Squad, Insignia and TechLiquidators and the domain names bestbuy.ca and techliquidators.ca.

Operations

Our Domestic and International segments are managed by leadership teams responsible for all areas of the business. Both segments operate an omnichannel platform that allows customers to come to us online, visit our stores or invite us into their homes.

Development of merchandise and service offerings, pricing and promotions, procurement and supply chain, online and mobile application operations, marketing and advertising and labor deployment across all channels are centrally managed. In addition, support capabilities (for example, human resources, finance, information technology and real estate management) operate primarily from our corporate headquarters. We also have field operations that support retail, services and in-home teams primarily from our corporate headquarters and regional locations. Our retail stores have procedures for inventory management, asset protection, transaction processing, customer relations, store administration, product sales and services, staff training and merchandise display that are largely standardized. All stores generally operate under standard procedures with a degree of flexibility for store management to address certain local market characteristics. While day-to-day operations of our stores are led by store management, more strategic decisions regarding, for example, store locations, format, category assortment and fulfillment strategy, are led by our corporate teams with input from market or regional leadership.

Merchandise and Services

Our Domestic and International segments have offerings in six revenue categories. The key components of each revenue category are as follows:

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

Distribution

Customers within our Domestic segment who purchase product online have the choice to have product delivered, or pick up product from a Best Buy store (including curbside pick-up for many products at most stores) or an alternative pick-up location. Our ship-from-store capability allows us to offer additional fast and convenient delivery options for customers. Most merchandise is shipped directly from manufacturers to our distribution centers. Distribution is similar for our International segment.

Suppliers and Inventory

Our Domestic and International segments purchase merchandise from a variety of suppliers. In fiscal 2026, our 20 largest suppliers accounted for approximately 80% of the merchandise we purchased, with five suppliers – Apple, Samsung, HP, LG and Sony – representing approximately 55% of total merchandise purchased. We generally do not have long-term written contracts with our vendors that would require them to continue supplying us with merchandise or that secure any of the key terms of our arrangements.

We carefully monitor and manage our inventory levels in an effort to match quantities on hand with consumer demand as closely as possible. Key elements to our inventory management process include the following: continuous monitoring of consumer demand and product life cycles, continuous monitoring and adjustment of inventory receipt levels and pricing, agreements with vendors relating to reimbursement for the cost of markdowns or sales incentives, and agreements with vendors relating to return privileges for certain products.

We also have a global sourcing operation to design, develop, test and contract-manufacture our exclusive brands products.

Store Development

We had 1,068 stores at the end of fiscal 2026 throughout our Domestic and International segments. Our stores are a vital component of our omnichannel strategy, and we believe they are an important competitive advantage. We also have vendor store-within-a-store concepts to allow closer vendor partnerships and a higher quality customer experience. We continuously look for opportunities to optimize our store space, renegotiate leases and selectively open or close locations to support our operations.

Intellectual Property

We own or have the right to use valuable intellectual property such as trademarks, service marks and trade names, including, but not limited to, *Best Buy, Best Buy Ads*, *Best Buy Business, Best Buy Essentials, Best Buy Express, Best Buy Health, Best Buy Marketplace, Geek Squad, Imagine That, Insignia, Jitterbug, Lively, Magnolia, My Best Buy, My Best Buy Memberships, Pacific Kitchen and Home, Pacific Sales, Rocketfish, TechLiquidators*, *Yardbird* and our *Yellow Tag* logo.

We have secured domestic and international trademark and service mark registrations for many of our brands. We have also secured patents for many of our inventions. We believe our intellectual property has significant value and is an important factor in the marketing of our company, our stores, our products and our websites.

Seasonality

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.

Working Capital

We fund our business operations through a combination of available cash and cash equivalents and cash flows generated from operations. In addition, our revolving credit facility is available for additional working capital needs, for general corporate purposes, investments and growth opportunities. Our working capital needs typically increase in the months leading up to the holiday shopping season as we purchase inventory in advance of expected sales.

Competition

Our competitors are primarily multi-channel retailers, e-commerce businesses, technology service providers, traditional store-based retailers, vendors and mobile network carriers who offer their products and services directly to customers. We believe our ability to help customers online, in our stores and in their homes, and to connect technology product and solutions with customer needs, provide us key competitive advantages. Some of our competitors have lower cost operating structures and seek to compete for sales primarily on price. We carefully monitor pricing offered by other retailers and service providers, as maintaining price competitiveness is one of our ongoing priorities. In addition, we have price-matching policies that allow customers to request that we match a price offered by certain retail stores and online operators. In order to allow this, we are focused on maintaining efficient operations and leveraging the economies of scale available to us through our global vendor partnerships. We believe our dedicated and knowledgeable people; our integrated online, retail and in-home assets; our broad and curated product assortment; our strong vendor partnerships; our service and support offerings designed to solve customer needs; our unique ability to showcase technology in distinct store formats; and our supply chain are important ways in which we maintain our competitive advantage.

Corporate Responsibility & Sustainability ("CR&S")

As we pursue our purpose to enrich lives through technology, we are committed to creating shared long-term value and positively impacting the world, the environment and the communities in which we operate through interactions with our stakeholders, including our customers, employees, vendor partners, community partners and shareholders.

The Nominating, Corporate Governance and Public Policy Committee of our Board of Directors (“Board”) advises and oversees management regarding the effectiveness and risks of our CR&S strategy, programs and initiatives, including environmental goals and progress, corporate responsibility programs, initiatives and public policy positions and advocacy.

Environmental

We aspire to drive forward the circular economy, a system that aims to reduce waste and preserve resources. We focus on our highest-impact areas, including our operations, the energy we procure and the products we sell. These efforts contribute to mitigating climate risks, reducing potential risks to our business and generating long-term cost savings.

In our operations, we strive to reduce the use of natural resources. We believe the following focus areas help to reduce the use of natural resources and our impact on the environment while improving our efficiency and profitability:

- We aim to reduce our carbon emissions by minimizing energy usage, advocating for a cleaner grid and sourcing renewable energy.
- We monitor our water consumption across our business to identify and manage programs that lessen our dependence on water.
- To reduce waste and maximize resource efficiency, we continue to develop a more sustainable supply chain by certifying our supply chain locations under the TRUE zero waste program.

Our focus on sustainable products centers on energy efficiency. By assorting and promoting a broad range of energy-efficient electronics and appliances, we help customers reduce their environmental impact and energy costs throughout the life of the product.

We support the circular economy by keeping consumer products in use for as long as possible through our repair and trade-in services. We put materials back into the manufacturing process when products reach the end of their lives through our electronics and appliance recycling program.

Since launching our nationwide e-waste recycling program in 2008, we have continued to expand our industry leading efforts, and in fiscal 2026, we introduced new financial incentives, continued convenient mail-back options and enhanced home haul-away services to make recycling easier and more rewarding.

Human Rights and Responsible Sourcing

We are committed to respecting human rights through our alignment with the United Nations Guiding Principles on Business and Human Rights.

Further, across the products and services we procure, we seek to mitigate risk and enhance our partnership with suppliers and create value for all stakeholders through our Responsible Sourcing Program. We are active members of the Responsible Business Alliance, as are many of the major brands we sell, which allows us to partner across initiatives and increase our impact. Collectively, we embrace a common Supplier Code of Conduct and audit methodology that creates business value by improving working conditions and environmental practices throughout the supply chain.

Social Impact

We are committed to helping young people build brighter futures by preparing them to enter quality tech-reliant careers of the future. We are refreshing our community commitments to focus on creating economic opportunity for young people as they chart their path from education to employment. This includes working with a community of like-minded employers moving beyond traditional hiring models, valuing skills over credentials to build a dynamic, resilient workforce. Similarly, our employee volunteer programs, like Geek Squad Academy, spark excitement and interest in technology for young learners while engaging our employees' unique technical expertise.

Best Buy serves as a fiscal sponsor of the Best Buy Foundation™, whose Best Buy Teen Tech Center® program consists of a network of youth-centered community hubs where young people can connect with the latest technology, learn career skills and engage with supportive mentors in safe environments to ensure young people are prepared for the demands of today's economy.

Human Capital Management

We believe in the power of our people. Our culture is built on the belief that engaged and committed employees – supported by opportunities to learn, grow, innovate and explore – can lead to extraordinary outcomes. At the end of fiscal 2026, we employed approximately 82,000 employees in the U.S. and Canada.

Inclusion and Belonging

We believe in a culture of belonging where everyone feels valued, can thrive and has equal opportunities at all levels in the organization. At the core of this inclusive environment are our company values, which were founded decades ago. One of our values – unleash the power of our people – emphasizes that everyone can learn, grow and be the best version of themselves. We believe that creating this environment is the right thing to do and has been key to our long-term business success.

Our Executive Leadership Team and Compensation and Human Resources Committee of our Board supports the development of a culture of belonging and engagement through oversight of our human resources policies and programs. The Nominating, Corporate Governance and Public Policy Committee of our Board recommends criteria for the selection of individuals to be considered as candidates for election to the Board.

Training and Development

We continue to invest in our employees and build a culture focused on developing our talent. Prioritizing foundational and leadership skill development helps to meet employees where they are at, which creates a more adaptable and resilient workforce and enhances our competitive advantage. We believe that by investing in employee training and development, we can create a better employee environment and increase productivity, retention and innovation that ultimately improves our overall company performance and brings value to stakeholders.

With the continued goal of creating learning opportunities that are tailored to the unique work of each role and a focus on solving the most important problems in our business, we expanded our variety of training experiences in fiscal 2026. Examples of enhancements include:

- We evolved our leadership development offerings to grow and transform Best Buy for its future. This included the LEAD Leadership Development program designed for corporate, supply chain and retail leaders, and expanding the Leadership Essentials program to build core leadership capabilities that help employees grow and succeed in leadership roles.
- We continued to invest in career growth and development for our employees through the Best Buy Altitude program, allowing leaders to develop their leadership skills and prepare for their next role, creating a talent bench behind high impact roles.
- We supported strategic business teams through focused functional learning by delivering structured onboarding, building training for new processes and systems, and providing targeted leadership development to enable growth and cultural transformation.
- We hosted a "Culture Weekend" with trained onboarding captains to train and prepare our seasonal workforce, while simultaneously helping foster a sense of belonging, connect staff and celebrate our company culture and values.
- We enhanced our portfolio of risk, compliance and safety training and awareness initiatives to enable employees to continuously develop safe, secure and ethical behaviors to protect the company.

Employee Benefits

Our benefits aim to support employees' overall well-being: physical, mental, financial and work-life. We believe our ability to deliver on our purpose of enriching our customers' lives through technology depends on ensuring our employees are living happy and healthy lives — both while at work and outside of work. In fiscal 2026, we introduced the following benefits to our employees:

- A Recognition Program providing peer-to-peer and leader recognition called Applause, allowing employees to be recognized for behaviors based on our company values.
- Enhanced Years of Service recognition, introducing new award options for completing 30 years of service, a lifetime employee discount after 35 years and a fully-paid sabbatical after 40 years.
- No Cost-No Debt College Degrees program for eligible full-time and part-time employees to supplement our existing tuition assistance and tuition discount programs.
- New features of our Employee Assistance Program, including Well-being Assessments, Well-being Coaching and an increased number of covered counseling sessions.

Additionally, in fiscal 2026, we continued our focus on:

- Caregiver support, including:
    - Access to Joshin, a support system for employees and their loved ones with a focus on disabilities and neurodivergence;
    - Personalized help in a time of great need through Wellthy, a program that helps with emergency housing, healthcare, substance abuse, complex eldercare issues and other moments of crisis;
    - Pay continuation (paid leave) and caregiver pay so employees can care for themselves and their loved ones; and
    - Parental leave for U.S. employees that provides eligible birth parents 100% pay for up to 10 weeks and eligible non-birth parents 100% pay for up to four weeks;
- Up to $2,500 in financial assistance to employees experiencing personal hardship through the HOPE Fund – Helping Our People in Emergencies – in partnership with the Richard M. Schulze Family Foundation; and
- Mental health support, including our commitment to raise awareness by equipping employees with training to notice issues in themselves or others, and then find help.

The Compensation and Human Resources Committee of our Board oversees risks related to our human capital management through its regular review of our practices, policies and programs, which includes overall employee wellness and engagement in these areas, employee benefit plan compliance, leadership succession planning and wage, retention and hiring programs.

For more information on CR&S matters, as well as human capital management, please see Best Buy's Fiscal 2026 Corporate Responsibility and Sustainability Report expected to be published later this year, at https://corporate.bestbuy.com/reports-and-resources. This website and the report are not part of this Annual Report on Form 10-K and are not incorporated by reference herein.

Available Information

We are subject to the reporting requirements of the Exchange Act and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). We make available, free of charge on our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file these documents with, or furnish them to, the SEC. These documents are posted on our website at https://investors.bestbuy.com. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC at https://sec.gov.

We also make available, free of charge on our website, our Amended and Restated Articles of Incorporation, Amended and Restated By-laws, the Corporate Governance Principles of our Board and our Code of Business Ethics adopted by our Board, as well as the charters of all of our Board's committees: Audit Committee; Compensation and Human Resources Committee; Finance and Investment Policy Committee; and Nominating, Corporate Governance and Public Policy Committee. These documents are posted on our website at https://investors.bestbuy.com.

Copies of any of the above-referenced documents will also be made available, free of charge, upon written request to Best Buy Co., Inc. Investor Relations Department at 7601 Penn Avenue South, Richfield, MN 55423-3645.

Website and Social Media Disclosure

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

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

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

Item 1A. Risk Factors.

Described below are certain risks we believe apply to our business and the industry in which we operate. The risks are categorized using the following headings: external, strategic, operational, regulatory, compliance and legal, and financial and market. Each of the following risk factors should be carefully considered in conjunction with other information provided in this Annual Report on Form 10-K and in our other public disclosures. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing and, consequently, the market value of our common stock and debt instruments. These risks could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. The risks described below are not an exhaustive list of all the risks we face. There may be others that we have not identified or that we have deemed to be immaterial. All forward-looking statements made by us or on our behalf are qualified by the risks described below.

External Risks

Macroeconomic pressures may adversely affect consumer spending and our financial results.

To varying degrees, our products and services are sensitive to changes in macroeconomic conditions. Consumer demand for the products and services that we offer could be, or could continue to be, affected by a number of factors, including: real GDP growth, inflation, recession, consumer confidence, employment levels, effects of government closures, cost of living, uncertainty over the availability of government benefits, tax rates, availability of consumer financing, interest rates, housing market conditions, foreign currency exchange rates, the price of oil, gas and other commodities and other macroeconomic trends. Additionally, the impact of these factors could be compounded with respect to discretionary purchases of consumer electronics.

These macroeconomic conditions impact consumer behavior and spending in various ways, including:

- whether consumers make a purchase;
- how frequently consumers upgrade or replace their devices;
- consumers' choice of brand, model or price-point; and
- consumers' appetite for complementary services (for example, My Best Buy Plus™ or My Best Buy Total™ membership).

Any decrease in consumer demand due to macroeconomic conditions may negatively impact our financial results.

We are subject to specific pressures that may increase our product prices, including high consumer demand, inflation, governmental actions (e.g., tariffs) and supply chain disruptions. Additionally, price increases in the products we purchase for resale may require us to adjust our sales prices. Our ability to increase prices to offset these pressures might be limited, requiring us to absorb these increases within our margins. Increases in the cost of living may also put pressure on our ability to offer competitive compensation and other employer-provided benefits and may adversely affect our financial results. Any economic factors or circumstances resulting in higher costs for transportation, labor, insurance, healthcare or commodities can increase our operating, selling, general and administrative costs and otherwise materially adversely affect our financial results.

Geopolitical pressures may adversely impact our supply chain, the cost of our products or revenues and financial results.

Geopolitical tensions, both domestic and international, including issues related to trade routes, political instability and divisiveness, the potential implementation of more restrictive trade policies, tariff increases and/or volatility, the realignment of alliances or the renegotiation of existing trade agreements could continue to have a material adverse impact on our business.

While we directly import approximately 1% to 3% of our overall assortment, our global supply chain for consumer electronics is heavily reliant on vendor imports from foreign countries (including products sourced from China, Mexico and Southeast Asia). Consequently, our financial results are highly sensitive to changes in trade policies, tariffs and cross-border logistics. The scope, timing, and implementation of these policies remains uncertain and may result in new or modified tariff regimes, additional regulatory requirements, or further trade friction with U.S. trading partners. The uncertainty caused by ongoing tariff volatility creates challenges for planning inventory, pricing and supply chain strategies, which could continue to impact our cost structure, supply chain stability and overall financial results.

Ongoing or emerging conflicts, including those in the Middle East, Ukraine and the South China Sea, may continue to impact fuel prices, inflation, the global supply chain, cybersecurity and other macroeconomic conditions, which may further adversely affect global economic growth, consumer confidence and demand for our products and services. For example, any further deterioration of relations between Taiwan and China, the resulting actions taken, the response of the international community and other factors affecting trade with China or political or economic conditions in Taiwan could disrupt the manufacturing and distribution of products or hardware components in the region, such as semiconductors and television panels sourced from Taiwan or the broader array of products sourced from China. Additionally, conflict in the Middle East, and the resulting disruption of transit through the Persian Gulf and the Strait of Hormuz, continues to disrupt global supply chain flows and impact fuel prices. Furthermore, these conflicts or other international policies and efforts may impact, or continue to impact, our critical international trade routes, such as the Panama Canal, the Red Sea and the Suez Canal. Such disruptions may increase shipping times or costs, which could adversely affect our operations and financial results.

Geopolitical tensions may provoke further retaliatory actions by our trading partners that may increase costs, disrupt our supply chain and/or impact our business operations. China maintains significant control over the majority of rare earth elements, which are essential elements in many electronic devices. Should China reinstate its export ban on rare earth elements or take other actions that restrict U.S. supply of these minerals, it would impact both the consumer electronics we sell and our business's underlying technological infrastructure.

One or more of these factors could have a material adverse effect on our supply chain, the cost of our products or our revenues and financial results.

Catastrophic events could adversely affect our operating results.

Catastrophic events, including those driven or intensified by climate change, pose a growing risk to our operating results and financial performance. The frequency and severity of natural disasters or extreme weather events (such as storms, blizzards, extreme temperatures, earthquakes, hurricanes, floods, fires and droughts) are increasing in many of our key markets, particularly in our three largest states by total sales (California, Texas and Florida). We may experience other catastrophic events beyond natural disasters, including pandemics, civil unrest, power loss, telecommunications failures, software and hardware malfunctions, terrorism (including related cyber threats) and other acts of violence. Additionally, the locations where we do business could continue to be the subject of unrest and national attention, which impacts our ability to operate. The adverse effects of these events may be amplified should multiple events occur simultaneously, such as a natural disaster during a pandemic.

Such events may prevent our workforce and/or customers from reaching our stores and properties, disrupt segments of our supply chain and distribution network or impact critical third-party services. These disruptions may impact our ability to procure goods or services necessary for operating our business and may affect our information technology systems, limiting our ability to transact with customers and fulfill orders.

Catastrophic events could result in significant physical damage to, or closure of, our facilities. They may also necessitate preventative investments in our facilities and infrastructure. Moreover, insufficient infrastructure investment may increase the risk that large-scale disruptive events could impact our critical infrastructure, potentially having a material adverse impact on our operations and financial performance. As a consequence of these catastrophic events, we may experience interruptions to our operations or losses of property, equipment and/or inventory, which could adversely affect our revenue and profitability.

Many of the products we sell are highly susceptible to technological advancement, product life-cycle fluctuations and changes in consumer preferences.

We operate in a highly and increasingly dynamic industry sector fueled by constant technological innovation, advancement and disruption, including the rapid integration of artificial intelligence ("AI") into consumer products. These factors manifest in a variety of ways: the emergence of new products and categories, the rapid maturation of categories, cannibalization of categories, changing price points, and product replacement and upgrade cycles.

This rapid pace of change can be hard to predict and manage. If we fail to interpret, predict and react to these changes in a timely and effective manner, the consequences may include, but are not limited to:

- failure to offer, or inability to secure an adequate supply of, the products and services that our customers want;
- excess inventory, which may require heavy discounting, liquidation or storage;
- delays in adapting our merchandising, marketing or supply chain capabilities to accommodate changes in product trends; and
- damage to our brand and reputation.

Vendors may also fail to adequately invest in new technology, design, production or distribution facilities and may reduce their customer incentives, advertising and promotional activities or change their pricing policies.

These and other similar factors could have a material adverse impact on our revenue and profitability.

Strategic Risks

We face strong competition from multi-channel retailers, e-commerce businesses, technology service providers, traditional store-based retailers, vendors and mobile network carriers, which directly affects our revenue and profitability.

We constantly strive to offer consumers the best value in a highly competitive retail sector. We compete against many local, regional, national and international retailers (both online and brick and mortar), as well as against some of our vendors and mobile network carriers that are leveraging their own direct-to-customer channels to market and sell products.

Shoppers are increasingly price-conscious when making discretionary purchases. At the same time, online and multi-channel retailers are prioritizing fast, low-cost delivery options, including curbside pickup and guaranteed shipping times. Because our strategy is based on offering superior levels of customer service and a full range of complementary services, our cost structure may be higher than some of our competitors, creating additional margin pressure. Failure to manage these factors effectively while offering competitive delivery options could negatively impact our profit margins and the demand for our products.

Our ability to remain competitive also depends on effectively maintaining and growing our customer base and accurately forecasting their spending levels. An inability to drive traffic to physical and digital channels or to maintain brand relevance with target audiences could pose both an operational and financial risk. Additionally, failure to consistently meet customer expectations across stores, in-home services and online platforms could negatively impact our financial performance. Inability to quickly adapt to changes in customer behavior (e.g., AI-driven search, AI shopping bots) could have an adverse impact our financial results.

Competition is becoming increasingly diverse, including through the expansion of retail media networks, such as our retail media network, Best Buy Ads, which competes for brand marketing spend and advertiser attention. Additionally, as our Best Buy Marketplace platform expands, where third-party sellers can sell products on our platform, we face the added challenge of competing not only with external sellers but also with third-party sellers on our own platform.

Further, as our competitors develop and expand their strategic use of AI, our operations and profitability could be adversely impacted if we fail to execute or maintain our own focused AI strategy that drives technological advancement and innovation. Diverse competition may also arise from new entrants into the markets we serve, including unexpected players who could more aggressively leverage technologies such as AI and platform integrations. As these and related competitive factors evolve and progress, we may experience material adverse pressure on our revenue and profitability.

If we fail to attract, retain and engage qualified employees, our operations and profitability may be negatively impacted. In addition, changes in market compensation rates could adversely affect our profitability.

Our performance is highly dependent on attracting, retaining and engaging appropriately qualified employees in our stores, service centers, distribution centers, field and corporate offices. Our strategy of offering high-quality services and assistance for our customers requires a highly trained and engaged workforce, which is reliant on the creation and maintenance of a positive culture that is attractive to all qualified employees and beneficial relationships between employees and the enterprise. The turnover rate in the retail sector is relatively high, creating an ongoing need to recruit and train new employees. Our ability to maintain sufficient numbers of qualified employees depends on a number of factors, such as employee engagement, our reputation, our ability to train and develop our employees, our ability to connect with and promote available talent pools, our development and maintenance of employee-desired policies and practices, unemployment rates, competition from other employers, availability of qualified personnel and our ability to offer appropriate compensation and benefit packages.

Additionally, increasingly prevalent legal and regulatory restrictions on the terms or enforceability of non-competition, employee non-solicitation, confidentiality and similar restrictive covenant clauses could make it more difficult to retain qualified personnel. Further, our policies and practices may be affected by, or require changes in response to, evolving legal and regulatory restrictions on policies related to employee engagement, which may further impact our ability to retain and engage qualified employees.

We operate in a competitive labor market, and there is a risk that market increases in compensation and employer-provided benefits could have a material adverse effect on our profitability. We may be subject to continued market pressure to increase employee hourly wage rates and employer-provided benefits, especially as the cost of living increases. In addition, prolonged external stressors (e.g., from violence, political unrest or customer behavior) may affect the mental wellbeing of employees and lead to fatigue, reduced engagement and/or attrition.

Failure to recruit or retain qualified employees may impair our efficiency and effectiveness and our ability to pursue growth opportunities. In addition, significant turnover of our executive team or other employees in key positions with specific knowledge relating to our operations and industry may negatively impact our operations and financial results and potentially have cascading effects on our employees.

Our focus on services exposes us to certain risks that could have a material adverse impact on our revenue, profitability and reputation.

We offer a full range of services that complement our product offerings, including consultation, delivery, health-related services, installation, memberships, repair, set-up, technical support and warranty-related services. The strategy and execution of our service offerings are subject to incremental risks, such as:

- a sustained increase in consumer desire to purchase product offerings online and through mobile applications, impacting our ability to sell ancillary services;
- unpredictable extended warranty failure rates and related expenses;
- margin pressure from membership offerings;
- pressure from lower-cost competitors that could erode the value proposition of our premium services;
- the continual need to maintain and upgrade the technology infrastructure supporting our services;
- increased labor expenses and challenges in forecasting staffing needs, as well as pressure on traditional labor models to meet evolving customer expectations;
- bad actors posing as Geek Squad and/or customer care;
- potential claims liability due to employees traveling in company vehicles and/or working in customer homes;
- errors or omissions in the fulfillment of services;
- customer devices in our possession and the related responsibility for the security of those devices and the privacy of the data they hold;
- the potential impact on in-home services of inclement weather, health and safety concerns and catastrophic events;
- growing dependence on third parties (e.g., reduced control over subcontractor regulatory compliance and adherence to our standards, liability for third parties working on our behalf); and
- non-compliance with new and existing laws and regulations applicable to these services.

Our reliance on key vendors and mobile network carriers subjects us to various risks and uncertainties which could affect our revenue and profitability.

While we source products we sell from a wide variety of domestic and international vendors, a significant portion of our merchandise comes from a relatively small group of key suppliers. In fiscal 2026, our 20 largest suppliers accounted for approximately 80% of the merchandise we purchased, with five suppliers – Apple, Samsung, HP, LG and Sony – representing approximately 55% of total merchandise purchased. Our contracts with vendors generally do not require them to continue supplying us with merchandise. Our profitability depends on securing acceptable terms with our vendors for, among other things, the price of merchandise we purchase from them, funding for various forms of promotional programs, payment terms, allocations of merchandise, development of compelling assortments of products, data sharing terms, operation of vendor-focused shopping experiences within our stores and terms covering returns and factory warranties. While we believe we offer capabilities that these vendors value and depend upon to varying degrees, our vendors may be able to leverage their competitive advantages — for example, their own stores or online channels, their financial strength, the strength of their brands with customers or their relationships with other retailers — to our detriment. In addition, vendors may decide to limit or cease allowing us to offer certain categories, focus their marketing efforts on alternative channels or make unfavorable changes to our financial or other terms. Further, our flexibility to modify selling prices is limited due to digital technology that enables consumers to compare prices on a real-time basis, a challenge that is further amplified by the increasing use of AI-driven tools and shopping platforms.

Globally, the cost and availability of memory components have been, and may continue to be, affected by industry-wide supply constraints. While we work with vendors to adjust product and pricing strategies, these actions may not fully offset higher costs and inventory constraints, which may impact our margins and financial performance.

We are also dependent on a small number of mobile carriers to allow us to offer mobile devices with carrier connections. The competitive strategies utilized by mobile network carriers can have a material impact on our business, especially with ongoing consolidation in the mobile industry. For example, if carriers change the structure of contracts, upgrade terms, qualification requirements, monthly fee plans, cancellation fees or service levels, the volume of upgrades and new contracts we sign with customers may be reduced, adversely affecting our revenue and profitability. In addition, our carriers may also serve customers through their own stores, websites, mobile applications and call centers or through other competing retail channels.

Demand for the products and services we sell could decline if we fail to maintain positive brand perception and recognition.

We operate a portfolio of brands with a commitment to customer service and innovation. We believe that recognition and the reputation of our company and our brands are key to our success. Operational factors, such as failure to deliver high quality services, offer competitive pricing, or meet delivery promises could damage our reputation. As we grow certain areas of the business (including Best Buy Marketplace, where there is a risk that third-party sellers, products, partners and services may fail to meet customer expectations), our reputation may be negatively affected.

External factors, such as negative public remarks or accusations, heightened violence and crime in or around our stores, or our failure to meet enhanced, and sometimes conflicting, expectations on corporate response to sensitive topics (including the use of AI), could also be damaging. Further, these risks, along with others, may be compounded by a polarized political climate and social activism directed at companies.

Third parties may commit fraud (e.g., AI-driven fraud or impersonation of Geek Squad agents) while using our brand without our permission, possibly harming brand perception or reputation.

The ubiquity of social media means that customer feedback and other information about our company, which may include fictitious information, are shared with a broad audience in a manner that is easily accessible and rapidly disseminated. Damage to the perception or reputation of our brands could result in, among other things, declines in revenues and customer loyalty (including as a result of any boycotts), decreases in gift card and service plan sales, lower employee retention and productivity and vendor relationship issues, all of which could materially adversely affect our revenue and profitability.

Failure to effectively identify, manage and execute enterprise-wide strategies could have a negative impact on our business.

We may pursue new strategic initiatives, including business relationships, acquisitions, and/or adding or expanding revenue streams, including Best Buy Ads and Best Buy Marketplace. Assessing the viability of new or existing strategies is typically subject to uncertainty, and the success of such strategies can be adversely affected by many factors, including, for example, our ability to:

- identify or appropriately evaluate the risks in our diligence assessments;
- define or communicate strategies to sufficiently mobilize and align resources in support of strategic priorities;
- manage aggressive launch schedules and simultaneous execution of strategies within our current capabilities, resources or risk appetite;
- ensure alignment and mobilization of resources across a diverse and distributed employee population;
- execute certain aspects of our strategy within state, local, federal and/or non-U.S. jurisdiction regulations;
- manage regulatory and other risks if we choose to enter new jurisdictions, including international jurisdictions;
- manage tax risks associated with new strategies and revenue streams, including tax compliance and the impact of unsettled and evolving tax laws and regulations;
- effectively manage specific risks associated with Best Buy Marketplace, including compliance with laws and regulations relating to anti-money laundering, bank account and accounting requirements and unsettled and evolving laws around liability exposure;
- curate and refine our product assortment or offerings to meet customer expectations;
- integrate aspects of potential strategies into our existing business, such as new product or service offerings or information technology systems;
- generate growth from new or emerging strategies;
- accurately predict customer demand, meet customer expectations or generate forecasted revenue or profitability;
- maintain appropriate internal controls over financial reporting;
- accurately forecast financial performance, given the potential for unforeseen changes in the business environment;
- modernize technology platforms to support strategic initiatives, operations, compliance, and retail demands;
- generate expected synergies, such as cost reductions and other benefits; and
- manage potential adverse impacts on relationships with employees, vendors and other key partners of our existing business.

If our new or emerging strategies are unsuccessful, our reputation could be negatively impacted. Additionally, liquidity and profitability could be materially adversely affected, and we may be required to recognize material impairments to goodwill and other assets acquired or elect to discontinue certain areas of the business. For example, we recorded impairment charges related to our decision to exit a component of our Best Buy Health business in fiscal 2026. Our strategies may also divert our financial resources and management's attention from other important areas of our business.

Failure to effectively manage our infrastructure, real estate portfolio and market segmentation strategy may negatively impact our business.

Managing our real estate portfolio effectively is critical to our omnichannel strategy. Failure to identify and secure suitable store and other facility locations, negotiate appropriate terms related to our real estate portfolio, or respond appropriately to any unforeseen changes could impair our ability to compete successfully and maintain profitability. In addition, any of the following factors could impact our long-term real estate strategy:

- our ability to adjust store operating models to adapt to changing consumer patterns;
- the location and appropriate number of stores, supply chain and other facilities in our portfolio;
- the products and services we offer at each store;
- the local competitive positioning, trade area demographics and economic factors for each of our stores;
- the primary term lease commitment and long-term lease option coverage for each store; and
- our ability to meet the evolving physical upgrades and maintenance needs of stores, facilities, and supply chain infrastructure necessary to support any changes to our strategy.

Operational Risks

Interruptions and other factors affecting our supply chain may adversely affect our business.

Our supply chain assets are a critical part of our operations, particularly considering industry trends and initiatives, such as ship-from-store and the emphasis on fast delivery when purchasing online. We depend on our vendors' abilities to deliver products to us at the right location, at the right time and in the right quantities. We also depend on third parties for the operation of certain aspects of our supply chain network. The continuing growth of online purchases for delivery increases our exposure to these risks. The factors that could adversely affect our operations or cause interruptions to our delivery capabilities include, but are not limited to:

- our ability to maintain and upgrade the technology infrastructure supporting our retail and supply chain operations;
- the risk to our employees, customers and inventory arising from burglaries or robberies in transit, at our stores or at our other facilities;
- our third parties' ability to meet our standards or commitments;
- our ability to meet growing supply chain capacity needs (e.g., fulfillment as a service, Best Buy Marketplace returns and recalls); and
- the consolidation, business failures and heightened political scrutiny associated with the transportation and distribution sectors.

These risks are compounded for small parcel home deliveries, as we are dependent on a relatively small number of carriers with the scope and capacity required by our business.

Additionally, global supply chain impacts, similar to previous disruptions in the Red Sea and Panama Canal, could lead to increases in transportation costs or hinder third parties' abilities to meet our demand for product volumes and timing, including:

- unionization, labor strikes, slow-downs, competitive job markets and labor shortages impacting ports or any other aspect of our supply chain;
- geopolitical affairs, including tariffs and other measures that impact the price or availability of transporting our products;
- natural disasters and climate events; and
- diseases, pandemics, outbreaks and other health-related concerns.

It is important that we maintain optimal levels of inventory in each store and distribution center and respond rapidly to shifting demands. Any disruption to our supply chain network, including for any of the reasons above, could damage our revenue and profitability. If we fail to manage these risks effectively, we could experience a material adverse impact on our reputation, revenue and profitability.

We utilize third-party vendors for certain aspects of our operations, and any material disruption in our relationships or their services may have an adverse impact on our business.

We engage key third-party business partners to support various functions of our business, including delivery and installation, customer warranty, information technology, web hosting and cloud-based services, customer loyalty programs, promotional financing and customer loyalty credit cards, gift cards, technical support, transportation, insurance programs and human resource operations. A rising dependency on critical partners (e.g., software as a service ("SaaS"), advertising, shipping) may lead to limited leverage to manage cost escalation or contractual terms and could negatively impact our operations. Any material disruption in our relationships with key third-party business partners or any disruption in the services or systems provided or managed by third parties could impact our revenues and cost structure and hinder our operations, particularly if a disruption occurs during peak revenue periods.

We are subject to risks related to the products we sell, including those products sold on our Best Buy Marketplace platform and products under our exclusive brand labels (Best Buy Essentials, Insignia, Lively, Rocketfish and Yardbird brands) that could affect our operating results.

If the products we sell fail to meet, or are alleged to fail to meet, applicable safety standards or our customers' expectations regarding safety and quality, we could be exposed to increased legal risk and damage to our reputation. Failure to take appropriate actions in relation to product-related issues (e.g., product recalls) could lead to violations of laws and regulations and leave us susceptible to government enforcement actions or private litigation. Recalls of products, particularly when combined with lack of available alternatives or difficulty in sourcing sufficient volumes of replacement products, could also have a material adverse impact on our revenue and profitability.

Our ability to find qualified vendors who can supply products that meet our internal standards of quality and safety in a timely and efficient manner can be difficult, especially with respect to goods sourced from outside the U.S. Risks such as political or economic instability, cross-border trade restrictions or tariffs, merchandise quality issues, product safety concerns, work stoppages, human rights violations, port delays, foreign currency exchange rate fluctuations, transportation capacity and costs, inflation, civil unrest, natural disasters, outbreaks of pandemics and other factors relating to foreign trade are beyond our control. These and other related issues could have a material adverse impact on our financial results.

Because we have greater responsibility for products under our exclusive brand labels, recalls or safety issues involving these products may present heightened risks compared to branded goods, including:

- exposure and responsibility to consumers for warranty replacements and repairs as well as product liability claims (including bodily injury or death) and government-enforced actions, some of which may require us to take significant actions, such as recalling products;
- inventory obsolescence as we do not generally have return-to-vendor rights;
- disruptions in manufacturing or logistics due to inconsistent and unanticipated order patterns;
- our inability to develop long-term relationships with key manufacturers;
- claims by technology or other intellectual property owners if we inadvertently infringe upon their patents or other intellectual property rights or if we fail to pay royalties owed on our exclusive brand products;
- inability to obtain or adequately protect patents and other intellectual property rights on our exclusive brand products or manufacturing processes; and
- failure to maintain consistent quality, availability and competitive pricing, which could have a material adverse impact on the demand for exclusive brand products and the profits we are able to generate from them.

Most of our exclusive brand products are manufactured by contract manufacturers in China, Mexico and Southeast Asia, which may limit our ability to do the following:

- seek recourse from manufacturers may be limited in foreign jurisdictions;
- conform in a timely manner to new rules or interpretations of developing and often-changing labor and environmental laws for the manufacturing of products in foreign countries; and
- source alternatives quickly enough to avoid interruptions in product supply due to disruptions, such as trade disputes or excessive tariffs.

Our expanding Best Buy Marketplace, including our existing Canadian platform and our recently launched U.S. platform, could present additional risks. Should the third-party products sold on our Best Buy Marketplace fail to meet quality, safety or regulatory standards, it could erode customer trust and damage our reputation. Moreover, unsettled laws regarding retailer responsibility for product liability and intellectual property claims related to third-party products sold on marketplace platforms compound our marketplace risk.

We rely heavily on our information technology systems for key business processes. Any failure or interruption in these systems could have a material adverse impact on our business.

The effective and efficient operation of our business is dependent on our information technology systems and those of our information technology service providers. We rely heavily on these information technology systems to manage all key aspects of our business, including demand forecasting, purchasing, supply chain management, transaction processing, fulfillment of products and services (including, for example, our urgent response and care center services provided by Best Buy Health), staff planning and deployment, financial management, reporting and forecasting and safeguarding critical and sensitive information.

Our information technology systems and those of our partners are subject to damage or interruption from several potential sources including:

- power outages, computer and telecommunications failures;
- catastrophic events (such as grid failures, fires, tornadoes, earthquakes and hurricanes);
- computer viruses, worms or other malicious computer programs;
- denial-of-service attacks, security incidents (through cyber-attacks and other malicious actions, including ransomware and social-engineering attacks);
- malicious attacks by foreign governments, criminals or other non-state actors;
- configuration or usage errors;
- unforeseen traffic levels;
- loss of inability to access or process critical data; and
- other technical difficulties or events outside of our control.

These risks may be made more salient or may be compounded by a variety of factors, including:

- delays in modernizing these services and technology platforms;
- increasing demand and expectation for data hygiene and availability, both from internal and external partners;
- criticality of our online interactions and sales;
- continued hybrid or full-time remote working arrangements for many employees;
- increasing use of SaaS, platform as a service and infrastructure as a service providers;
- leveraging of new AI technologies in key business processes; and
- use of AI by threat actors to engage in automated, targeted and coordinated attacks of systems.

While we have adopted, and continue to enhance, business continuity and disaster recovery plans and strategies, there is no guarantee that such plans and strategies will be effective, which in turn could interrupt the functionality of our information technology systems or those of third parties. For example, as threat actor use of adversarial AI technology increases, vulnerabilities may be identified and exploited at a more rapid pace, which will make maintaining our system integrity more challenging.

If we fail to secure these systems against attacks, or fail to effectively configure, upgrade and maintain our hardware, software, network, and system infrastructure and improve the efficiency, resiliency and capacity of our systems, it could cause system interruptions and delays and hinder our ability to accept and fulfill customer orders, provide customer service and/or perform other necessary business functions. Any interruption could have a material adverse impact on our revenue and operations, cause us to incur material costs and/or adversely affect our reputation.

Failure to prevent or effectively respond to a breach of the security or privacy of our customer, employee, vendor or company information could expose us to substantial costs and reputational damage, as well as litigation and enforcement actions.

Our business involves the collection, use, sharing and retention of personal information (including payment card information and protected health information) and confidential business information. We share personal and confidential information with suppliers and other third parties and use third-party technology and systems that process and transmit information for a variety of activities.

We have been the target of attempted cyber-attacks and other security threats, and we may be subject to breaches of our information technology systems. While we engage in significant cybersecurity and data-protection efforts, criminal activity (such as cyberattacks), lapses in our controls, impersonation of individuals with proper access controls, or the intentional or negligent actions of employees, business associates or third parties may undermine our cybersecurity and privacy measures. As a result, unauthorized parties may obtain access to our data systems and misappropriate company, employee, third-party or customer information, authorized parties may use or share personal information in an inappropriate manner, or bad actors may otherwise seek to extract financial gain based on access to, or possession of, company, employee, customer or vendor information. Furthermore, because the methods used to obtain unauthorized access change frequently and may not be immediately detected, and given the potentially disruptive nature of emerging technologies, we may be unable to anticipate such attacks or promptly and effectively respond to them.

The integration of AI into our operations introduces cybersecurity and privacy risks (including unauthorized or misuse of AI tools) and could lead to potential unauthorized access, use, acquisition, release, disclosure, alteration or destruction of personal or confidential information or challenge the stability of our platforms. Further, evolving consumer behaviors, such as shopping through AI-driven services, introduces growing complexity and heightened cybersecurity and privacy risks. These trends increase the complexity of bot mitigation strategies, requiring organizations to maintain robust cybersecurity controls while ensuring discoverability within agentic services and AI-powered search environments. This dual challenge amplifies our exposure to potential data privacy breaches, automated exploitation, and integrity risks in digital ecosystems.

Sensitive customer data may also be present on customer-owned devices entrusted to us for service and repair. Vulnerable code on products sold or serviced, including our exclusive brands, may also result in a compromise of customer privacy or security. If our efforts to protect against such compromises and reasonably ensure appropriate handling of customer data on devices we manufacture, sell or service are not effective, we may incur potential liability and damage to our customer relationships.

Increasing costs associated with information security and privacy, such as increased investment in technology and qualified staff, costs of compliance, costs resulting from fraud or criminal activity and costs of cyber and privacy insurance, could cause our business and results of operations to suffer materially. In addition, any compromise of our data security may materially increase the costs we incur to protect against such breaches and could subject us to additional legal risk. Any compromise of our customer information or other confidential information could have a material adverse impact on our reputation and/or our relationships with our customers and partners, which may in turn have a negative impact on our revenue and may expose us to material costs, penalties and claims.

Additionally, newly applicable and potential new or significantly revised state, provincial and federal laws and regulations in the jurisdictions in which we do business are expanding (and may further expand) our obligations to protect and honor the privacy and security of personal information, imposing new restrictions on the collection, use, sharing and retention of data and requiring additional implementation resources, all of which create incremental risk arising from a potential breach or compliance failure. The proliferation of new and updated privacy laws and regulations, including the rise of extreme data minimization legislation, has the potential to limit our ability to collect, use or share personal information and thus hinder our strategic and marketing efforts (e.g., Best Buy Ads and Best Buy's own efforts to communicate with consumers). We could be subject to heightened regulatory investigations, penalties and fines if a cybersecurity event or privacy violation is related to data or sensitive personal information that is regulated by laws such as, for example, the Health Insurance Portability and Accountability Act (HIPAA), the Personal Information Protection and Electronic Documents Act (PIPEDA), or the California Consumer Privacy Act (CCPA).

Regulatory, Compliance and Legal Risks

We are subject to statutory, regulatory and legal developments that could have a material adverse impact on our business.

Regulatory activity affecting the retail sector is dynamic, posing the potential risk of fines and additional operating costs associated with compliance. Additionally, defending against lawsuits and other proceedings may involve significant expense and divert management's attention and resources from other matters. Some of the most significant compliance and litigation risks we face include, but are not limited to:

- the difficulty of complying with sometimes conflicting statutes, regulations and executive orders in local, national and international jurisdictions;
- the potential for incremental costs related to compliance with new or existing environmental legislation or international agreements affecting greenhouse gas emissions, electronics recycling, water usage or product materials;
- the challenges of ensuring compliance with applicable product laws and regulations, including laws and regulations related to product safety, product transport and product disposal, as well as laws and regulations related to the products sold by us or by Best Buy Marketplace sellers and the products we contract to manufacture;
- increased legal and regulatory exposure resulting from new and expanding business areas (e.g., Best Buy Marketplace and Best Buy Ads), especially the potential impact of the unsettled legal landscape relating to third-party marketplaces and retail media networks;
- the impact of evolving regulations governing data privacy and security, including limitations on the collection, use or sharing of information, consumer rights to access, delete or limit/opt-out of the use of information, and litigation arising from new private rights of action;
- the potential lingering residual obligations due to the divestment of certain health-related services in fiscal 2026;
- the impact of other new or changing statutes and regulations that may require changes to our compliance programs and attendant costs of those programs;
- the challenges of ensuring compliance with applicable labor and employment laws, including: laws governing the organization of unions and related rules that affect the nature of labor relations, which are frequently modified by the National Labor Relations Board; laws that impact the relationship between the company and independent contractors and the classification of employees and independent contractors; laws regarding non-discrimination and related issues; and wage and hour laws, such as minimum wage, sick time scheduling, paid leave and non-compete covenants;
- the challenges arising from regulatory lags in addressing and adapting to rapid AI advancements;
- the impact of litigation and dispute resolution, including class-action lawsuits involving consumers, shareholders and labor and employment matters, mass arbitration, pricing claims, and potential changes to arbitration rules that could increase costs; and
- the impact of regulatory and legislative uncertainty, such as changing U.S., state or other countries' tax laws and regulations or evolving interpretations of existing tax laws, shifting federal policies, and an increasingly fragmented patchwork of federal and state regulations.

Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to cybersecurity, corporate responsibility and sustainability matters.

We are subject to changing rules and regulations promulgated by several governmental and self-regulatory organizations, including the SEC, the New York Stock Exchange, the Financial Accounting Standards Board and various states. These rules and regulations continue to evolve, demanding increased attention and vigilance for compliance. In addition, regulators, customers, investors, employees and other stakeholders are increasingly focusing on cybersecurity, CR&S matters and related disclosures, with some expressing or pursuing opposing views with respect to related initiatives. We could face adverse financial or reputational impacts if we are perceived as misaligned with these differing perspectives or agendas. As a result of these changing rules, regulations and stakeholder expectations, there has been, and will likely continue to be, an increase in general and administrative expenses and an increase in management time and attention spent complying with or meeting such regulations and expectations.

We may also communicate certain initiatives and goals regarding sustainability, responsible sourcing, social investments and other related matters in our SEC filings or in other public disclosures. These initiatives and goals within the scope of CR&S could be difficult and expensive to implement, the technologies needed to implement them may not be cost-effective and may not advance at a sufficient pace and we could be criticized for the accuracy, adequacy or completeness of the disclosures. Further, statements about our initiatives and goals and progress toward those goals may be based on measurement standards that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. In addition, we could be criticized or face legal action, including shareholder suits, customer boycotts or governmental scrutiny, for the scope or nature of such initiatives or goals, or for any revisions to these goals. Any issues with our CR&S-related reporting, processes or goals, such as incomplete or inaccurate information, failure to achieve timely progress with respect to our goals, or misalignment with our stakeholders' expectations, could negatively impact our reputation, business, financial performance or growth.

Our international activities are subject to many of the same risks as described above, as well as to risks associated with the legislative, judicial, regulatory, political, economic and cultural factors specific to the countries or regions in which we operate.

We have wholly-owned legal entities registered in various foreign countries, including Bermuda, Canada, China, India, Luxembourg, the Republic of Mauritius, the United Kingdom and Vietnam. Additionally, most of our exclusive brand products are manufactured by contract manufacturers based in China, Mexico and Southeast Asia. During fiscal 2026, our International segment generated approximately 8% of our consolidated revenue. In addition to the risk factors identified throughout, our international operations could be impacted by additional risks, including:

- political conditions, diplomatic relationships and alliances and geopolitical events, including war and terrorism;
- economic conditions, including monetary and fiscal policies and tax rules, as well as foreign exchange rate risk;
- rules governing international trade and potential changes to trade policies or trade agreements and ownership of foreign entities;
- government-imposed travel restrictions or warnings and differing responses of governmental authorities to pandemics and other global events;
- cultural differences that we may be unable to anticipate or respond to appropriately;
- different rules or practices regarding employee relations, including the existence of works councils or unions;
- difficulties in enforcing intellectual property rights; and
- difficulties encountered in exerting appropriate management oversight to operations in remote locations.

These factors could significantly disrupt our international operations, impact our return on investment or necessitate adjustments to our international strategy, including modifying or exiting our operations in certain locations. As a result, we may experience material adverse effects to our revenue and profitability and could incur material impairments and other exit costs.

Financial and Market Risks

Failure to meet any financial performance guidance or other forward-looking statements we may provide to the public could result in a decline in our stock price.

We may provide public guidance on our expected financial results or other forward-looking information for future periods. When we provide guidance, we believe that this guidance provides investors and analysts with a better understanding of management's expectations for the future and is useful to our existing and potential shareholders, but such guidance is comprised of forward-looking statements subject to the risks and uncertainties described in this report and in our other public filings and public statements. Our actual results may not be in line with guidance we have provided. We may not be able to accurately forecast our growth rate and profitability. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments are fixed, and we may not be able to adjust our spending quickly enough if our sales are less than expected. Our revenue growth may not be predictable or sustainable, and our percentage growth rates may decrease. Our revenue and profitability depend on the continued growth of demand for the products and services offered by us, and our business is affected by general economic and business conditions worldwide. If our financial results for a particular period do not meet any guidance we provide or the expectations of market participants, or if we reduce any guidance for future periods, the market price of our common stock may decline.

Failure to effectively manage our costs could have a material adverse effect on our profitability.

As discussed above, our revenues are susceptible to volatility from various sources, which can lead to periods of flat or declining revenues. However, some of our operating costs are fixed and/or are subject to multi-year contracts. Some elements of our costs may be higher than our competitors' because of, for example, our extended retail footprint and structure, our hourly pay structure, our differentiated service offerings or our level of customer service. Accordingly, our ongoing drive to reduce costs and increase efficiency represents a strategic imperative. Failure to successfully manage our costs could have a material adverse impact on our profitability and curtail our ability to fund our growth or other critical initiatives.

We are highly dependent on the cash flows and net earnings we generate during our fiscal fourth quarter, which includes the majority of the holiday shopping season.

A large proportion of our revenue and earnings is generated in the fiscal fourth quarter, which includes the majority of the holiday shopping season. In addition, the holiday shopping season also incorporates many other unpredictable factors, such as the level of competitive promotional activity, new product release activity and customer buying patterns, which makes it difficult to forecast and react to these factors quickly. Unexpected events or developments, such as pandemics, natural or man-made disasters, changes in consumer demand and spending, economic factors, product sourcing issues, AI developments, cyber-attacks, failure or interruption of management information systems, or disruptions in services or systems provided or managed by third-party vendors could significantly disrupt our operations, especially during the fiscal fourth quarter. As a result of these factors, our fiscal fourth quarter and annual results could be adversely affected.

Economic, regulatory and other developments could adversely affect our ability to offer attractive promotional financing to our customers and adversely affect the profits we generate from these programs.

In partnership with third parties, we offer promotional financing as well as credit cards issued by third-party banks that manage and directly extend credit to our customers. Customers choosing promotional financing can receive extended payment terms and low- or no-interest financing on qualifying purchases. We believe our financing programs generate incremental revenue from customers who prefer the financing terms to other available forms of payment or otherwise need access to financing in order to make purchases. Approximately 25% of our fiscal 2026 Domestic segment revenue was transacted using one of the company's branded cards. In addition, we earn profit-share income and share in any losses from some of our banking partners based on the performance of the programs. Profit-sharing revenue from our credit card arrangement approximated 1.2% of Domestic segment revenue in fiscal 2026. The income or loss we earn in this regard is subject to numerous factors, including the volume and value of transactions, the terms of promotional financing offers, bad debt rates, credit card delinquency rates, interest rates, the regulatory and competitive environment and expenses of operating the program. Adverse changes to any of these factors could impair our ability to offer these programs to customers and reduce customer purchases and our ability to earn income from sharing in the profits of the programs.

Constraints in the banking and capital markets or our vendor credit terms may have a material adverse impact on our liquidity.

We need sufficient sources of liquidity to fund our working capital requirements, service our outstanding indebtedness and finance business opportunities. Without sufficient liquidity, we could be forced to curtail our operations, or we may not be able to pursue business opportunities. The principal sources of our liquidity are funds generated from operating activities, available cash and cash equivalents, short-term investments, credit facilities, other debt arrangements and trade payables. Our liquidity could be materially adversely impacted if our vendors reduce payment terms and/or impose tighter credit limits. If our sources of liquidity do not satisfy our requirements, we may need to seek additional financing. We typically hold material balances of cash, cash equivalents and/or short-term investments and are therefore reliant on banks and other financial institutions to safeguard and allow ready access to these assets. Our future liquidity will depend on a variety of factors, such as economic and market conditions, the regulatory environment and financial stability of banks and other financial institutions, the availability of credit, our credit ratings and our reputation with potential lenders. These factors could have a material adverse effect on our costs of borrowing and our ability to pursue business opportunities and threaten our ability to meet our obligations as they become due.

Changes in our credit ratings may limit our access to capital and materially increase our borrowing costs.

Any future downgrades to our credit ratings and outlook could negatively impact the perception of our credit risk and thus our access to capital markets, borrowing costs, vendor terms and lease terms. Our credit ratings are based upon information furnished by us or obtained by a rating agency from its own sources and are subject to revision, suspension or withdrawal by one or more rating agencies at any time. Rating agencies may change the ratings assigned to us due to developments that are beyond our control, including the introduction of new rating practices and methodologies.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity.

We rely heavily on information technology systems to operate and manage all key aspects of our business. We also process substantial volumes of confidential business information and sensitive consumer and employee personal information, which if impacted by cyber threats, could result in financial and reputational harms and regulatory sanction. We have developed and implemented, and update on an ongoing basis, a risk-based information security program designed to identify, assess and manage material risks from cybersecurity threats.

Cybersecurity Risk Management and Strategy

Our information security program comprises administrative, technical and physical safeguards designed, under a risk-based approach, to reasonably mitigate cybersecurity risks to the confidentiality, integrity or availability of our information systems and information. These include safeguards designed to oversee service-provider relationships in a manner consistent with the risks presented by the engagement and use of the service provider.

The program deploys multiple layers of controls designed to identify, protect against, detect, respond to and recover from information security and cybersecurity incidents and our Cyber Security Incident Response Team, which is part of our Enterprise Information Protection ("EIP") organization, plays a core role in detecting, mitigating and remediating cybersecurity incidents. Based on the nature and severity of the incident, our response is to be guided by documented incident response plans. These plans outline steps to be followed, functional areas to be engaged, internal escalations to be pursued (which may include, as appropriate, senior management, executive management and the Board) and stakeholders to be notified.

Third parties also play a role in our cybersecurity. We engage third parties for advice and support in the design and implementation of certain program elements and leverage third-party tools to help identify and mitigate cybersecurity risks. Certain specific, defined components of our technology environment are assessed by third-party auditors with a view to align with industry standards such as, for example, the Payment Card Industry Data Security Standards.

We also periodically retain outside expertise to conduct a maturity assessment of our program against industry standards and participants. Our program is informed by industry standards such as, for example, the National Institute of Standards and Technology's Cybersecurity Framework ("NIST CSF"), but this does not imply that we meet all technical standards, specifications or requirements under the NIST CSF, NIST CSF 2.0 or other sources.

We have combatted cybersecurity threats in the normal course of business, but prior cybersecurity incidents have not materially affected, and do not appear likely to materially affect, our operations, business strategy, results of operations or financial condition. However, our Enterprise Risk Management program has recognized that we face ongoing risks from cybersecurity threats that, if not successfully prevented or mitigated, could materially affect us, including our operations, business strategy, results of operations or financial condition. For additional information on such risks, see Item 1A, *Risk Factors,* of this Annual Report on Form 10-K.

Cybersecurity Governance

Our Board, with oversight by the Audit Committee, oversees management's processes for identifying and mitigating cybersecurity risks. Executive management including our Chief Information Security Officer ("CISO"), who reports to our Chief Legal & Risk Officer, update the Audit Committee on our cybersecurity posture no less frequently than quarterly and periodically update the full Board.

Our EIP organization, led by our CISO, is responsible for the design and implementation of our information security program. Our current CISO has been with the company for more than ten years—serving as our CISO for nearly nine years—and has extensive cybersecurity experience through leadership and consulting roles. His current leadership team has over 100 years of combined cybersecurity experience. These and other EIP team members work closely with stakeholders across the company to implement the program's policies, standards and processes. They also help ensure awareness that securing customer information and honoring our privacy promises are core employee obligations, as highlighted in our Code of Ethics and reinforced through our Valuable Information Protection training program.

Item 2. Properties.

Domestic Stores

The location and total square footage of our Domestic segment stores at the end of fiscal 2026 were as follows:

	U.S. Stores[1]		U.S. Stores[1]
Alabama	11	Nebraska	4
Alaska	2	Nevada	9
Arizona	19	New Hampshire	6
Arkansas	7	New Jersey	25
California	127	New Mexico	5
Colorado	20	New York	41
Connecticut	9	North Carolina	30
Delaware	3	North Dakota	4
District of Columbia	1	Ohio	32
Florida	59	Oklahoma	12
Georgia	28	Oregon	11
Hawaii	2	Pennsylvania	32
Idaho	5	Puerto Rico	2
Illinois	36	Rhode Island	1
Indiana	22	South Carolina	13
Iowa	10	South Dakota	2
Kansas	7	Tennessee	13
Kentucky	9	Texas	98
Louisiana	15	Utah	9
Maine	3	Vermont	1
Maryland	17	Virginia	28
Massachusetts	20	Washington	20
Michigan	27	West Virginia	6
Minnesota	16	Wisconsin	21
Mississippi	7	Wyoming	1
Missouri	14	**Total Domestic store count**	**926**
Montana	4	Square footage (in thousands)	35,954

(1) Includes 20 Pacific Sales stores, 18 Outlet Centers and 2 Yardbird stores.

International Stores

The location and total square footage of our International segment stores at the end of fiscal 2026 were as follows:

	Canada Stores[1]
Alberta	23
British Columbia	25
Manitoba	4
New Brunswick	3
Newfoundland	1
Nova Scotia	3
Ontario	56
Prince Edward Island	1
Quebec	23
Saskatchewan	3
Total International store count	**142**
Square footage (in thousands)	3,575

(1) Includes 12 Best Buy Mobile stand-alone stores.

Ownership Status

The ownership status of our stores by segment at the end of fiscal 2026 was as follows:

	Leased Locations	Owned Locations	Owned Buildings and Leased Land
Domestic	871	23	32
International	135	3	4

Distribution

The ownership status and total square footage of space utilized for distribution by segment at the end of fiscal 2026 were as follows:

	Square Footage (in thousands)	
	Leased Locations	Owned Locations
Domestic	15,416	3,168
International	1,418	-

Other Properties

We own our corporate headquarters buildings located in Richfield, Minnesota. We also lease additional office space to support and carry out our business operations.

Item 3. Legal Proceedings.

For additional information regarding our legal proceedings, see Note 12, *Contingencies and Commitments*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

Information about our Executive Officers
(As of March 18, 2026)

Name	Age	Position with the Company	Years with the Company
Corie S. Barry	50	Chief Executive Officer	26
Matt Bilunas	53	Senior Executive Vice President, Chief Financial Officer and Enterprise Strategy	20
Jason Bonfig	49	Senior Executive Vice President, Customer Offering, Fulfillment and Best Buy Canada	27
Todd G. Hartman	59	Executive Vice President, Chief Legal and Risk Officer and Secretary	20
Kamy Scarlett	62	Senior Executive Vice President, Corporate Affairs and Human Resources	12
Mathew R. Watson	55	Senior Vice President, Controller and Chief Accounting Officer	20

Corie S. Barry is our Chief Executive Officer ("CEO"). She also serves on the company's board of directors. Prior to becoming CEO in June 2019, she was the company's chief financial officer and chief strategic transformation officer, overseeing strategic transformation and growth, digital and technology, global finance, investor relations, enterprise risk and compliance, integration management and Best Buy Health. In that role, she also played a critical role in developing and executing the company's Building the New Blue growth strategy and related transformation. Ms. Barry joined Best Buy in 1999 and has held a variety of financial and operational roles across the organization, both in the field and at corporate. She became the chief financial officer in 2016 and prior to that served as the company's chief strategic growth officer and the interim leader of Best Buy's services organization from 2015 until 2016. She also served as senior vice president of domestic finance from 2013 to 2015; vice president, chief financial officer and business development of our home business group from 2012 to 2013; and vice president, finance of the home customer solutions group from 2010 to 2012. Prior to Best Buy, Ms. Barry worked at Deloitte & Touche LLP. Additionally, she has served on the board of directors for Domino's Pizza Inc. since July 2018 and serves on the board of trustees for the College of St. Benedict and the University of St. John's. She also serves on the executive committees for the Business Council and the Minnesota Business Partnership, and serves as the Chairwoman of the Retail Industry Leaders Association.

Matt Bilunas is our Senior Executive Vice President, Chief Financial Officer ("CFO") and Enterprise Strategy. In this role, he is responsible for overseeing all aspects of global finance, inclusive of audit, procurement and financial services, as well as enterprise strategy, retail operations and real estate. Since joining Best Buy in 2006, Mr. Bilunas has served in a variety of financial leadership roles, both in the field and at corporate. He started as a territory finance director in Los Angeles and has worked in the company's domestic and international businesses. Prior to becoming CFO in 2019, he was senior vice president of enterprise and merchandise finance from 2017 to 2019; vice president, finance for category, e-commerce and marketing from 2015 to 2017; and vice president, category finance from 2014 to 2015. He also has held finance roles in retail, e-commerce and marketing. Before Best Buy, he worked at Carlson Inc., NRG Energy Inc., Bandag Inc. and KPMG. Mr. Bilunas serves on the board of Genesco, Inc.

Jason Bonfig is our Senior Executive Vice President of Customer Offering, Fulfillment and Best Buy Canada. In this role, he oversees all elements of merchandising, e-commerce, supply chain and marketing, including Best Buy's retail media network, Best Buy Ads. He also oversees the Best Buy Canada business and leads the company's Exclusive Brands private-label team. Mr. Bonfig has served in merchant roles for the company for over 20 years, working in and leading some of the most complex product categories. Prior to his current role, Mr. Bonfig served in the positions of chief category officer – computing, mobile, gaming, exclusive brands, printing, wearables and accessories from 2018 to 2019; and senior vice president – computing, mobile, tablets, wearables, printing and accessories from 2014 to 2018. Mr. Bonfig has also held merchant-related roles since joining the company in 1999.

Todd G. Hartman is our Executive Vice President, Chief Legal and Risk Officer and Secretary. In this role, he is responsible for the company's legal activities and its global risk and compliance program. He also serves as corporate secretary. Mr. Hartman joined Best Buy in 2006. He most recently served as chief risk and compliance officer, overseeing enterprise data security, customer data privacy, enterprise risk management, global security, business continuity/disaster recovery, internal investigations, crisis response management and compliance and ethics from 2017 to 2019. He continues to lead the risk functions in his current role. Mr. Hartman previously was Best Buy's deputy general counsel from 2011 to 2017. Before that, he served as the company's chief compliance officer and vice president of strategic alliances. Prior to joining Best Buy, Mr. Hartman was a partner at Minneapolis law firm Robins Kaplan. A Minnesota native, he worked for several years as a telecommunications and technology attorney in Washington, D.C., before returning to Minneapolis. Mr. Hartman sits on the advisory board of Markaaz, Inc. He serves on the boards of the Guthrie Theatre, the Retail Litigation Center, Equal Justice Works and Project Success. He is also an adjunct faculty member at the University of Minnesota Law School.

Kamy Scarlett is our Senior Executive Vice President of Corporate Affairs and Human Resources. In this role, she oversees talent development and the health and well-being of our employees worldwide, communications and public affairs. She was appointed executive vice president, human resources in 2017. She also assumed responsibility for communications and public affairs in 2023. She previously had responsibility for Best Buy Canada from 2021 to 2024, with oversight and responsibility for Canadian business performance. She served as our president of U.S. retail stores from 2019 until 2020 and was responsible for the execution and operation of all domestic Best Buy store locations. Ms. Scarlett joined Best Buy in 2014 as senior vice president of retail and chief human resources officer for Best Buy Canada, serving in that role until 2017. She has served in a variety of retail, operations, marketing and human resources leadership roles since beginning her career in retail more than 30 years ago. Prior to joining Best Buy, Ms. Scarlett was the chief operating officer from 2012 to 2014 at Grafton-Fraser Inc., a leading Canadian retailer of men's apparel. She also previously held leadership roles at Loblaw Cos., Hudson's Bay Co. and Dylex Inc. Ms. Scarlett has served on the board of Dollar General Corporation since August 2024 and previously served on the board of Floor & Décor.

Mathew R. Watson was appointed our Senior Vice President, Controller and Chief Accounting Officer in 2017. He previously served as our vice president, controller and chief accounting officer from 2015 until his current role. Mr. Watson is responsible for our controllership, financial operations and external reporting functions. Mr. Watson served in the role of vice president, finance - controller from 2014 to 2015. Prior to that role, he was vice president - finance, domestic controller from 2013 to 2014. Mr. Watson was also senior director, external reporting and corporate accounting from 2010 to 2013 and director, external reporting and corporate accounting beginning in 2007. Prior to joining Best Buy in 2005, Mr. Watson worked at KPMG from 1995 to 2005. He serves on the board of directors of the Best Buy Foundation.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information and Dividends

Our common stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol BBY. In fiscal 2004, our Board of Directors ("Board") initiated the payment of a regular quarterly cash dividend with respect to shares of our common stock. A quarterly cash dividend has been paid in each subsequent quarter. On March 3, 2026, we announced the Board's approval of a 1% increase in the regularly quarterly cash dividend to $0.96 per share. Future dividend payments will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our Board.

Holders

As of March 16, 2026, there were 1,769 holders of record of our common stock.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On February 28, 2022, our Board approved a $5.0 billion share repurchase authorization. There is no expiration date governing the period over which we can repurchase shares under this authorization. During fiscal 2026, we repurchased and retired 4.0 million shares at a cost of $273 million. For additional information, see "Share Repurchases and Dividends" in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and Note 8, *Shareholders' Equity*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Information regarding our repurchases of common stock during the fourth quarter of fiscal 2026 was as follows:

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
Nov. 2, 2025 through Nov. 29, 2025	462,754	$ 76.96	462,754	$ 3,047,000,000
Nov. 30, 2025 through Jan. 3, 2026	498,167	$ 73.40	498,167	$ 3,011,000,000
Jan. 4, 2026 through Jan. 31, 2026	-	$ -	-	$ 3,011,000,000
Total fiscal 2026 fourth quarter	960,921	$ 75.11	960,921	$ 3,011,000,000

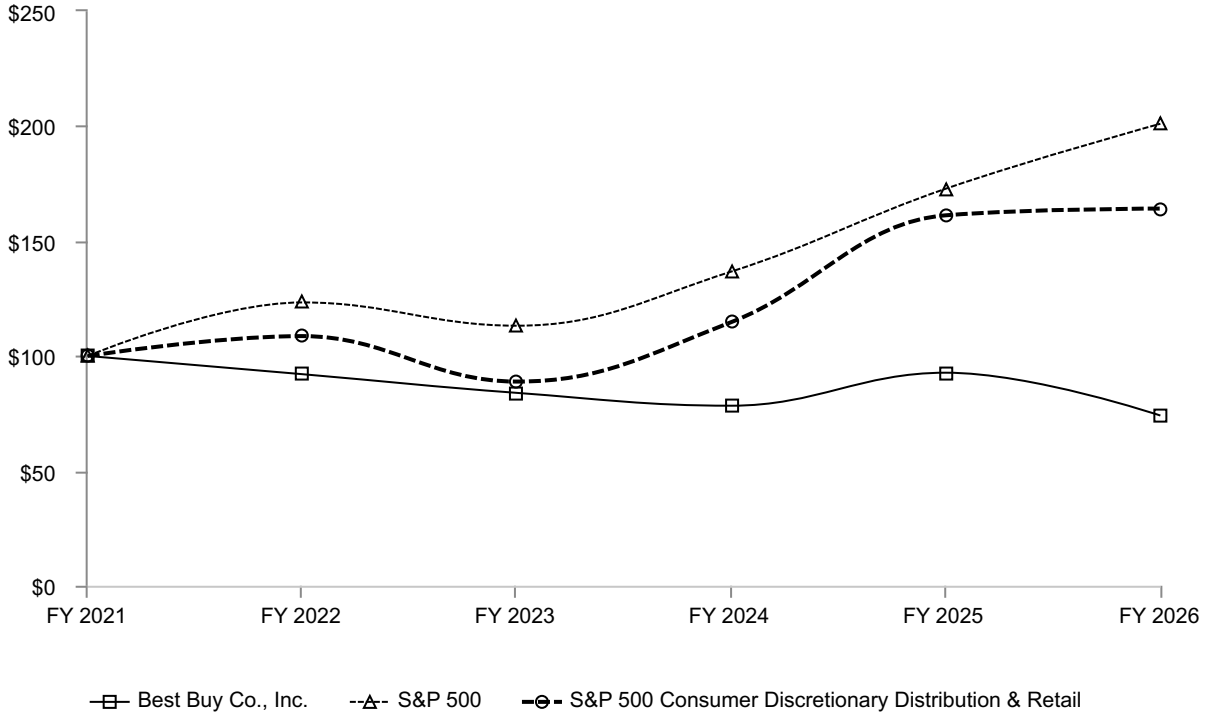
Best Buy Stock Comparative Performance Graph

The information contained in this Best Buy Stock Comparative Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.

The graph below compares the cumulative total shareholder return on our common stock for the last five fiscal years with the cumulative total return on the Standard & Poor's ("S&P") 500 Index ("S&P 500"), of which we are a component, and the S&P 500 Consumer Discretionary Distribution & Retail Index, of which we are also a component. The S&P 500 Consumer Discretionary Distribution & Retail Index is a capitalization-weighted index of domestic equities traded on the NYSE and NASDAQ and includes high-capitalization stocks representing the retail sector of the S&P 500.

The graph assumes an investment of $100 at the close of trading on January 30, 2021, the last trading day of fiscal 2021, in our common stock, the S&P 500 and the S&P 500 Consumer Discretionary Distribution & Retail Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Best Buy Co., Inc., the S&P 500
and the S&P 500 Consumer Discretionary Distribution & Retail Index



Fiscal Years Ended	January 30, 2021	January 29, 2022	January 28, 2023	February 3, 2024	February 1, 2025	January 31, 2026
Best Buy Co., Inc.	$ 100.00	$ 92.07	$ 83.94	$ 78.35	$ 92.71	$ 74.07
S&P 500	$ 100.00	$ 123.29	$ 113.16	$ 136.72	$ 172.78	$ 201.03
S&P 500 Consumer Discretionary Distribution & Retail	$ 100.00	$ 108.64	$ 88.85	$ 114.73	$ 161.20	$ 164.12

* Cumulative total return assumes dividend reinvestment.
Source: Research Data Group, Inc.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 the Consolidated Financial Statements and related Notes included in Item 8, *Financial Statements and Supplementary Data,* of this Annual Report on Form 10-K. Refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Form 10-K for the fiscal year ended February 1, 2025, for discussion of the results of operations for the year ended February 1, 2025, compared to the year ended February 3, 2024, which is incorporated by reference herein.

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 tech expertise 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, and includes the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Essentials, Best Buy Health, Best Buy Marketplace, Geek Squad, Imagine That, Insignia, Lively, Jitterbug, My Best Buy, My Best Buy Memberships, Pacific Kitchen and Home, TechLiquidators and Yardbird; and the domain names bestbuy.com, lively.com, techliquidators.com and yardbird.com. Our International segment is comprised of all operations in Canada under the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Express, Best Buy Marketplace, Best Buy Mobile, Geek Squad, Insignia and TechLiquidators and the domain names bestbuy.ca and techliquidators.ca.

Our fiscal year ends on the Saturday nearest the end of January. Fiscal 2026, fiscal 2025 and fiscal 2024 ended on January 31, 2026, February 1, 2025, and February 3, 2024, respectively. Fiscal 2026 and fiscal 2025 each included 52 weeks. Fiscal 2024 included 53 weeks with the 53rd week occurring in the fiscal fourth quarter. Unless otherwise noted, references to years within the MD&A section of this report relate to fiscal years, not calendar years. 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 and digital offerings 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 operating for at least 14 full months; sales initiated on a website, app or virtual store; advertising revenue; commercial sales; credit card revenue; gift card breakage; marketplace commission revenue; and sales of merchandise to wholesalers and dealers. 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 excludes 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) until at least 14 full months after reopening; the impact of certain periodic warranty-related profit-share revenue; the effect of fluctuations in foreign currency exchange rates (applicable to our International segment only); and the impact of the 53rd week (applicable in 53-week fiscal years only). Comparable sales is based on our fiscal calendar and is not adjusted to align calendar weeks. All periods presented apply this methodology consistently.

Comparable online sales is a subset of comparable sales related to our digital offerings and includes sales initiated on a website, app or virtual store; advertising revenue and marketplace commission revenue.

We believe comparable sales is a meaningful supplemental metric for investors to evaluate revenue performance resulting from growth in existing stores and digital offerings 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 non-GAAP financial measures, such as consolidated adjusted selling, general and administrative expenses ("SG&A"), consolidated adjusted SG&A rate, consolidated adjusted operating income, consolidated adjusted operating income rate, consolidated adjusted effective tax rate and consolidated adjusted diluted earnings per share ("EPS"). We believe that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, provide additional useful information for evaluating current period performance and assessing future performance. For these reasons, internal management reporting, including budgets, forecasts and financial targets used for short-term incentives are based on non-GAAP financial measures. Generally, our non-GAAP financial measures include adjustments for items such as restructuring charges, goodwill and acquired intangible asset impairments, certain long-lived asset impairments, price-fixing settlements, gains and losses on disposals of subsidiaries and certain investments, amortization of definite-lived intangible assets associated with acquisitions, 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 consolidated adjusted SG&A, consolidated adjusted operating income, consolidated adjusted effective tax rate and consolidated adjusted diluted EPS in the presented periods.

Business Strategy Update

Our multi-year strategy remains consistent, which is to strengthen our position in retail as a leading omnichannel destination for technology, while at the same time scaling new profit streams. Our fiscal 2027 priorities and resource allocation philosophy also remain consistent as we build upon the momentum from fiscal 2026. Those priorities are:

Drive omni-channel experiences that resonate with customers

Starting with our digital experiences, we have already activated on ways to bring our products to life through artificial intelligence ("AI") platforms, which will continue to grow during fiscal 2027. We are also partnering with various platform providers to create a more seamless agentic shopping journey, making it easier for customers to both find and purchase directly from our product catalog. Other fiscal 2027 digital priorities include strengthening customer recognition and personalization, increasing customer adoption and engagement with the Best Buy App and driving digital conversion for categories like major appliances and home theater.

In our physical stores, we are continuing to improve the customer experience while also using our space more effectively – often in partnership with our vendors. From a store labor perspective, we will focus on enhancements and optimization, building on the significant operating model changes we have made in recent years that were designed to provide the experience our customers expect in the most efficient way possible.

Scaling Best Buy Ads and Best Buy Marketplace

In recent years, our retail media network, Best Buy Ads, has primarily served our merchandise vendors. In fiscal 2027, we anticipate continuing to grow Best Buy Ads through existing advertisers as well as other areas of opportunity, including advertising agencies and demand-side platforms. In order to support this growth, we are investing in our technology capabilities, marketing and headcount across our sales, operations and technology teams.

During fiscal 2026, we launched Best Buy Marketplace within our Domestic segment, which we believe will complement our existing product assortment with access to a broader range of products offered by marketplace sellers. We believe this will unlock potential new commission and advertising revenue, without requiring inventory investment. In fiscal 2027, we plan to continue to expand our third-party seller count, while investing in technology, advertising and our marketplace team to support future growth.

Drive efficiencies and identify cost reductions that are crucial to helping to fund investment capacity and offset pressure in our business

In fiscal 2027, we will continue to prioritize our longstanding commitment to operational efficiency by identifying cost reductions and other savings to help fund investment capacity for new and existing initiatives and offset financial pressures facing our business.

Tariffs

During fiscal 2026, U.S. tariffs were imposed under the International Emergency Economic Powers Act (the "IEEPA") that applied to certain imported private-label branded and direct import products that we sold during the year or held in inventory as of the end of the fiscal year. While we directly import approximately 1% to 3% of our overall assortment, our supply chain is highly dependent on vendor imports, including product sourced from China, Mexico and Southeast Asia.

On February 20, 2026, the U.S. Supreme Court ruled that tariffs imposed under the IEEPA were unauthorized. The ruling did not address potential refunds. Following the ruling, various actions and proceedings have occurred involving U.S. trade authorities and the U.S. Court of International Trade relating to the administration, collection and potential refund of tariffs imposed under the IEEPA. The outcome of these actions, including the timing, process and ultimate recoverability of any refunds, remains uncertain.

In addition, subsequent to the U.S. Supreme Court's ruling, the U.S. government has initiated further actions under existing trade authorities to evaluate foreign trade practices, which could result in the imposition of additional tariffs or other trade measures. We will continue to evaluate the potential effects of these developments on our financial position, results of operations and cash flows. For additional information regarding tariff-related risks, see Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

Results of Operations

Consolidated Results

In fiscal 2026, our comparable sales returned to growth and we stabilized our market share position while navigating a complex and often evolving tariff situation. We launched and began to scale Best Buy Marketplace within our Domestic segment and grew our retail media network, Best Buy Ads. We believe we were able to both make investments in our strategic initiatives and expand our operating margin through a combination of disciplined expense management and efficiency optimization efforts.

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

	2026	2025	2024
Revenue	$ 41,691	$ 41,528	$ 43,452
Revenue % change	0.4 %	(4.4)%	(6.1)%
Comparable sales % change	0.5 %	(2.3)%	(6.8)%
Gross profit	$ 9,373	$ 9,385	$ 9,603
Gross profit as a % of revenue[1]	22.5 %	22.6 %	22.1 %
SG&A	$ 7,623	$ 7,651	$ 7,876
SG&A as a % of revenue[1]	18.3 %	18.4 %	18.1 %
Restructuring charges	$ 190	$ (3)	$ 153
Goodwill and intangible asset impairments	$ 171	$ 475	$ -
Operating income	$ 1,389	$ 1,262	$ 1,574
Operating income as a % of revenue	3.3 %	3.0 %	3.6 %
Net earnings	$ 1,069	$ 927	$ 1,241
Diluted EPS	$ 5.04	$ 4.28	$ 5.68

(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 Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

In fiscal 2026, we generated $41.7 billion in revenue, compared to $41.5 billion in fiscal 2025, and our comparable sales grew 0.5%, primarily driven by comparable sales growth in computing and mobile phones, partially offset by comparable sales declines in home theater and appliances. The comparable sales growth was due to a mix of new technology innovation, our continued focus on omni-channel customer experience and strong vendor partnerships.

Restructuring charges in fiscal 2026 were primarily related to a labor and store optimization restructuring initiative that commenced in the second quarter of fiscal 2026 and a restructuring initiative focused on optimizing our Best Buy Health business that commenced in the first quarter of fiscal 2026. Refer to Note 2, *Restructuring*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional information.

Goodwill and intangible asset impairments in fiscal 2026 were related to Best Buy Health. A change in Best Buy Health's customer base during the third quarter of fiscal 2026 resulted in an impairment review of all Best Buy Health assets. The impairments reflect downward revisions of our revenue growth rates and margin rates compared to previous projections, in part due to pressures in the Medicaid and Medicare Advantage markets. Refer to Note 3, *Goodwill and Intangible Assets*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional information.

Operating income rate increased in fiscal 2026, primarily due to lower goodwill and intangible asset impairments, partially offset by higher restructuring charges.

Diluted EPS increased in fiscal 2026, primarily due to higher net earnings driven by lower goodwill and intangible asset impairments, partially offset by higher restructuring charges.

In fiscal 2026, revenue changes were primarily driven by our International segment, and operating income rate changes were primarily driven by our Domestic segment. Gross profit rate and SG&A rate changes in fiscal 2026 were driven by both of our segments. For further discussion of our Domestic and International segments, see *Segment Performance Summary*, below.

Store Summary

Stores open by segment were as follows:

	January 31, 2026	February 1, 2025	February 3, 2024
Best Buy	886	891	901
Outlet Centers	18	25	22
Pacific Sales	20	20	20
Yardbird	2	21	22
Total Domestic stores	926	957	965
Canada Best Buy stores	130	129	128
Canada Best Buy Mobile stand-alone stores	12	31	32
Total International stores[1]	142	160	160
Total stores	1,068	1,117	1,125

(1) Excludes Best Buy Express stores leased by Bell Canada.

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 increase our Domestic segment Best Buy store count by approximately 4 stores by the end of fiscal 2027.

In fiscal 2026, we closed select non-traditional Domestic and International store locations in conjunction with our restructuring initiative that commenced in the second quarter of fiscal 2026, with additional closures expected in fiscal 2027. See Note 2, *Restructuring*, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for additional information.

Income Tax Expense

Income tax expense decreased to $337 million in fiscal 2026 compared to $372 million in fiscal 2025. Our effective tax rate decreased to 24.0% in fiscal 2026 compared to 28.7% in fiscal 2025. The decreases were primarily due to the tax impacts of the restructuring charges and the associated exit of a component of our Best Buy Health business, as well as certain expenses that were not deductible in the prior year. The decrease in income tax expense was partially offset by the impact of increased pre-tax earnings. See Note 2, *Restructuring*, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for additional information.

Segment Performance Summary

Domestic Segment

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

	2026	2025	2024
Revenue	$ 38,278	$ 38,238	$ 40,097
Revenue % change	0.1 %	(4.6)%	(6.3)%
Comparable sales % change[1]	0.4 %	(2.5)%	(7.1)%
Gross profit	$ 8,636	$ 8,647	$ 8,850
Gross profit as a % of revenue	22.6 %	22.6 %	22.1 %
Adjusted SG&A[2]	$ 6,966	$ 7,000	$ 7,175
Adjusted SG&A as a % of revenue[3]	18.2 %	18.3 %	17.9 %
Adjusted operating income[2]	$ 1,670	$ 1,647	$ 1,675
Adjusted operating income as a % of revenue[4]	4.4 %	4.3 %	4.2 %
Selected Online Revenue Data			
Total online revenue	$ 13,166	$ 12,994	$ 13,102
Online revenue as a % of total segment revenue	34.4 %	34.0 %	32.7 %
Comparable online sales % change[1]	1.3 %	(0.8)%	(7.8)%

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

(2) Represents segment Adjusted SG&A and segment Adjusted operating income as reported in accordance with Accounting Standards Codification ("ASC") 280, *Segment Reporting*.

(3) Adjusted SG&A as a % of revenue is calculated as Domestic segment Adjusted SG&A divided by Domestic segment Revenue.

(4) Adjusted operating income as a % of revenue is calculated as Domestic segment Adjusted operating income divided by Domestic segment Revenue.

Domestic segment revenue increased slightly in fiscal 2026, primarily driven by comparable sales growth in computing, gaming and mobile phones, mostly offset by comparable sales declines in home theater and appliances. Online revenue of $13.2 billion increased 1.3% on a comparable basis in fiscal 2026.

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

	Revenue Mix		Comparable Sales	
	2026	2025	2026	2025
Computing and Mobile Phones	47 %	45 %	5.7 %	3.4 %
Consumer Electronics	28 %	29 %	(5.4)%	(5.2)%
Appliances	11 %	12 %	(8.9)%	(14.8)%
Entertainment	7 %	7 %	6.8 %	(11.9)%
Services	6 %	6 %	1.0 %	8.4 %
Other	1 %	1 %	(6.3)%	15.9 %
Total	100 %	100 %	0.4 %	(2.5)%

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 5.7% comparable sales growth was driven primarily by laptops, mobile phones and desktops.
- **Consumer Electronics:** The 5.4% comparable sales decline was driven primarily by home theater.
- **Appliances:** The 8.9% comparable sales decline was driven primarily by large appliances.
- **Entertainment:** The 6.8% comparable sales growth was driven primarily by gaming, partially offset by a comparable sales decline in drones.
- **Services:** The 1.0% comparable sales growth was driven primarily by Best Buy Marketplace and Best Buy Ads, partially offset by a comparable sales decline in our Best Buy Health service offerings.

Domestic segment gross profit rate remained effectively unchanged in fiscal 2026, primarily due to lower product margin rates, mostly offset by rate improvement within the services category and growth in Best Buy Ads.

Domestic segment adjusted SG&A decreased slightly in fiscal 2026, primarily due to lower Best Buy Health expenses, lower depreciation and favorable fiscal 2026 indirect tax resolutions, mostly offset by increased expenses in support of our Best Buy Ads and Best Buy Marketplace initiatives, including higher advertising and employee compensation expenses.

Domestic segment adjusted operating income rate increased slightly in fiscal 2026, primarily due to a favorable adjusted SG&A rate.

International Segment

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

	2026	2025	2024
Revenue	$ 3,413	$ 3,290	$ 3,355
Revenue % change	3.7 %	(1.9)%	(4.3)%
Comparable sales % change	2.3 %	(0.5)%	(3.2)%
Gross profit	$ 737	$ 738	$ 753
Gross profit as a % of revenue	21.6 %	22.4 %	22.4 %
Adjusted SG&A[(1)]	$ 622	$ 630	$ 640
Adjusted SG&A as a % of revenue[(2)]	18.2 %	19.1 %	19.1 %
Adjusted operating income[(1)]	$ 115	$ 108	$ 113
Adjusted operating income as a % of revenue[(3)]	3.4 %	3.3 %	3.4 %

(1) Represents segment Adjusted SG&A and segment Adjusted operating income in accordance with ASC 280, *Segment Reporting*.

(2) Adjusted SG&A as a % of revenue is calculated as International segment Adjusted SG&A divided by International segment Revenue.

(3) Adjusted operating income as a % of revenue is calculated as International segment Adjusted operating income divided by International segment Revenue.

International segment revenue increased in fiscal 2026, primarily driven by revenue from Best Buy Express locations excluded from comparable sales and comparable sales growth primarily driven by computing and mobile phones, partially offset by the negative impact of foreign exchange rates.

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

	Revenue Mix		Comparable Sales	
	2026	2025	2026	2025
Computing and Mobile Phones	49 %	48 %	5.5 %	3.4 %
Consumer Electronics	27 %	28 %	(0.1)%	(3.3)%
Appliances	9 %	10 %	(5.1)%	(0.9)%
Entertainment	8 %	8 %	(0.6)%	(13.3)%
Services	6 %	5 %	5.2 %	5.3 %
Other	1 %	1 %	(6.3)%	(11.0)%
Total	100 %	100 %	2.3 %	0.5 %

Notable comparable sales changes by revenue category were as follows:

- **Computing and Mobile Phones:** The 5.5% comparable sales growth was driven primarily by computing and mobile phones.
- **Consumer Electronics:** The 0.1% comparable sales decline was driven primarily by home theater and smart home, partially offset by comparable sales growth in digital imaging and health and fitness.
- **Appliances:** The 5.1% comparable sales decline was driven by small and large appliances.
- **Entertainment:** The 0.6% comparable sales decline was driven primarily by virtual reality and drones, partially offset by comparable sales growth in gaming.
- **Services:** The 5.2% comparable sales growth was driven primarily by growth in marketplace and our membership programs.

International segment gross profit rate decreased in fiscal 2026, primarily due to lower product margin rates and unfavorable supply chain costs, partially offset by marketplace growth.

International segment adjusted SG&A decreased in fiscal 2026, primarily due to lower employee compensation expense, including incentive compensation, and the favorable impact of foreign exchange rates.

International segment adjusted operating income rate increased in fiscal 2026, primarily due to increased leverage from higher sales volumes, which resulted in a favorable adjusted SG&A rate, partially offset by an unfavorable gross profit rate.

Non-GAAP Financial Measures

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

	2026	2025	2024
SG&A	$ 7,623	$ 7,651	$ 7,876
% of revenue	*18.3 %*	*18.4 %*	*18.1 %*
Intangible asset amortization[1]	(14)	(21)	(61)
Long-lived asset impairment[2]	(21)	-	-
Adjusted SG&A	$ 7,588	$ 7,630	$ 7,815
% of revenue	*18.2 %*	*18.4 %*	*18.0 %*
Operating income	$ 1,389	$ 1,262	$ 1,574
% of revenue	*3.3 %*	*3.0 %*	*3.6 %*
Intangible asset amortization[1]	14	21	61
Long-lived asset impairment[2]	21	-	-
Restructuring charges[3]	190	(3)	153
Goodwill and intangible asset impairments[2]	171	475	-
Adjusted operating income	$ 1,785	$ 1,755	$ 1,788
% of revenue	*4.3 %*	*4.2 %*	*4.1 %*
Effective tax rate	24.0 %	28.7 %	23.5 %
Intangible asset amortization[1]	(0.1)%	(0.6)%	0.1 %
Long-lived asset impairment[2]	(0.2)%	- %	- %
Restructuring charges[3]	1.5 %	0.1 %	0.2 %
Goodwill and intangible asset impairments[2]	(0.4)%	(4.9)%	- %
Adjusted effective tax rate	24.8 %	23.3 %	23.8 %
Diluted EPS	$ 5.04	$ 4.28	$ 5.68
Intangible asset amortization[1]	0.07	0.10	0.28
Long-lived asset impairment[2]	0.10	-	-
Restructuring charges[3]	0.90	(0.01)	0.70
Goodwill and intangible asset impairments[2]	0.81	2.19	-
(Gain) loss on disposal of subsidiaries[4]	0.03	-	(0.10)
Loss on investments, net	0.03	0.03	0.05
Income tax impact of non-GAAP adjustments[5]	(0.55)	(0.22)	(0.24)
Adjusted diluted EPS	$ 6.43	$ 6.37	$ 6.37

For additional information regarding the nature of charges discussed below, refer to Note 1, *Summary of Significant Accounting Policies*; Note 2, *Restructuring*; Note 3, *Goodwill and Intangible Assets*; Note 4, *Fair Value Measurements*; and Note 10, *Income Taxes*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

(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 incurred related to Best Buy Health, comprised of non-cash impairments of goodwill, intangible assets and certain long-lived assets.

(3) Charges in fiscal 2026 primarily related to a labor and store optimization restructuring initiative that commenced in the second quarter of fiscal 2026 and a restructuring initiative within the company's Best Buy Health business that commenced in the first quarter of fiscal 2026. Charges in fiscal 2024 primarily related to an enterprise-wide restructuring initiative that commenced in the fourth quarter of fiscal 2024.

(4) Primarily represents charges incurred related to the exit of a component of our Best Buy Health business in fiscal 2026 and the disposal of a Mexico subsidiary in fiscal 2024.

(5) The non-GAAP adjustments primarily relate to the U.S. As such, the income tax on a portion of the U.S. non-GAAP adjustments is calculated using the statutory tax rate of 24.5%. There is no income tax for a portion of the U.S. non-GAAP adjustments, as there is no tax benefit on the expenses in the calculation of GAAP income tax expense.

Liquidity and Capital Resources

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

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

	January 31, 2026	February 1, 2025
Cash and cash equivalents	$ 1,738	$ 1,578

The increase in cash and cash equivalents in fiscal 2026 was primarily driven by positive operating cash flows from earnings. The increase was partially offset by dividend payments, capital expenditures and share repurchases.

Our cash deposits held at financial institutions may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit. We limit exposure relating to financial instruments by diversifying the financial instruments among various counterparties, which consist primarily of major financial institutions.

Cash Flows

Cash flows were as follows ($ in millions):

	2026	2025	2024
Total cash provided by (used in):			
Operating activities	$ 1,962	$ 2,098	$ 1,470
Investing activities	(730)	(704)	(781)
Financing activities	(1,083)	(1,309)	(1,144)
Effect of exchange rate changes on cash	6	(10)	(5)
Increase (decrease) in cash, cash equivalents and restricted cash	$ 155	$ 75	$ (460)

Operating Activities

The decrease in cash provided by operating activities in fiscal 2026 was primarily driven by cash outflows from accounts payable due to the timing of inventory purchases and payments. The decrease was partially offset by lower income tax payments and an increase in net earnings adjusted for non-cash items.

Investing Activities

The increase in cash used in investing activities in fiscal 2026 was primarily driven by the disposal of a component of our Best Buy Health business.

Financing Activities

The decrease in cash used in financing activities in fiscal 2026 was primarily driven by lower share repurchases.

Sources of Liquidity

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

On April 18, 2025, we entered into 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 replaced the previous $1.25 billion senior unsecured revolving credit facility (the “Previous Facility”), which was entered into April 2023 and scheduled to expire in April 2028, but was terminated on April 18, 2025. The Five-Year Facility Agreement permits borrowings of up to $1.25 billion and expires in April 2030. There were no borrowings outstanding under the Five-Year Facility Agreement as of January 31, 2026, or under the Previous Facility as of February 1, 2025.

The Five-Year Facility Agreement contains a covenant that requires the company to maintain a maximum quarterly cash flow leverage ratio. The Five-Year Facility Agreement contains customary default provisions, including, but not limited to, failure to pay interest or principal when due and failure to comply with covenants. As of January 31, 2026, we were in compliance with all covenants. If an event of default were to occur with respect to any of our other debt, it would likely constitute an event of default under the Five-Year Facility Agreement as well.

Our credit ratings and outlook as of March 16, 2026, remained unchanged from those disclosed in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025, and are summarized below.

Rating Agency	Rating	Outlook
S&P Global	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, but are not limited to, changes in our operating performance; the economic environment, regulatory and political environment; conditions in the retail and consumer electronics industries; our competitive standing within the industries we operate; 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 membership offerings and self-insurance liabilities. Restricted cash, which is included in Other current assets on our Consolidated Balance Sheets, was $285 million and $290 million as of January 31, 2026, and February 1, 2025, respectively. The decrease in restricted cash was primarily due to releases of product protection reserves based on claims and purchasing behaviors of customers participating in our membership offerings.

Capital Expenditures

Capital expenditures were as follows ($ in millions):

	2026	2025	2024
E-commerce and information technology	$ 463	$ 438	$ 496
Store-related projects[1]	200	230	278
Supply chain	41	38	21
Total capital expenditures	$ 704	$ 706	$ 795

(1) Store-related projects are primarily comprised of store remodels and various merchandising projects.

We currently expect capital expenditures in fiscal 2027 of approximately $750 million.

Debt and Capital

As of January 31, 2026, we had $500 million of principal amount of notes due October 1, 2028 (“2028 Notes”) and $650 million of principal amount of notes due October 1, 2030 ("2030 Notes"). Refer to Note 7, *Debt*, in the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional information about our outstanding debt.

Share Repurchases and Dividends

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

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

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

	2026	2025	2024
Total cost of shares repurchased	$ 273	$ 500	$ 340
Average price per share	$ 69.18	$ 86.42	$ 72.52
Total number of shares repurchased	4.0	5.8	4.7
Regular quarterly cash dividend per share	$ 3.80	$ 3.76	$ 3.68
Cash dividends declared and paid	$ 801	$ 807	$ 801

The total cost of shares repurchased decreased in fiscal 2026 due to decreases in the volume of repurchases and the average price per share.

Cash dividends declared and paid decreased in fiscal 2026, due to fewer shares outstanding, partially offset by an increase in the regular quarterly cash dividend per share.

Off-Balance-Sheet Arrangements and Contractual Obligations

We do not have outstanding off-balance-sheet arrangements. Contractual obligations as of January 31, 2026, were as follows ($ in millions):

		Payments Due by Period			
Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchase obligations[1]	$ 3,209	$ 2,393	$ 476	$ 127	$ 213
Operating lease obligations[2]	3,347	739	1,297	769	542
Long-term debt obligations[3]	1,150	-	500	650	-
Interest payments[4]	127	38	66	23	-
Finance lease obligations	36	12	16	6	2
Total	$ 7,869	$ 3,182	$ 2,355	$ 1,575	$ 757

For additional information regarding the nature of contractual obligations discussed below, refer to Note 5, *Derivative Instruments*; Note 6, *Leases*; Note 7, *Debt*; and Note 12, *Contingencies and Commitments*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

(1) Purchase obligations primarily include agreements to purchase goods or services that are enforceable, are legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations do not include agreements that are cancelable without penalty. Additionally, although they do not contain legally binding purchase commitments, we include open purchase orders in the table above. Substantially all open purchase orders are fulfilled within 30 days.

(2) Operating lease obligations exclude payments to landlords covering real estate taxes and common area maintenance. These charges, if included, would increase total operating lease obligations by $0.8 billion as of January 31, 2026. Operating lease obligations also exclude $22 million of legally binding fixed costs for leases signed but not yet commenced.

(3) Long-term debt obligations represent principal amounts only and exclude interest rate swap valuation adjustments.

(4) Interest payments related to our 2028 Notes and 2030 Notes include the variable interest rate payments included in our interest rate swaps.

Additionally, we have $1.25 billion in undrawn capacity on our Five-Year Facility Agreement as of January 31, 2026, which, if drawn upon, would be included in either short-term or long-term debt on our Consolidated Balance Sheets.

Critical Accounting Estimates

The preparation of our financial statements requires us to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors believed to be relevant at the time our consolidated financial statements are prepared. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K. We have not made any material changes to our accounting policies or methodologies during the past three fiscal years. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results. These estimates require our most difficult, subjective or complex judgments and generally incorporate significant uncertainty.

Vendor Allowances

Description
We receive funds from our merchandise vendors through a variety of programs and arrangements, primarily in the form of purchases-based or sales-based volumes and for product advertising and placement. We recognize vendor allowances based on purchases and sales as a reduction of cost of sales when the associated inventory is sold. Vendor allowances for advertising and placement are recognized as a reduction of cost of sales ratably over the corresponding performance period. Funds that are determined to be a reimbursement of specific, incremental and identifiable costs incurred to sell a vendor's products are recorded as an offset to the related expense within SG&A when incurred.

Judgments and uncertainties involved in the estimate
Due to the quantity and diverse nature of our vendor agreements, estimates are made to determine the amount of funding to be recognized in earnings or deferred as an offset to inventory. These estimates require a detailed analysis of complex factors, including proper classification of the type of funding received and the methodology to estimate the portion of purchases-based funding that should be recognized in cost of sales in each period, which considers factors such as inventory-turn by product category and actual sell-through of inventory.

Effect if actual results differ from assumptions
A 10% change in our vendor funding deferral as of January 31, 2026, would have affected net earnings by approximately $45 million in fiscal 2026. The level of vendor funding deferral has remained relatively stable over the last three fiscal years.

Goodwill

Description
Goodwill is evaluated for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate the carrying value may not be recoverable. The impairment test involves a comparison of the fair value of each reporting unit with its carrying value. Fair value reflects our estimate of the price a potential market participant would be willing to pay for the reporting unit in an arms-length transaction.

We have goodwill in two reporting units – Best Buy Domestic (comprising our core U.S. Best Buy business) and Best Buy Health – with carrying values of $492 million and $298 million, respectively, as of January 31, 2026.

Judgments and uncertainties involved in the estimate
Determining the fair value of a reporting unit requires complex analysis and judgment. We use a combination of discounted cash flow (“DCF”) analysis and market data, such as revenue multiples and quoted market prices, for observable comparable companies. DCF analysis requires detailed forecasts of cash flow drivers, such as revenue growth rates, margin rates and capital investments, and estimates of weighted-average cost of capital rates. These estimates incorporate many uncertain factors, such as the effectiveness of our strategy, changes in customer behavior, technological changes, competitor actions, regulatory changes and macroeconomic trends.

Effects if actual results differ from assumptions
For our Best Buy Domestic reporting unit, fair value is primarily derived from market data and exceeded carrying value by a substantial margin in fiscal 2026, fiscal 2025 and fiscal 2024. Barring a fundamental, material deterioration of macroeconomic factors, we believe the risk of future goodwill impairment within our Best Buy Domestic reporting unit is remote.

In the third quarter of fiscal 2026, we recorded a goodwill impairment of $118 million within the Domestic segment for the Best Buy Health reporting unit. A change in Best Buy Health’s customer base during the third quarter resulted in an impairment review of all Best Buy Health assets. The fair value of Best Buy Health was estimated primarily based on DCF analysis. The impairment reflects downward revisions of our revenue growth rates and margin rates compared to previous projections, in part due to pressures in the Medicaid and Medicare Advantage markets. No further impairment was identified in the fourth quarter of fiscal 2026.

Our Best Buy Health reporting unit is subject to a greater level of uncertainty compared to our Best Buy Domestic reporting unit, since it operates in a more uncertain environment. Factors that drive this uncertainty include macro-economic conditions, the regulatory environment, government funding programs, competitor actions, technology changes and other trends in the health and care sectors. Changes in any of these factors could lead to further lowering our expectations, which could result in further goodwill impairment.

Inventory Markdown

Description
We value our inventory at the lower of cost or net realizable value through the establishment of inventory markdown adjustments. Markdown adjustments reflect the excess of cost over the net recovery we expect to realize from the ultimate sale or other disposal of inventory and establish a new cost basis. No adjustment is recorded for inventory that we expect to return to our vendors for full credit.

Judgments and uncertainties involved in the estimate
Markdown adjustments involve uncertainty because the calculations require management to make assumptions and to apply judgment about the expected revenue and incremental costs we will generate for selling current inventory. Such estimates include the evaluation of historical recovery rates, as well as factors such as product type and condition, forecasted consumer demand, product lifecycles, promotional environment, regulatory actions, vendor return rights and the expected sales channel of ultimate disposition. We also apply judgment in the assumptions about other components of net realizable value, such as vendor allowances and selling costs.

Effect if actual results differ from assumptions
A 10% change in our markdown adjustment as of January 31, 2026, would have affected net earnings by approximately $9 million in fiscal 2026. The level of markdown adjustments has remained relatively stable over the last three fiscal years.

Tax Contingencies

Description
Our income tax returns are routinely examined by domestic and foreign tax authorities. Taxing authorities audit our tax filing positions, including the timing and amount of income and deductions and the allocation of income among various tax jurisdictions. At any one time, multiple tax years are subject to audit by the various taxing authorities. In evaluating the exposures associated with our various tax filing positions, we may record a liability for such exposures. A number of years may elapse before a particular matter, for which we have established a liability, is audited and fully resolved or clarified. We adjust our liability for unrecognized tax benefits and income tax provisions in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. Our effective income tax rate is also affected by changes in tax law, the tax jurisdiction of new stores or business ventures, the level of earnings and the results of tax audits.

Judgments and uncertainties involved in the estimate
Our liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and apply judgment to estimate the exposures associated with our various tax filing positions. Such assumptions can include complex and uncertain external factors, such as changes in tax law, interpretations of tax law and the timing of such changes, and uncertain internal factors such as taxable earnings by jurisdiction, the magnitude and timing of certain transactions and capital spending.

Effect if actual results differ from assumptions
To the extent we prevail in matters for which a liability has been established or are required to pay amounts in excess of our established liability, our effective income tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement generally would require use of our cash and may result in an increase in our effective income tax rate in the period of resolution. A favorable tax settlement may reduce our effective income tax rate in the period of resolution.

Service Revenue

Description
We sell membership plans that include access to benefits such as technical support, price discounts on certain products and services and product protection plans. We allocate the transaction price to all performance obligations identified in the contract based on their relative fair value. For performance obligations provided over the term of the contract, we typically recognize revenue on a usage basis, an input method of measuring progress over the related contract term. This method involves the estimation of expected usage patterns, primarily derived from historical information.

Judgments and uncertainties involved in the estimate
Estimates involve complex calculations and judgment, for example, in estimating the relative standalone selling price for bundled performance obligations; the appropriate recognition methodology for each performance obligation; and, for those based on usage, the expected pattern of consumption across a large portfolio of customers. When insufficient reliable and relevant history is available to estimate usage, we generally recognize revenue ratably over the life of the contract until such history has accumulated.

Effect if actual results differ from assumptions
A 10% change in the amount of services membership deferred revenue as of January 31, 2026, would have affected net earnings by approximately $42 million in fiscal 2026. The level of services membership deferred revenue has remained relatively stable over the last three fiscal years.

New Accounting Pronouncements

For a description of applicable new or recently issued accounting pronouncements, including our assessment of the impact on our financial statements, see Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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. Certain 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 5, *Derivative Instruments*, and Note 7, *Debt*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for further information regarding our interest rate swaps.

As of January 31, 2026, we had $2.0 billion of cash, cash equivalents and restricted cash and $0.5 billion of debt that has been swapped to floating rate, and therefore the net asset balance exposed to interest rate changes was $1.5 billion. As of January 31, 2026, a 50-basis point increase in short-term interest rates would have led to an estimated $8 million increase in interest income, and conversely a 50-basis point decrease in short-term interest rates would have led to an estimated $8 million decrease in interest income in fiscal 2026.

Foreign Currency Exchange Rate Risk

We have market risk arising from changes in foreign currency exchange rates related to operations in our International segment. On a limited basis, we utilize foreign currency forward contracts to manage foreign currency exposure to certain forecasted inventory purchases, recognized receivable and payable balances and our investment in our Canadian operations. Our primary objective in holding derivatives is to reduce the volatility of net earnings and cash flows, as well as to reduce the volatility of net asset value associated with changes in foreign currency exchange rates. Our foreign currency risk management strategy includes both hedging instruments and derivatives that are not designated as hedging instruments. Refer to Note 1, *Summary of Significant Accounting Policies*, and Note 5, *Derivative Instruments*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for further information regarding these instruments.

During fiscal 2026, foreign currency exchange rate fluctuations were primarily driven by the strength of the U.S. dollar against the Canadian dollar compared to the prior-year period. We estimate that the foreign currency exchange rate fluctuations had an unfavorable impact on our revenue of approximately $16 million in fiscal 2026. The estimated impact of foreign exchange rate fluctuations on our net earnings in fiscal 2026 was not significant.

Item 8. Financial Statements and Supplementary Data.
Management's Report on the Consolidated Financial Statements

Our management is responsible for the preparation, integrity and objectivity of the accompanying consolidated financial statements and the related financial information. The consolidated financial statements have been prepared in conformity with GAAP and necessarily include certain amounts that are based on estimates and informed judgments. Our management also prepared the related financial information included in this Annual Report on Form 10-K and is responsible for its accuracy and consistency with the consolidated financial statements.

The accompanying consolidated financial statements have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, which conducted its audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). The independent registered public accounting firm's responsibility is to express an opinion as to whether such consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows in accordance with GAAP.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed under the supervision of our principal executive officer and principal financial officer, and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets;
(2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and Board; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of January 31, 2026, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013).* Based on our assessment, we have concluded that our internal control over financial reporting was effective as of January 31, 2026. During our assessment, we did not identify any material weaknesses in our internal control over financial reporting. Deloitte & Touche LLP, the independent registered public accounting firm that audited our consolidated financial statements for the year ended January 31, 2026, included in Item 8, *Financial Statements and Supplementary Data,* of this Annual Report on Form 10-K, has issued an unqualified attestation report on our internal control over financial reporting as of January 31, 2026.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Best Buy Co., Inc.

Richfield, Minnesota.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Best Buy Co., Inc. and subsidiaries (the "Company") as of January 31, 2026 and February 1, 2025, the related consolidated statements of earnings, comprehensive income, cash flows, and changes in shareholders' equity, for each of the three years in the period ended January 31, 2026, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2026 and February 1, 2025, and the results of its operations and its cash flows for each of the three fiscal years in the period ended January 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 18, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Vendor Allowances – Domestic Reporting Segment — Refer to Note 1 to the financial statements.

Critical Audit Matter Description

The Company receives vendor allowances from certain merchandise vendors through a variety of programs intended to offset the invoice cost of inventory and for promoting and selling merchandise inventory. Allowances based on purchases are initially deferred and recorded as a reduction of merchandise inventory and are recognized as a reduction to cost of sales when the associated inventory is sold. Allowances based on sales volumes are based on merchandise sold and are calculated using an agreed upon amount for each unit sold and recognized as a reduction to cost of sales when the associated inventory is sold. Other promotional allowances not specifically related to volume of purchases or sales, such as advertising and placement, are recognized as a reduction to cost of sales ratably over the corresponding performance period.

Given the significance of vendor allowances recorded by the Domestic Reporting Segment to the financial statements and the volume and diversity of individual vendor agreements, auditing these vendor allowances was complex and subjective due to the extent of effort required to evaluate whether these vendor allowances were recorded in accordance with the terms of the vendor agreements and that these allowances deferred as an offset to inventory were complete and accurate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to evaluating whether these vendor allowances were recorded in accordance with the terms of the vendor agreements and the completeness and accuracy of deferred vendor allowances included the following, among others:

- We tested the effectiveness of controls over the recording of vendor allowances, including management's controls over the establishment of vendor arrangements, the calculation of vendor allowances earned, and the determination of the deferred vendor allowances recorded as a reduction to inventory.
- We selected a sample of vendor allowances recorded as a reduction of cost of sales and (1) recalculated the amount recognized using the terms of the vendor agreement; (2) evaluated, based on the terms of the agreement, if the amount should be deferred and recorded as a reduction of merchandise inventory; and (3) tested the settlement of the arrangement.
- We tested the amount of deferred vendor allowances recorded as a reduction to inventory by developing an expectation for the amount and comparing our expectation to the amount recorded by management.

Goodwill – Best Buy Health Reporting Unit — Refer to Note 1 and Note 3 to the financial statements.

Critical Audit Matter Description

The Company’s evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The consolidated goodwill balance was $790 million as of January 31, 2026, of which $298 million was related to the Best Buy Health reporting unit. The Company primarily uses a discounted cash flow analysis to estimate the fair value of the Best Buy Health reporting unit. The discounted cash flow analysis requires management to make subjective estimates and assumptions related to forecasts of cash flows, such as revenue growth rates and margin rates, and estimates of the weighted average cost of capital rate. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. The Company recorded a goodwill impairment of $118 million related to the Best Buy Health reporting unit in the year ended January 31, 2026.

Given the significant judgments made by management to estimate the fair value of the Best Buy Health reporting unit, performing audit procedures to evaluate the reasonableness of management’s estimates and assumptions related to the forecasts of cash flows, such as revenue growth rates and margin rates, and estimates of the weighted average cost of capital rate, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of cash flows, such as revenue growth rates and margin rates, and estimates of the weighted average cost of capital rate used by management to estimate the fair value of the Best Buy Health reporting unit included the following, among others:

- We tested the effectiveness of controls over management’s goodwill impairment evaluation, including those over the determination of the fair value of the Best Buy Health reporting unit, such as controls related to management’s forecasts of future revenue and margin rates, and estimates of the weighted average cost of capital rate.
- We evaluated management’s ability to accurately forecast future revenues and margin rates by comparing actual results to management’s historical forecasts.
- We evaluated the reasonableness of management’s revenue forecasts and margin rates by comparing the forecasts to: (1) the Company’s historical revenue growth rates; (2) internal communications to management and the board of directors; (3) underlying source documents, when available, such as customer contracts; (4) forecasted information included in industry reports, applicable market data, and certain peer companies; and (5) underlying analyses detailing business strategies and growth plans.
- We inquired of operating and sales management teams to determine whether the judgments and assumptions used in the future revenue projections were consistent with the strategy and long-range plans for the Best Buy Health reporting unit.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the weighted average cost of capital rate by: (1) testing the mathematical accuracy of the calculations; and (2) developing a range based upon our independent estimate and comparing the rate selected by management to that range.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
March 18, 2026

We have served as the Company's auditor since 2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Best Buy Co., Inc.

Richfield, Minnesota.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Best Buy Co., Inc. and subsidiaries (the "Company") as of January 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 31, 2026, of the Company and our report dated March 18, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota
March 18, 2026

Consolidated Balance Sheets
$ in millions, except per share amounts

	January 31, 2026	February 1, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 1,738	$ 1,578
Receivables, net	1,043	1,044
Merchandise inventories	5,230	5,085
Other current assets	493	517
Total current assets	8,504	8,224
Property and equipment		
Land and buildings	734	722
Leasehold improvements	2,395	2,370
Fixtures and equipment	3,732	3,872
Property under finance leases	80	88
Gross property and equipment	6,941	7,052
Less accumulated depreciation	4,955	4,930
Net property and equipment	1,986	2,122
Operating lease assets	2,869	2,833
Goodwill	790	908
Other assets	521	695
Total assets	$ 14,670	$ 14,782
Liabilities and equity		
Current liabilities		
Accounts payable	$ 4,745	$ 4,980
Unredeemed gift card liabilities	235	253
Deferred revenue	900	951
Accrued compensation and related expenses	423	464
Accrued liabilities	742	741
Current portion of operating lease liabilities	623	617
Current portion of long-term debt	11	10
Total current liabilities	7,679	8,016
Long-term operating lease liabilities	2,334	2,282
Long-term debt	1,165	1,144
Long-term liabilities	528	532
Contingencies and commitments (Note 12)		
Equity		
Best Buy Co., Inc. Shareholders' Equity		
Preferred stock, $1.00 par value: Authorized - 400,000 shares; Issued and outstanding - none	-	-
Common stock, $0.10 par value: Authorized - 1.0 billion shares; Issued and outstanding - 209.1 million and 211.4 million shares, respectively	22	22
Additional paid-in capital	14	-
Retained earnings	2,610	2,486
Accumulated other comprehensive income	318	300
Total equity	2,964	2,808
Total liabilities and equity	$ 14,670	$ 14,782

See Notes to Consolidated Financial Statements.

Consolidated Statements of Earnings
$ and shares in millions, except per share amounts

Fiscal Years Ended	January 31, 2026	February 1, 2025	February 3, 2024
Revenue	$ 41,691	$ 41,528	$ 43,452
Cost of sales	32,318	32,143	33,849
Gross profit	9,373	9,385	9,603
Selling, general and administrative expenses	7,623	7,651	7,876
Restructuring charges	190	(3)	153
Goodwill and intangible asset impairments	171	475	-
Operating income	1,389	1,262	1,574
Other income (expense):			
Gain (loss) on disposal of subsidiaries, net	(6)	-	21
Investment income and other	68	84	78
Interest expense	(47)	(51)	(52)
Earnings before income tax expense and equity in income of affiliates	1,404	1,295	1,621
Income tax expense	337	372	381
Equity in income of affiliates	2	4	1
Net earnings	$ 1,069	$ 927	$ 1,241
Basic earnings per share	$ 5.06	$ 4.31	$ 5.70
Diluted earnings per share	$ 5.04	$ 4.28	$ 5.68
Weighted-average common shares outstanding:			
Basic	211.0	215.2	217.7
Diluted	212.1	216.6	218.5

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
$ in millions

Fiscal Years Ended	January 31, 2026	February 1, 2025	February 3, 2024
Net earnings	$ 1,069	$ 927	$ 1,241
Foreign currency translation adjustments, net of tax	18	(17)	(5)
Comprehensive income	$ 1,087	$ 910	$ 1,236

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
$ in millions

Fiscal Years Ended	January 31, 2026	February 1, 2025	February 3, 2024
Operating activities			
Net earnings	$ 1,069	$ 927	$ 1,241
Adjustments to reconcile net earnings to total cash provided by operating activities:			
Depreciation and amortization	831	866	923
Restructuring charges	190	(3)	153
Goodwill and intangible asset impairments	171	475	-
Stock-based compensation	139	139	145
Deferred income taxes	60	(59)	(214)
(Gain) loss on disposal of subsidiaries, net	6	-	(21)
Long-lived asset impairments	21	2	2
Other, net	14	10	24
Changes in operating assets and liabilities:			
Receivables	(3)	(111)	204
Merchandise inventories	(126)	(155)	178
Other assets	34	11	(18)
Accounts payable	(238)	358	(1,025)
Income taxes	(7)	(212)	52
Other liabilities	(199)	(150)	(174)
Total cash provided by operating activities	1,962	2,098	1,470
Investing activities			
Additions to property and equipment	(704)	(706)	(795)
Purchases of investments	(1)	(26)	(9)
Disposal of subsidiaries	(27)	-	14
Sales of investments	-	20	7
Other, net	2	8	2
Total cash used in investing activities	(730)	(704)	(781)
Financing activities			
Repurchase of common stock	(273)	(500)	(340)
Issuance of common stock	5	17	19
Dividends paid	(801)	(807)	(801)
Repayments of debt	(13)	(17)	(19)
Other, net	(1)	(2)	(3)
Total cash used in financing activities	(1,083)	(1,309)	(1,144)
Effect of exchange rate changes on cash	6	(10)	(5)
Increase (decrease) in cash, cash equivalents and restricted cash	155	75	(460)
Cash, cash equivalents and restricted cash at beginning of period	1,868	1,793	2,253
Cash, cash equivalents and restricted cash at end of period	$ 2,023	$ 1,868	$ 1,793
Supplemental cash flow information			
Income taxes paid (includes payments for purchased tax credits of $150 million, $267 million and $103 million, respectively)	$ 284	$ 643	$ 543
Interest paid	$ 44	$ 46	$ 51

See Notes to Consolidated Financial Statements.

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

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balances at January 28, 2023	218.1	$ 22	$ 21	$ 2,430	$ 322	$ 2,795
Net earnings	-	-	-	1,241	-	1,241
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(5)	(5)
Stock-based compensation	-	-	145	-	-	145
Issuance of common stock	2.0	-	19	-	-	19
Common stock dividends, $3.68 per share	-	-	14	(816)	-	(802)
Repurchase of common stock	(4.7)	-	(168)	(172)	-	(340)
Balances at February 3, 2024	215.4	22	31	2,683	317	3,053
Net earnings	-	-	-	927	-	927
Other comprehensive loss:						
Foreign currency translation adjustments, net of tax	-	-	-	-	(17)	(17)
Stock-based compensation	-	-	139	-	-	139
Issuance of common stock	1.8	-	17	-	-	17
Common stock dividends, $3.76 per share	-	-	17	(824)	-	(807)
Repurchase of common stock	(5.8)	-	(204)	(300)	-	(504)
Balances at February 1, 2025	211.4	22	-	2,486	300	2,808
Net earnings	-	-	-	1,069	-	1,069
Other comprehensive income:						
Foreign currency translation adjustments, net of tax	-	-	-	-	18	18
Stock-based compensation	-	-	139	-	-	139
Issuance of common stock	1.7	-	5	-	-	5
Common stock dividends, $3.80 per share	-	-	19	(820)	-	(801)
Repurchase of common stock	(4.0)	-	(149)	(125)	-	(274)
Balances at January 31, 2026	209.1	$ 22	$ 14	$ 2,610	$ 318	$ 2,964

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

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

Description of Business

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 unique combination of tech expertise 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 operations in the U.S. and Canada.

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, and includes the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Essentials, Best Buy Health, Best Buy Marketplace, Geek Squad, Imagine That, Insignia, Lively, Jitterbug, My Best Buy, My Best Buy Memberships, Pacific Kitchen and Home, TechLiquidators and Yardbird; and the domain names bestbuy.com, lively.com, techliquidators.com and yardbird.com. Our International segment is comprised of all operations in Canada under the brand names Best Buy, Best Buy Ads, Best Buy Business, Best Buy Express, Best Buy Marketplace, Best Buy Mobile, Geek Squad, Insignia and TechLiquidators and the domain names bestbuy.ca and techliquidators.ca. Our Domestic and International segments generate revenue from the sale of products and services within six revenue categories: computing and mobile phones, consumer electronics, appliances, entertainment, services and other.

In fiscal 2024, we completed the sale of a Mexico subsidiary subsequent to our exit from operations in Mexico.

Basis of Presentation

The consolidated financial statements include the accounts of Best Buy Co., Inc. and its consolidated subsidiaries. All intercompany balances and transactions are eliminated upon consolidation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. ("GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts in the consolidated financial statements, as well as the disclosure of contingent liabilities. Future results could be materially affected if actual results were to differ from these estimates and assumptions.

Fiscal Year

Our fiscal year ends on the Saturday nearest the end of January. Fiscal 2026, fiscal 2025 and fiscal 2024 ended on January 31, 2026, February 1, 2025, and February 3, 2024, respectively. Fiscal 2026 and fiscal 2025 each included 52 weeks. Fiscal 2024 included 53 weeks with the 53rd week occurring in the fiscal fourth quarter. Unless otherwise noted, references to years in these notes to consolidated financial statements relate to fiscal years, not calendar years.

Adopted Accounting Pronouncements

In the fourth quarter of fiscal 2026, we prospectively adopted Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* issued by the Financial Accounting Standards Board ("FASB"). ASU 2023-09 requires annual disclosure of specific categories meeting a quantitative threshold within the income tax rate reconciliation, as well as disaggregation of income taxes paid by jurisdiction. Refer to Note 10, *Income Taxes,* for applicable new disclosures.

Unadopted Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of specific expense categories in the notes to financial statements. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. We are currently evaluating the impact of the ASU and expect to include updated expense disclosures in our fiscal 2028 Form 10-K.

Segment Information

Our business is organized into two reportable segments: Domestic and International. Our Chief Operating Decision Maker ("CODM") is our Chief Executive Officer. Our segments are primarily based on geographical area and reflect the way in which internally reported financial information is regularly reviewed by the CODM, who has ultimate responsibility for enterprise decisions, including determining resource allocation for, and monitoring the performance of, the consolidated enterprise, the Domestic segment and the International segment.

Cash, Cash Equivalents and Restricted Cash

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

	January 31, 2026	February 1, 2025	February 3, 2024
Cash and cash equivalents	$ 1,738	$ 1,578	$ 1,447
Restricted cash included in Other current assets	285	290	346
Total cash, cash equivalents and restricted cash	$ 2,023	$ 1,868	$ 1,793

Cash equivalents consist primarily of highly liquid investments with original maturities of three months or less.

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

Receivables

Receivables consist primarily of amounts due from banks for customer credit card and debit card transactions and vendors for various vendor funding programs. Receivables are stated at their carrying values, net of a reserve for expected credit losses, which is primarily based on historical collection trends. Our allowances for uncollectible receivables were $24 million and $26 million as of January 31, 2026, and February 1, 2025, respectively. We had $50 million and $48 million of write-offs in fiscal 2026 and fiscal 2025, respectively.

Merchandise Inventories

Merchandise inventories are recorded at the lower of cost or net realizable value. The weighted-average method is used to determine the cost of inventory which includes costs of in-bound freight to move inventory into our distribution centers. Also included as a reduction to the cost of inventory are certain vendor allowances. Costs associated with storing and transporting merchandise inventories to our retail stores are expensed as incurred and included within Cost of sales on our Consolidated Statements of Earnings.

Our inventory valuation also reflects markdown adjustments for the excess of cost over the net recovery we expect to realize from the ultimate sale or other disposal of inventory and establish a new cost basis. No adjustment is recorded for inventory that we expect to return to our vendors for full credit. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded markdown adjustments or an increase in the newly established cost basis.

Our inventory valuation reflects adjustments for physical inventory losses (resulting from, for example, theft). Physical inventory is maintained through a combination of full location counts and more regular cycle counts.

Property and Equipment

Property and equipment is initially recorded at cost. We depreciate property and equipment to its residual value using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the period from the date the assets are placed in service to the end of the lease term, which includes optional renewal periods if they are reasonably certain. Accelerated depreciation methods are generally used for income tax purposes.

When property is retired or otherwise disposed of, the cost and accumulated depreciation are removed from our Consolidated Balance Sheets and any resulting gain or loss is reflected on our Consolidated Statements of Earnings.

Repairs and maintenance costs are expensed as incurred. Major renewals or replacements that substantially extend the useful life of an asset are capitalized at cost and depreciated over its remaining useful life.

Estimated useful lives by major asset category are as follows (in years):

Asset Category	Useful Life
Buildings	5-35
Leasehold improvements	2-10
Fixtures and equipment	2-15

Capitalized software is included in Fixtures and equipment on our Consolidated Balance Sheets. Costs associated with the acquisition or development of software for internal use are capitalized at cost and amortized over the expected useful life of the software, generally from two years to five years. A subsequent addition, modification or upgrade to internal-use software is capitalized to the extent that it enhances the software's functionality. Software maintenance and training costs are expensed as incurred.

Costs associated with implementing cloud-computing arrangements that are service contracts are capitalized using methodology similar to internal-use software, but are included in Other assets on our Consolidated Balance Sheets.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When evaluating long-lived assets with impairment indicators for potential impairment, we first compare the carrying value of the asset to its estimated undiscounted future cash flows. If the sum of the estimated undiscounted future cash flows is less than the carrying value of the asset, we calculate an impairment loss. The impairment loss calculation compares the carrying value of the asset to its estimated fair value, which is typically based on estimated discounted future cash flows. We recognize an impairment loss if the amount of the asset’s carrying value exceeds the asset’s estimated fair value.

We evaluate locations for triggering events on a quarterly basis. For store locations, our primary indicator that asset carrying values may not be recoverable is negative store operating income for the most recent 12-month period. We also monitor other factors when evaluating store locations for impairment, including significant changes in the manner of use or expected life of the assets, or significant changes in our business strategies.

When reviewing long-lived assets for impairment, we group long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For example, long-lived assets deployed at store locations are reviewed for impairment at either the individual store level or at the local market level. Such reviews involve comparing the net carrying value of all assets to the net cash flow projections for each store or market. In addition, we conduct separate impairment reviews at other levels as appropriate, for example, to evaluate the potential impairment of assets shared by several areas of operations, such as information technology systems.

Leases

The majority of our lease obligations are real estate operating leases used in our retail and distribution operations. Our finance leases are primarily equipment-related. For any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on our Consolidated Balance Sheets as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. We have lease agreements that contain both lease and non-lease components. We have elected to account for these lease agreements with both lease and non-lease components as a single component for all classes of assets. Leases with an initial term of 12 months or less are not recorded on our Consolidated Balance Sheets; we recognize lease expense for these leases on a straight-line basis over the lease term.

Operating lease assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. We estimate the incremental borrowing rate for each lease based on an evaluation of our credit ratings and the prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. Our operating leases also typically require payment of real estate taxes, common area maintenance and insurance. These components comprise the majority of our variable lease cost and are excluded from the present value of our lease obligations. In instances where they are fixed, they are included due to our election to combine lease and non-lease components. Operating lease assets also include prepaid lease payments and initial direct costs and are reduced by lease incentives. We generally do not include options to extend or terminate a lease unless it is reasonably certain that the option will be exercised. Fixed payments may contain predetermined fixed rent escalations. We recognize the related rent expense on a straight-line basis from the commencement date to the end of the lease term.

Refer to Note 6, *Leases*, for additional information.

Goodwill and Intangible Assets

Goodwill

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. We test goodwill for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate the carrying value may not be recoverable. We monitor the existence of potential impairment indicators throughout the fiscal year. We test for goodwill impairment at the reporting unit level. Reporting units are determined by identifying operating segments (or components thereof) that constitute businesses for which discrete financial information is available and is regularly reviewed by segment management. We have goodwill in two reporting units – Best Buy Domestic and Best Buy Health – with carrying values of $492 million and $298 million, respectively, as of January 31, 2026, and carrying values of $492 million and $416 million, respectively, as of February 1, 2025. We recorded goodwill impairments related to our Best Buy Health reporting unit in fiscal 2025 and in the third quarter of fiscal 2026.

Our impairment testing involves a comparison of the fair value of each reporting unit with its carrying value, including goodwill. Fair value reflects our estimate of the price a potential market participant would be willing to pay for the reporting unit in an arms-length transaction. We use a combination of discounted cash flow ("DCF") analysis and market data, such as revenue multiples and quoted market prices, for observable comparable companies. DCF analysis requires detailed forecasts of cash flow drivers, such as revenue growth rates, margin rates and capital investments, and estimates of weighted-average cost of capital rates. If the fair value of a reporting unit exceeds its carrying value, we conclude that no goodwill impairment has occurred. If the carrying value of a reporting unit exceeds its fair value, we recognize an impairment loss in an amount equal to the excess, not to exceed the total amount of goodwill allocated to that reporting unit.

Intangible Assets

Our valuation of identifiable intangible assets acquired is based on information and assumptions available to us at the time of acquisition, using income and market approaches to determine fair value, as appropriate.

We amortize definite-lived intangible assets associated with acquisitions over the estimated useful lives of the assets. We review these assets for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. We monitor the existence of potential impairment indicators throughout the fiscal year and recognize an impairment loss for any portion of the carrying value that is not recoverable. In fiscal 2026, we recorded intangible asset impairments related to Best Buy Health.

We do not amortize indefinite-lived intangible assets, but test for impairment annually in the fiscal fourth quarter or whenever events or circumstances indicate that the carrying value may not be recoverable. We utilize the relief from royalty method to determine the fair value of our indefinite-lived intangible asset. If the carrying value exceeds its fair value, we recognize an impairment loss in an amount equal to the excess. In fiscal 2026, we recorded a full impairment related to our only remaining indefinite-lived intangible asset.

Refer to Note 3, *Goodwill and Intangible Assets*, for additional information.

Derivatives

Net Investment Hedges

We use foreign currency forward contracts to hedge against the effect of Canadian dollar exchange rate fluctuations on a portion of our net investment in our Canadian operations. The contracts have terms of up to 12 months. For a net investment hedge, we recognize changes in the fair value of the derivative as a component of foreign currency translation within other comprehensive income to offset a portion of the change in translated value of the net investment being hedged, until the investment is sold or liquidated. We limit recognition in net earnings of amounts previously recorded in other comprehensive income to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. We report the gains and losses, if any, related to the amount excluded from the assessment of hedge effectiveness on our Consolidated Statements of Earnings. Net cash flows related to our net investment hedges are presented within Investing activities on our Consolidated Statements of Cash Flows.

Fair Value Hedges

We utilize "receive fixed-rate, pay variable-rate" interest rate swaps to mitigate the effect of interest rate risk on our $500 million principal amount of notes due October 1, 2028. Our interest rate swap contracts are considered perfect hedges because the critical terms and notional amounts match those of our fixed-rate debt being hedged and are, therefore, accounted for as fair value hedges using the shortcut method. Under the shortcut method, we recognize the change in the fair value of the derivatives with an offsetting change to the carrying value of the debt. Accordingly, there is no net impact on our Consolidated Statements of Earnings from the fair value of the derivatives. Net cash flows related to our fair value hedges are presented within Operating activities on our Consolidated Statements of Cash Flows.

Derivatives Not Designated as Hedging Instruments

We use foreign currency forward contracts to manage the impact of fluctuations in foreign currency exchange rates relative to recognized receivable and payable balances denominated in non-functional currencies. The contracts generally have terms of up to 12 months. These derivative instruments are not designated in hedging relationships and, therefore, we record gains and losses on these contracts directly to our Consolidated Statements of Earnings. Net cash flows related to our derivatives not designated as hedging instruments are presented within Operating activities on our Consolidated Statements of Cash Flows.

Refer to Note 5, *Derivative Instruments*, for additional information.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, we use a three-tier valuation hierarchy based upon observable and non-observable inputs:

Level 1 — Unadjusted quoted prices that are available in active markets for identical assets or liabilities at the measurement date.

Level 2 — Significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Fair value measurements are based on significant unobservable inputs (Level 3). Fixed asset fair values are primarily derived using a DCF analysis to estimate the present value of net cash flows that the asset or asset group is expected to generate. The key inputs to the DCF analysis generally include our forecasts of net cash generated from investment operations, as well as an appropriate discount rate.

Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to our tangible fixed assets, goodwill and intangible assets, which are remeasured when the derived fair value is below carrying value on our Consolidated Balance Sheets. For these assets, we do not periodically adjust carrying value to fair value, except in the event of impairment. When we determine that impairment has occurred, the carrying value of the asset is reduced to fair value and the difference is typically recorded within Selling, general and administrative expenses ("SG&A") or Restructuring charges on our Consolidated Statements of Earnings for non-restructuring and restructuring charges, respectively. In fiscal 2026, we recorded goodwill, intangible asset and tangible fixed asset impairments related to Best Buy Health, as well as asset impairments and other costs as a result of restructuring initiatives that commenced in fiscal 2026.

Refer to Note 2, *Restructuring*, Note 3, *Goodwill and Intangible Assets*, and Note 4, *Fair Value Measurements*, for additional information.

Insurance

We are self-insured for certain losses related to workers' compensation, medical, general liability and auto claims; however, we obtain third-party excess insurance coverage to limit our exposure to certain claims. Some of these self-insured losses are managed through a wholly-owned insurance captive. Liabilities associated with these losses include estimates of both claims filed and losses incurred but not yet reported. We utilize valuations provided by qualified, independent third-party actuaries as well as internal resources with insurance and risk expertise. Our net self-insured liabilities included on our Consolidated Balance Sheets were as follows ($ in millions):

	January 31, 2026	February 1, 2025
Accrued compensation and related expenses	$ 23	$ 23
Accrued liabilities	56	65
Long-term liabilities	82	69
Total	$ 161	$ 157

Income Taxes

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. We record a valuation allowance to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

In determining our provision for income taxes, we use an annual effective income tax rate based on annual income, permanent differences between book and tax income and statutory income tax rates. The effective income tax rate also reflects our assessment of the ultimate outcome of tax audits. We adjust our annual effective income tax rate as additional information on outcomes or events becomes available. Discrete events, such as audit settlements or changes in tax laws, are recognized in the period in which they occur.

Our income tax returns are routinely examined by domestic and foreign tax authorities. At any one time, multiple tax years are subject to audit by the various taxing authorities. In evaluating the exposures associated with our various tax filing positions, we may record a liability for such exposures. A number of years may elapse before a particular matter, for which we have established a liability, is audited and fully resolved or clarified. We adjust our liability for unrecognized tax benefits and income tax provisions in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. We include our liability for unrecognized tax benefits, including accrued penalties and interest, in Long-term liabilities on our Consolidated Balance Sheets and in Income tax expense on our Consolidated Statements of Earnings.

Refer to Note 10, *Income Taxes*, for additional information.

Supply Chain Financing

We have a supply chain financing program with an independent financial institution, whereby some of our suppliers have the opportunity to receive accounts payable settlements early, at a discount, facilitated by the financial institution. Under this program, the financial institution agrees to terms with our suppliers, including amounts that are eligible for early payment, the timing of such payments and the discounts. The financial institution then pays the supplier based on the payment terms agreed to. Suppliers' participation in this program is at their own option. The financial institution can vary discounts offered at their own discretion. Our rights and obligations to our suppliers – which are typically formalized in standardized agreements – are not affected by the existence of the program.

Our liability associated with the funded participation in the program, which is primarily included in Accounts payable on our Consolidated Balance Sheets, was as follows ($ in millions):

	2026	2025
Supply chain financing liability at beginning of period	$ 398	$ 426
Invoices confirmed during the year	4,614	4,048
Confirmed invoices paid during the year	(4,412)	(4,076)
Supply chain financing liability at end of period	$ 600	$ 398

Accrued Liabilities

The major components of accrued liabilities are sales tax liabilities, advertising accruals, sales return reserves, insurance liabilities and customer deposits.

Long-Term Liabilities

The major components of long-term liabilities are deferred revenue from our private label and co-branded credit card arrangement and unrecognized tax benefits.

Foreign Currency

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at our Consolidated Balance Sheet dates. Results of operations and cash flows are translated using the average exchange rates throughout the periods. The effect of exchange rate fluctuations on the translation of assets and liabilities is included as a component of shareholders' equity in Accumulated other comprehensive income on our Consolidated Balance Sheets. Gains and losses from foreign currency transactions, which are included in SG&A on our Consolidated Statements of Earnings, have not been significant in any period presented.

Revenue Recognition

We generate most of our revenue from contracts with customers from the sale of products and services, both as a principal and as an agent. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Our revenue excludes sales and usage-based taxes collected and is reported net of sales refunds, which includes an estimate of future returns and contract cancellations based on historical refund rates, with a corresponding reduction to cost of sales. We defer the revenue associated with any unsatisfied performance obligation until the obligation is satisfied, typically when control of a product is transferred to the customer or a service is completed.

Product Revenue

Product revenue is recognized when the customer takes physical control, either in our stores or at their home. Any fees charged to customers for delivery are recognized when delivery has been completed. We use delivery information to determine when to recognize revenue for delivered products and any related delivery fee revenue.

In most cases, we are the principal to product contracts as we have control of the physical products prior to transfer to the customer. Accordingly, revenue is recognized on a gross basis.

For certain sales, primarily activation-based software licenses, digital subscriptions and third-party stored-value cards, we are the sales agent providing access to the content and recognize commission revenue net of amounts due to third parties who fulfill the performance obligation. For these transactions, commission revenue is typically recorded once customers have taken possession of licenses, subscriptions or cards and can access their benefits.

Warranty obligations associated with the sale of our exclusive brands products are assurance-type warranties that are a guarantee of the product’s intended functionality and, therefore, do not represent a distinct performance obligation within the context of the contract.

Services - When we are the principal

We recognize revenue for services, such as delivery, installation, set-up, software troubleshooting, product repair and data services once the service is completed, as this is when the customer has the ability to direct the use of and obtain the benefits of the service or serviced product. Payment terms are typically at the point of sale, but may also occur upon completion of the service. Our service contracts are primarily with retail customers, merchandise vendors (for factory warranty repairs) and extended warranty underwriters.

For membership contracts (for example, our My Best Buy Plus™ or My Best Buy Total™ memberships), we are responsible for providing support services to customers. These contracts have terms ranging from one month to one year and typically contain several performance obligations. Payment for the membership contracts is typically due at the start of the contract period. We have determined that our contracts do not include a significant financing component. For performance obligations provided over the term of the contract, we typically recognize revenue on a usage basis, an input method of measuring progress over the related contract term. This method involves the estimation of expected usage patterns, primarily derived from historical information, as this depicts when customers use the services and, accordingly, when delivery of the performance obligation occurs. There is judgment in, for example, estimating the relative standalone selling price for bundled performance obligations; the appropriate recognition methodology for each performance obligation; and, for those based on usage, the expected pattern of consumption across a large portfolio of customers. When insufficient reliable and relevant history is available to estimate usage, we generally recognize revenue ratably over the life of the contract until such history has accumulated.

We provide advertising services to vendors, advertising agencies, third-party sellers and others, including digital display advertising, sponsored product listings and other marketing solutions. In most cases, consideration received from vendors is recorded as a reduction of cost of sales because the advertising services are not distinct from the sale of the vendor's products. For other arrangements, including those with non-vendors or where the services are distinct, we recognize the consideration in revenue as services are delivered, generally over the period the advertisements are displayed or the marketing services are performed.

Services - When we are the agent

On behalf of third-party underwriters, we sell various hardware protection plans to customers that provide extended warranty coverage on their device purchases. Such plans have terms ranging from one month to five years. Payment is due at the point of sale. Third-party underwriters assume the risk associated with the coverage and are primarily responsible for fulfillment. We record the net commissions (the amount charged to the customer less the premiums remitted to the underwriter) as revenue once the corresponding product revenue is recognized. In addition, in some cases we are eligible to receive profit-sharing payments, a form of variable consideration, which are dependent upon the financial performance of the underwriter's protection plan portfolio. We do not share in any losses of the portfolio. We record any profit share as revenue once the uncertainty associated with the portfolio period, which is calendar-year based, is no longer constrained using the expected value method. This typically occurs during our fiscal fourth quarter, with payment of the profit share occurring in the subsequent fiscal year. Net commissions and profit-sharing revenue earned from the sale of extended warranties represented 0.9%, 0.9% and 0.8% of revenue in fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

We earn commissions from mobile network carriers to sell service contracts on their platforms. Revenue is recognized upon sale of the contract and activation of the customer on the provider's platform. The time between when we activate the service with the customer and when we receive payment from the content provider is generally 30 to 60 days, which is after control has passed. Activation commissions are subject to repayment to the carrier primarily in the event of customer cancellation for specified time periods after the sale. Commission revenue from mobile network carriers is reported net of expected cancellations, which we estimate based on historical cancellation rates.

We earn commissions from third-party sellers who offer products to customers on our online marketplace. Third-party sellers are primarily responsible for fulfilling the performance obligation to the customer, including product delivery and customer support. Accordingly, we act as an agent in these transactions and recognize revenue on a net basis when the third party ships the underlying product to the customer.

We earn commissions from third parties that provide advertising services to vendors, advertising agencies and others through programs such as sponsored product listings, paid search placements and other marketing solutions. The third parties are primarily responsible for fulfilling the performance obligation to the customer, including delivery of the advertisement. Accordingly, we act as an agent in these transactions and recognize revenue on a net basis as the services are delivered, generally over the period the advertisements are displayed or the marketing services are performed.

Credit Card Revenue

We offer promotional financing and credit cards issued by third-party banks that manage and directly extend credit to our customers. Approximately 25% of Domestic segment revenue in fiscal 2026, fiscal 2025 and fiscal 2024 was transacted using one of our branded cards. We provide a license to our brand and marketing services, and we facilitate credit applications in our stores and online. The banks are the sole owners of the accounts receivable generated under the program and, accordingly, we do not hold any customer receivables related to these programs and act as an agent in the financing transactions with customers. We are eligible to receive a profit share from certain of our banking partners based on the annual performance of their corresponding portfolio. We receive profit-share payments quarterly based on forecasts of full-year performance shortly after the end of each program quarter. This is a form of variable consideration. We record such profit share as revenue over time using the most likely amount method, which reflects the amount earned each quarter when it is determined that the likelihood of a significant revenue reversal is not probable, which is typically quarterly. Profit-sharing revenue from our credit card arrangement approximated 1.2%, 1.1% and 1.4% of Domestic segment revenue in fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

Best Buy Gift Cards

We sell Best Buy gift cards to our customers in our retail stores, online and through select third parties. Our gift cards do not expire. We recognize revenue from gift cards when the card is redeemed by the customer. We also recognize revenue for the portion of gift card values that is not expected to be redeemed ("breakage"). We estimate breakage based on historical patterns and other factors, such as laws and regulations applicable to each jurisdiction. We recognize breakage revenue using a method that is consistent with customer redemption patterns. Typically, over 90% of gift card redemptions (and therefore recognition of over 90% of gift card breakage revenue) occur within one year of issuance. There is judgment in assessing the level at which we group gift cards for analysis of breakage rates, redemption patterns and the ultimate value of gift cards which we do not expect to be redeemed.

Sales Incentives

We frequently offer sales incentives that entitle our customers to receive a gift card at the time of purchase or an instant savings coupon that can be redeemed towards a future purchase. For sales incentives issued to customers that are only earned in conjunction with the purchase of products or services, the sales incentives represent an option that is a material right and, accordingly, is a performance obligation in the contract. The revenue allocated to these sales incentives is deferred as a contract liability and is based on the cards that are projected to be redeemed. We recognize revenue for this performance obligation when it is redeemed by the customer or when it is not expected to be redeemed. There is judgment in determining the level at which we group incentives based on similar redemption patterns, future redemption patterns and the ultimate number of incentives that we do not expect to be redeemed.

We also issue coupons that are not earned in conjunction with a purchase of a product or service, typically as part of targeted marketing activities. This is not a performance obligation, but is recognized as a reduction of the transaction price when redeemed by the customer.

Customer Loyalty Programs

We have customer loyalty programs which allow members to earn points when using our private label and co-branded credit cards. Points earned enable members to receive a certificate that may be redeemed on future purchases. Certificate expirations are typically two months from the date of issuance. Our loyalty programs represent customer options that provide a material right and, accordingly, are performance obligations for each applicable contract. The relative standalone selling price of points earned by our loyalty program members is deferred and included in Deferred revenue on our Consolidated Balance Sheets based on the percentage of points that are projected to be redeemed. We recognize revenue for this performance obligation over time when a certificate is redeemed by the customer. There is inherent judgment in estimating the value of our customer loyalty programs as they are susceptible to factors outside of our influence, particularly customer redemption activity. However, we have significant experience in estimating the amount and timing of redemptions of certificates, based primarily on historical data.

Refer to Note 9, *Revenue*, and Note 13, *Segment and Geographic Information*, for additional information.

Cost of Sales and Selling, General and Administrative Expenses

Types of costs classified in each major expense category are as follows:

Cost of Sales
Cost of products sold, including:
Cash discounts on payments to merchandise vendors
Costs associated with operating our distribution network, including payroll and benefit costs, occupancy costs and depreciation
Customer shipping and handling expenses
Freight expenses associated with moving merchandise inventories from our distribution centers to our retail stores
Freight expenses associated with moving merchandise inventories from our vendors to our distribution centers
Markdowns
Physical inventory losses
Vendor allowances that are not a reimbursement of specific, incremental and identifiable costs
Cost of services provided, including:
Cost of replacement parts and related freight expenses
Payroll and benefit costs for services employees associated with providing the service

Selling, General and Administrative Expenses
Advertising costs
Charitable contributions
Depreciation and amortization related to retail, services and corporate assets
Long-lived asset impairment charges
Occupancy and maintenance costs of retail, services and corporate facilities
Other administrative costs, such as supplies, travel and lodging
Outside and outsourced service fees
Payroll and benefit costs for retail and corporate employees, including termination benefits incurred as part of normal operations
Tender costs, including bank charges and costs associated with credit and debit card interchange fees
Vendor allowances that are a reimbursement of specific, incremental and identifiable costs

Vendor Allowances

We receive funds from our merchandise vendors through a variety of programs and arrangements, primarily in the form of purchases-based or sales-based volumes and for product advertising and placement. We recognize vendor allowances based on purchases and sales as a reduction of cost of sales when the associated inventory is sold. Vendor allowances for advertising and placement are recognized as a reduction of cost of sales ratably over the corresponding performance period. Funds that are determined to be a reimbursement of specific, incremental and identifiable costs incurred to sell vendors' products are recorded as an offset to the related expense within SG&A on our Consolidated Statements of Earnings when incurred.

Advertising Costs

Advertising costs, which are included in SG&A on our Consolidated Statements of Earnings, primarily consist of digital advertisements. Digital advertising costs are generally expensed as incurred, which is typically when customers either view or click through a digital ad. Other advertising costs are expensed the first time the advertisement runs, or as broadcast costs are incurred. Advertising costs were $861 million, $846 million and $794 million in fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

Stock-Based Compensation

We recognize stock-based compensation expense for the fair value of our stock-based compensation awards, which is determined based on the closing market price of our stock at the date of grant for time-based and performance-based share awards, and Monte-Carlo simulation for market-based share awards. Compensation expense is recognized on a straight-line basis over the period in which services are required. Forfeitures are expensed as incurred or upon termination. Refer to Note 8, *Shareholders' Equity*, for additional information.

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 the potentially dilutive common shares been issued as calculated using the treasury stock method. Potentially dilutive securities include stock options and non-vested share awards. Non-vested market-based share awards and non-vested performance-based share awards, to the extent they exist, are included in the average diluted shares outstanding each period if established market or performance criteria have been met at the end of the respective periods. Refer to Note 8, *Shareholders' Equity*, for additional information.

Comprehensive Income (Loss)

Comprehensive income (loss) is computed as net earnings plus or minus certain other items that are recorded directly to shareholders' equity.

Reclassification

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

2. Restructuring

Restructuring charges were as follows ($ in millions):

	2026	2025	2024
Fiscal 2026 Labor and Store Optimization Initiative	$ 117	$ -	$ -
Best Buy Health Optimization and China Sourcing Initiative	101	-	-
Fiscal 2024 Restructuring Initiative	(28)	3	171
Fiscal 2023 Resource Optimization Initiative	-	(6)	(18)
Total	$ 190	$ (3)	$ 153

Fiscal 2026 Labor and Store Optimization Initiative

In the second quarter of fiscal 2026, we commenced a restructuring initiative intended to align field resources with changing customer behaviors, close select non-traditional store locations and redirect corporate resources for better alignment with our strategy. We currently do not expect to incur material future restructuring charges related to this initiative.

All charges incurred related to this initiative were from continuing operations and presented within Restructuring charges on our Consolidated Statements of Earnings. The composition of restructuring charges incurred related to this initiative were as follows ($ in millions):

	2026		
	Domestic	International	Total
Termination benefits	$ 68	$ 3	$ 71
Asset impairments and other costs[1]	46	-	46
Total	$ 114	$ 3	$ 117

(1) Primarily represents asset impairments related to planned store closures, an impairment related to an indefinite-lived tradename and other exit costs. See Note 3, *Goodwill and Intangible Assets*, for additional information. The remaining carrying value of net assets approximates fair value and was immaterial as of January 31, 2026.

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

	Termination Benefits		
	Domestic	International	Total
Balances at February 1, 2025	$ -	$ -	$ -
Charges	78	3	81
Cash payments	(26)	-	(26)
Adjustments[1]	(10)	-	(10)
Balances at January 31, 2026	$ 42	$ 3	$ 45

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

Our restructuring accrual liabilities primarily related to termination benefits of $45 million as of January 31, 2026, reflect expected future cash payments primarily during fiscal 2027.

Best Buy Health Optimization and China Sourcing Initiative

In the first quarter of fiscal 2026, we commenced a restructuring initiative primarily focused on optimizing our Best Buy Health business by taking actions to maximize value and improve profitability in light of its performance against our original forecasting. These actions included the exit of a component of our Best Buy Health business that was finalized during the second quarter of fiscal 2026. In addition, we also made significant changes to reduce our exposure to tariffs, particularly in China. We currently do not expect to incur material future restructuring charges related to this initiative.

All charges incurred related to this initiative were from continuing operations in our Domestic segment and presented within Restructuring charges on our Consolidated Statements of Earnings. The composition of restructuring charges incurred related to this initiative were as follows ($ in millions):

	2026
Asset impairments and other costs[1]	$ 71
Termination benefits	30
Total	$ 101

(1) Primarily represents the full impairment of net assets related to a component of our Best Buy Health business and other exit costs. The remaining carrying value of net assets approximates fair value and was immaterial as of January 31, 2026.

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

	Termination Benefits	Asset Impairments and Other Costs	Total
Balances at February 1, 2025	$ -	$ -	$ -
Charges	38	28	66
Cash payments	(20)	(27)	(47)
Adjustments[1]	(8)	(1)	(9)
Balances at January 31, 2026	$ 10	$ -	$ 10

(1) Primarily represents adjustments for termination benefits related to higher-than-expected employee retention from previously planned organizational changes.

Our restructuring accrual liabilities related to termination benefits of $10 million as of January 31, 2026, reflect expected future cash payments primarily during fiscal 2027.

Fiscal 2024 Restructuring Initiative

During the fourth quarter of fiscal 2024, we commenced an enterprise-wide restructuring initiative intended to align field labor resources with where customers want to shop and to optimize the customer experience, redirect corporate resources for better alignment with our strategy, and right-size resources to better align with our revenue outlook for fiscal 2025. We do not expect to incur material future restructuring charges related to this initiative.

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

	2026	2025	2024	Cumulative Amount as of January 31, 2026
Domestic	$ (26)	$ 3	$ 163	$ 140
International	(2)	-	8	6
Total	$ (28)	$ 3	$ 171	$ 146

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

	Domestic	International	Total
Balances at February 3, 2024	$ 163	$ 8	$ 171
Charges	18	2	20
Cash payments	(86)	(3)	(89)
Adjustments[1]	(15)	(2)	(17)
Balances at February 1, 2025	80	5	85
Cash payments	(23)	(3)	(26)
Adjustments[1]	(26)	(2)	(28)
Balances at January 31, 2026	$ 31	$ -	$ 31

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

Our restructuring accrual liabilities related to termination benefits of $31 million as of January 31, 2026, reflect expected future cash payments primarily during fiscal 2028.

3. Goodwill and Intangible Assets

Goodwill

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

	January 31, 2026		February 1, 2025	
	Gross Carrying Amount	Cumulative Impairment	Gross Carrying Amount	Cumulative Impairment
Domestic	$ 1,450	$ (660)	$ 1,450	$ (542)
International	608	(608)	608	(608)
Total	$ 2,058	$ (1,268)	$ 2,058	$ (1,150)

In the third quarter of fiscal 2026, we recorded a goodwill impairment of $118 million within the Domestic segment for the Best Buy Health reporting unit. The carrying value of the Best Buy Health reporting unit as of January 31, 2026, was $298 million. A change in Best Buy Health's customer base during the third quarter of fiscal 2026 resulted in an impairment review of all Best Buy Health assets. The fair value of Best Buy Health was estimated primarily based on DCF analysis. The impairment reflects downward revisions of our revenue growth rates and margin rates compared to previous projections, in part due to pressures in the Medicaid and Medicare Advantage markets. In addition, definite-lived intangible asset impairments and long-lived asset impairments were also recorded. Refer to Note 4, *Fair Value Measurements*, for additional information. No further impairments were identified in the fourth quarter of fiscal 2026.

Indefinite-Lived Intangible Assets

In the second quarter of fiscal 2026, we recorded a full impairment of $16 million related to our only remaining indefinite-lived intangible asset as a result of restructuring activity that commenced in the second quarter of fiscal 2026. Refer to Note 2, *Restructuring*, for additional information.

Definite-Lived Intangible Assets

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

	January 31, 2026		February 1, 2025		Weighted-Average Useful Life Remaining as of January 31, 2026 (in years)
	Gross Carrying Amount[1]	Accumulated Amortization[1]	Gross Carrying Amount	Accumulated Amortization	
Customer relationships[2]	$ 339	$ 339	$ 360	$ 285	-
Tradenames	87	82	92	79	0.7
Developed technology	56	56	64	61	-
Total	$ 482	$ 477	$ 516	$ 425	0.7

(1) Gross carrying amount and accumulated amortization as of January 31, 2026, excludes $34 million and $16 million, respectively, of definite-lived intangible assets related to the exit of a component of our Best Buy Health business in the second quarter of fiscal 2026. See Note 2, *Restructuring*, for additional information.

(2) Accumulated amortization as of January 31, 2026, includes $53 million of impairments related to Best Buy Health included in Goodwill and intangible asset impairments on our Consolidated Statements of Earnings.

Amortization expense, included in SG&A on our Consolidated Statements of Earnings, was as follows ($ in millions):

	2026	2025	2024
Amortization expense	$ 14	$ 21	$ 61

4. Fair Value Measurements

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

Recurring Fair Value Measurements

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

Assets	Balance Sheet Location[1]	Fair Value Hierarchy	Fair Value at January 31, 2026	Fair Value at February 1, 2025
Money market funds[2]	Cash and cash equivalents	Level 1	$ 143	$ 439
Time deposits[3]	Cash and cash equivalents	Level 2	252	150
Commercial paper[2]	Cash and cash equivalents	Level 2	37	-
Money market funds[2]	Other current assets	Level 1	123	140
Time deposits[3]	Other current assets	Level 2	30	50
Marketable securities that fund deferred compensation[4]	Other assets	Level 1	41	39
Liabilities				
Interest rate swap derivative instruments[5]	Long-term liabilities	Level 2	1	14

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

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

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

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

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

Nonrecurring Fair Value Measurements

In fiscal 2026, we recorded asset impairments and other costs as a result of restructuring initiatives that commenced in the first and second quarters of fiscal 2026. Refer to Note 2, *Restructuring*, for additional information.

In the third quarter of fiscal 2026, we recorded goodwill and definite-lived intangible asset impairments related to Best Buy Health. Refer to Note 3, *Goodwill and Intangible Assets*, for additional information. In addition, we recorded $21 million of long-lived asset impairments related to Best Buy Health, included in SG&A on our Consolidated Statements of Earnings. The remaining carrying value of net long-lived assets subject to impairment approximates fair value and was immaterial as of January 31, 2026.

All nonrecurring fair value remeasurements mentioned above were based on significant unobservable inputs (Level 3).

Fair Value of Financial Instruments

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

Long-term debt is presented at carrying value on our 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):

	January 31, 2026		February 1, 2025	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt[1]	$ 1,089	$ 1,149	$ 1,031	$ 1,136

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

5. Derivative Instruments

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

Our derivative instruments designated as net investment hedges and fair value hedges are recorded on our 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	January 31, 2026	February 1, 2025
Derivatives designated as net investment hedges	$ 119	$ 119
Derivatives designated as fair value hedges (interest rate swaps)	500	500
No hedging designation (foreign exchange contracts)	34	42
Total	$ 653	$ 661

Effects of our fair value hedges on our Consolidated Statements of Earnings were as follows ($ in millions):

		Gain (Loss) Recognized		
	Statement of Earnings Location	2026	2025	2024
Interest rate swaps	Interest expense	$ 13	$ (3)	$ (4)
Adjustments to carrying value of long-term debt	Interest expense	(13)	3	4
Total		$ -	$ -	$ -

6. Leases

Supplemental balance sheet information related to our leases was as follows ($ in millions):

	Balance Sheet Location	January 31, 2026	February 1, 2025
Assets			
Operating leases	Operating lease assets	$ 2,869	$ 2,833
Finance leases	Property under finance leases, net[1]	42	34
Total lease assets		$ 2,911	$ 2,867
Liabilities			
Current:			
Operating leases	Current portion of operating lease liabilities	$ 623	$ 617
Finance leases	Current portion of long-term debt	11	10
Non-current:			
Operating leases	Long-term operating lease liabilities	2,334	2,282
Finance leases	Long-term debt	21	15
Total lease liabilities		$ 2,989	$ 2,924

(1) Finance leases were recorded net of accumulated depreciation of $38 million and $54 million as of January 31, 2026, and February 1, 2025, respectively.

Costs and cash flow impacts associated with our finance leases were immaterial in the periods presented. Components of our total operating lease cost were as follows ($ in millions):

	Statement of Earnings Location	2026	2025	2024
Operating lease cost[1]	Cost of sales and SG&A[2]	$ 790	$ 784	$ 777
Variable lease cost	Cost of sales and SG&A[2]	241	236	239
Sublease income	SG&A	(14)	(13)	(11)
Total operating lease cost		$ 1,017	$ 1,007	$ 1,005

(1) Includes short-term leases, which are immaterial.

(2) Supply chain-related amounts are included in Cost of sales.

Other information related to our operating leases was as follows ($ in millions):

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows	$ 794	$ 781
Lease assets obtained in exchange for new lease liabilities	$ 680	$ 771
Weighted average remaining lease term (in years)	5.4	5.4
Weighted average discount rate	4.4 %	4.1 %

Future lease payments under our non-cancellable operating leases as of January 31, 2026, were as follows ($ in millions):

	Operating Leases[1]
Fiscal 2027	$ 739
Fiscal 2028	719
Fiscal 2029	578
Fiscal 2030	457
Fiscal 2031	312
Thereafter	542
Total future undiscounted lease payments	3,347
Less imputed interest	390
Total reported lease liability	$ 2,957

(1) Lease payments exclude $22 million of legally binding fixed costs for leases signed but not yet commenced.

7. Debt

Short-Term Debt

U.S. Revolving Credit Facility

On April 18, 2025, we entered into 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 replaced the previous $1.25 billion senior unsecured revolving credit facility (the “Previous Facility”) with a syndicate of banks, which was entered into April 2023 and scheduled to expire April 2028, but was terminated on April 18, 2025. The Five-Year Facility Agreement permits borrowings of up to $1.25 billion and expires in April 2030. There were no borrowings outstanding under the Five-Year Facility Agreement as of January 31, 2026, or the Previous Facility as of February 1, 2025.

The interest rate under the Five-Year Facility Agreement is variable and is determined at our option as: (i) the sum of (a) the greatest of (1) U.S. Bank National Association’s prime rate, (2) the greater of the federal funds effective rate and the overnight bank funding rate plus, in each case, 0.5%, and (3) Adjusted Term Secured Overnight Financing Rate (the “Adjusted Term SOFR”) for an interest period of one month plus 1%, and (b) a variable margin rate (the “ABR Margin”); or (ii) Adjusted Term SOFR for the applicable interest period plus a variable margin rate (the “Term SOFR Margin”). In addition, a facility fee is assessed on the commitment amount. The ABR Margin, Term SOFR Margin and the facility fee are based upon our current senior unsecured debt rating. Under the Five-Year Facility Agreement, the ABR Margin ranges from 0.000% to 0.015%, the Term SOFR Margin ranges from 0.565% to 1.015%, and the facility fee ranges from 0.060% to 0.110%.

The Five-Year Facility Agreement is guaranteed by certain of our subsidiaries and contains customary affirmative and negative covenants. Among other things, these covenants restrict our and certain of our subsidiaries’ abilities to incur liens on certain assets; make material changes in corporate structure or the nature of our business; dispose of material assets; engage in certain mergers, consolidations and certain other fundamental changes; or engage in certain transactions with affiliates.

The Five-Year Facility Agreement also contains a covenant that requires the company to maintain a maximum quarterly cash flow leverage ratio. The Five-Year Facility Agreement contains customary default provisions, including, but not limited to, failure to pay interest or principal when due and failure to comply with covenants.

Long-Term Debt

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

	January 31, 2026	February 1, 2025
2028 Notes	$ 500	$ 500
2030 Notes	650	650
Interest rate swap valuation adjustments	(1)	(14)
Subtotal	1,149	1,136
Debt discounts and issuance costs	(5)	(7)
Finance lease obligations	32	25
Total long-term debt	1,176	1,154
Less current portion	11	10
Total long-term debt, less current portion	$ 1,165	$ 1,144

2028 Notes

In September 2018, we issued $500 million of principal amount of notes due October 1, 2028 (the "2028 Notes"). The 2028 Notes bear interest at a fixed rate of 4.45% per year, payable semi-annually on April 1 and October 1 of each year, beginning on April 1, 2019. Net proceeds from the issuance were $495 million after underwriting and issuance discounts totaling $5 million.

We may redeem some or all of the 2028 Notes at any time at a redemption price equal to the greater of (i) 100% of the principal amount, and (ii) the sum of the present values of each remaining scheduled payment of principal and interest discounted to the redemption date on a semiannual basis, plus accrued and unpaid interest on the principal amount to the redemption date as described in the indenture (including the supplemental indenture) relating to the 2028 Notes. Furthermore, if a change of control triggering event occurs, we will be required to offer to purchase the remaining unredeemed 2028 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the purchase date.

The 2028 Notes are unsecured and unsubordinated obligations and rank equally with all of our other unsecured and unsubordinated debt.

The 2028 Notes contain covenants that, among other things, limit our ability to incur debt secured by liens or to enter into sale and lease-back transactions.

2030 Notes

In October 2020, we issued $650 million of principal amount of notes due October 1, 2030, (the "2030 Notes") that bear interest at a fixed rate of 1.95% per year, payable semi-annually on April 1 and October 1 of each year, beginning on April 1, 2021. Net proceeds from the issuance were $642 million after underwriting and issuance discounts totaling $8 million.

We may redeem some or all of the 2030 Notes at any time at a redemption price equal to the greater of (i) 100% of the principal amount, and (ii) the sum of the present values of each remaining scheduled payment of principal and interest discounted to the redemption date on a semiannual basis, plus accrued and unpaid interest on the principal amount to the redemption date as described in the indenture (including the supplemental indenture) relating to the 2030 Notes. Furthermore, if a change of control triggering event occurs, we will be required to offer to purchase the remaining unredeemed 2030 Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the purchase date.

The 2030 Notes are unsecured and unsubordinated obligations and rank equally with all of our other unsecured and unsubordinated debt. The 2030 Notes contain covenants that, among other things, limit our ability to incur debt secured by liens or to enter into sale and lease-back transactions.

Fair Value and Future Maturities

See Note 4, *Fair Value Measurements*, for the fair value of long-term debt. The 2028 Notes mature in fiscal 2029 and the 2030 Notes mature in fiscal 2031.

8. Shareholders' Equity

Stock Compensation Plans

The Best Buy Co., Inc. 2020 Omnibus Incentive Plan (the "2020 Plan") authorizes us to grant or issue non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and other equity awards to our employees, officers, advisers, consultants and directors. In addition, shares subject to any outstanding awards under our prior stock incentive plans that are forfeited, cancelled or reacquired by the company are available for issuance under the 2020 Plan. Awards issued under the 2020 Plan vest as determined by the Compensation and Human Resources Committee of our Board of Directors ("Board") at the time of grant. Dividend equivalents accrue on restricted stock and restricted stock units during the vesting period, are forfeitable prior to the vesting date and are settled in shares of our common stock at the vesting or distribution date. As of January 31, 2026, a total of 17.6 million shares were available for future grants under the 2020 Plan. We have not granted incentive stock options.

Stock-based compensation expense was as follows ($ in millions):

	2026	2025	2024
Share awards			
Time-based	$ 119	$ 122	$ 126
Market-based	16	17	19
Performance-based	4	-	-
Stock-based compensation expense	139	139	145
Income tax benefits	26	25	27
Stock-based compensation expense, net of tax	$ 113	$ 114	$ 118

Time-Based Share Awards

Time-based share awards vest solely upon continued employment, generally 33% on each of the three annual anniversary dates following the grant date. Time-based share awards to directors vest one year from the date of grant. Information on our time-based share awards was as follows (shares in thousands):

Time-Based Share Awards	Shares	Weighted-Average Grant Date Fair Value
Outstanding as of February 1, 2025	3,478	$ 79.43
Granted	2,292	$ 72.92
Vested and distributed	(1,569)	$ 82.46
Forfeited	(432)	$ 76.46
Outstanding as of January 31, 2026	3,769	$ 74.72

Information regarding the vesting and distribution of time-based share awards was as follows ($ in millions):

Time-Based Share Awards	2026	2025	2024
Fair value of awards vested and distributed[(1)]	$ 115	$ 113	$ 114
Tax benefits realized for tax deductions related to vesting	$ 22	$ 23	$ 24

(1) Based on market value on the date of vesting.

As of January 31, 2026, there was $135 million of unrecognized compensation expense related to non-vested time-based share awards that we expect to recognize over a weighted-average period of 1.8 years.

Market-Based Share Awards

Market-based share awards vest at the end of a three-year incentive period based upon our total shareholder return ("TSR") compared to the TSR of companies that comprise Standard & Poor's 500 Index. The number of shares of common stock that could be distributed at the end of the three-year TSR-incentive period may range from 0% to 150% of each share granted (“target”). Shares are granted at 100% of target. Information on our market-based share awards was as follows (shares in thousands):

Market-Based Share Awards	Shares	Weighted-Average Fair Value per Share
Outstanding as of February 1, 2025	692	$ 92.95
Granted	183	$ 76.71
Adjustment for performance achievement	(189)	$ 112.62
Forfeited	(44)	$ 82.20
Outstanding as of January 31, 2026	642	$ 83.64

Distributions of market-based share awards in fiscal 2026, fiscal 2025, and fiscal 2024 were not significant. As of January 31, 2026, there was $13 million of unrecognized compensation expense related to non-vested market-based share awards that we expect to recognize over a weighted-average period of 1.6 years.

Performance-Based Share Awards

Performance-based share awards vest upon the achievement of company performance goals based upon certain profitability measures. The number of shares of common stock that could be distributed at the end of the incentive period may range from 0% to 150% of each share granted (“target”). Shares are granted at 100% of target. Awards vest after the performance period, if the profitability measure has been met. Information on our performance-based share awards was as follows (shares in thousands):

Performance-Based Share Awards	Shares	Weighted-Average Fair Value per Share
Outstanding as of February 1, 2025	-	$ -
Granted	202	$ 72.54
Forfeited	(15)	$ 73.48
Outstanding as of January 31, 2026	187	$ 72.47

As of January 31, 2026, there was $8 million of unrecognized compensation expense related to non-vested performance-based share awards that we expect to recognize over a weighted-average period of 2.0 years.

Earnings per Share

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

	2026	2025	2024
Numerator			
Net earnings	$ 1,069	$ 927	$ 1,241
Denominator			
Weighted-average common shares outstanding	211.0	215.2	217.7
Dilutive effect of stock compensation plan awards	1.1	1.4	0.8
Weighted-average common shares outstanding, assuming dilution	212.1	216.6	218.5
Potential shares which were anti-dilutive and excluded from weighted-average share computations	0.1	-	-
Basic earnings per share	$ 5.06	$ 4.31	$ 5.70
Diluted earnings per share	$ 5.04	$ 4.28	$ 5.68

Repurchase of Common Stock

On February 28, 2022, our Board approved a $5.0 billion share repurchase program. The program had $3.0 billion remaining available for repurchases as of January 31, 2026. There is no expiration date governing the period over which we can repurchase shares under this authorization.

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

	2026	2025	2024
Total cost of shares repurchased	$ 273	$ 500	$ 340
Average price per share	$ 69.18	$ 86.42	$ 72.52
Number of shares repurchased and retired	4.0	5.8	4.7

9. Revenue

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

	January 31, 2026	February 1, 2025
Receivables, net[1]	$ 538	$ 504
Short-term contract liabilities included in:		
Unredeemed gift card liabilities	235	253
Deferred revenue	900	951
Accrued liabilities	57	50
Long-term contract liabilities included in:		
Long-term liabilities	205	229

(1) Receivables are recorded net of allowances for expected credit losses of $17 million and $20 million as of January 31, 2026, and February 1, 2025, respectively.

During fiscal 2026 and fiscal 2025, $1.1 billion and $1.1 billion of revenue was recognized, respectively, that was included in contract liabilities at the beginning of the respective periods.

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

Fiscal Year	Amount
Fiscal 2027	$ 36
Fiscal 2028	33
Fiscal 2029	28
Fiscal 2030	28
Fiscal 2031	27
Thereafter	89

See Note 13, *Segment and Geographic Information*, for information on our revenue by segment and category.

10. Income Taxes

Reconciliation of the federal statutory income tax rate to the effective tax rate was as follows ($ in millions):

	2026	
	Amount	Percent
U.S. federal income tax at the statutory rate	$ 295	21.0 %
State and local income taxes, net of federal income tax effect[1]	38	2.7 %
Foreign tax effects:		
China - Statutory tax rate differential	(20)	(1.4)%
Other foreign jurisdictions	8	0.6 %
Effect of cross-border tax laws, net of related foreign tax credits:		
Subpart F inclusion	19	1.3 %
Other	(1)	(0.1)%
Nontaxable or nondeductible items:		
Goodwill impairment	25	1.8 %
Other	11	0.8 %
Other adjustments:		
Exit of a component of Best Buy Health business	(27)	(1.9)%
Other	(11)	(0.8)%
Effective income tax rate	$ 337	24.0 %

(1) State and local income taxes in California, Oregon, Texas, New York and Illinois contributed to the majority (greater than 50%) of the tax effect in this category.

Reconciliations of prior year federal statutory income tax rate to the effective tax rate were as follows ($ in millions):

	2025	2024
Federal income tax at the statutory rate	$ 272	$ 340
State income taxes, net of federal benefit	52	57
Change in unrecognized tax benefits	(5)	(6)
Expense (benefit) from foreign operations	3	(5)
Tax credits	(23)	(13)
Goodwill impairments (non-deductible)	63	-
Other	10	8
Income tax expense	$ 372	$ 381
Effective income tax rate	28.7 %	23.5 %

Earnings before income tax expense and equity in income of affiliates by jurisdiction were as follows ($ in millions):

	2026	2025	2024
United States	$ 1,223	$ 1,095	$ 1,389
Foreign	181	200	232
Earnings before income tax expense and equity in income of affiliates	$ 1,404	$ 1,295	$ 1,621

Income tax expense (benefit) was comprised of the following ($ in millions):

	2026	2025	2024
Current:			
Federal	$ 207	$ 341	$ 452
State	42	67	104
Foreign	28	23	39
	277	431	595
Deferred:			
Federal	55	(55)	(177)
State	4	(7)	(37)
Foreign	1	3	-
	60	(59)	(214)
Total income tax expense	$ 337	$ 372	$ 381

Deferred taxes are the result of differences between the bases of assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities were comprised of the following ($ in millions):

	January 31, 2026	February 1, 2025
Deferred revenue	$ 119	$ 125
Compensation and benefits	70	75
Stock-based compensation	30	29
Other accrued expenses	35	46
Operating lease liabilities	750	758
Loss and credit carryforwards	140	163
Property and equipment	36	57
Other	50	48
Total deferred tax assets	1,230	1,301
Valuation allowance	(143)	(172)
Total deferred tax assets after valuation allowance	1,087	1,129
Inventory	(96)	(92)
Operating lease assets	(720)	(734)
Goodwill and intangible assets	(86)	(61)
Other	(21)	(19)
Total deferred tax liabilities	(923)	(906)
Net deferred tax assets	$ 164	$ 223

Net deferred tax assets were included in Other assets on our Consolidated Balance Sheets as of January 31, 2026, and February 1, 2025.

As of January 31, 2026, we had deferred tax assets for net operating loss carryforwards from international operations of $93 million, of which $31 million will expire in various years through 2043 and the remaining amounts have no expiration; U.S. federal foreign tax credit carryforwards of $29 million, which will expire between 2027 and 2036; state credit carryforwards of $1 million, which will expire between 2027 and 2045; state net operating loss carryforwards of $8 million, which will expire between 2027 and 2046; international credit carryforwards of $1 million, which have no expiration; and international capital loss carryforwards of $8 million, which have no expiration.

As of January 31, 2026, a valuation allowance of $143 million had been established, of which $29 million is against U.S. federal foreign tax credit carryforwards; $13 million is against international, federal and state capital loss carryforwards; $99 million is against international and state net operating loss carryforwards and $2 million is against international and state credit carryforwards. The decrease in valuation allowance in fiscal 2026 was primarily due to disposals relating to certain international and state net operating loss carryforwards and certain other foreign deferred tax assets.

Reconciliations of changes in unrecognized tax benefits were as follows ($ in millions):

	2026	2025	2024
Balances at beginning of period	$ 145	$ 140	$ 163
Gross increases related to prior period tax positions	2	13	10
Gross decreases related to prior period tax positions	(6)	(10)	(11)
Gross increases related to current period tax positions	17	20	20
Settlements with taxing authorities	(5)	1	(3)
Lapse of statute of limitations	(18)	(19)	(39)
Balances at end of period	$ 135	$ 145	$ 140

Unrecognized tax benefits of $105 million, $116 million and $121 million as of January 31, 2026, February 1, 2025, and February 3, 2024, respectively, would favorably impact our effective income tax rate if recognized.

We recognize interest and penalties (not included in the unrecognized tax benefits above), as well as interest received from favorable tax settlements, as components of income tax expense. Interest expense of $6 million, $1 million and $3 million was recognized in fiscal 2026, fiscal 2025 and fiscal 2024, respectively. As of January 31, 2026, February 1, 2025, and February 3, 2024, we had accrued interest of $50 million, $45 million and $43 million, respectively.

We file a consolidated U.S. federal income tax return, as well as income tax returns in various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal or state and local income tax examinations by taxing authorities for years before fiscal 2020. For certain foreign jurisdictions, however, we remain open for examination of fiscal years back to 2011.

Changes in state, federal and foreign tax laws, as well as the timing and outcome of tax examinations, may impact our tax contingencies. The timing and resolution of these matters is uncertain, and the amounts ultimately paid may differ from our recorded accruals, resulting in a change to our gross unrecognized tax benefits in the period in which the change occurs.

Income taxes paid were as follows ($ in millions):

	January 31, 2026
Federal	$ 197
State and local	63
Foreign:	
Canada	19
Other	5
Total[(1)]	$ 284

(1) Includes payments for purchased tax credits of $150 million.

Recently Enacted Tax Legislation

On July 4, 2025, the One Big Beautiful Bill Act ("OB3") was signed into law, amending and extending key provisions of the 2017 Tax Cuts and Jobs Act, including, but not limited to, domestic research expensing, 100% bonus depreciation on tangible property and modifications to the international tax framework. The provisions reduced our fiscal 2026 cash tax liability but did not have a material impact on our income tax expense.

On February 18, 2026, the U.S. Treasury and the Internal Revenue Service issued Notice 2026-7, *Additional Interim Guidance Regarding the Application of the Corporate Alternative Minimum Tax*. We are currently evaluating the financial impact, including assessing how the adjustments allowed under this notice interact with the tax law changes introduced by OB3.

11. Benefit Plans

We sponsor retirement savings plans for employees meeting certain eligibility requirements. Participants may choose from various investment options, including a fund comprised of our company stock. Participants can contribute up to 50% of their eligible compensation annually as defined by the plan document, subject to Internal Revenue Service limitations. After one year of service, we will match 100% of the participant's eligible contributions that do not exceed 3% of compensation, plus 50% of eligible contributions that exceed 3% but do not exceed 5% of compensation. Employer contributions vest immediately. Total employer contributions were $70 million, $71 million and $76 million in fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

We offer a non-qualified, unfunded deferred compensation plan for highly-compensated employees and members of our Board. Amounts contributed and deferred under the plan are invested in options offered under the plan and elected by the participants. The liability for compensation deferred under the plan was $21 million and $20 million as of January 31, 2026, and February 1, 2025, respectively, and is included in Long-term liabilities on our Consolidated Balance Sheets. See Note 4, *Fair Value Measurements*, for the fair value of assets held for deferred compensation.

12. Contingencies and Commitments

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 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 Consolidated Financial Statements.

We had outstanding letters of credit totaling $76 million as of January 31, 2026.

13. Segment and Geographic Information

Revenue information by segment and category was as follows ($ in millions):

	2026	2025	2024
Domestic:			
Computing and Mobile Phones	$ 18,038	$ 17,103	$ 16,930
Consumer Electronics	10,527	11,148	12,014
Appliances	4,166	4,589	5,469
Entertainment	2,811	2,641	3,063
Services	2,466	2,456	2,357
Other	270	301	264
Total Domestic revenue	38,278	38,238	40,097
International:			
Computing and Mobile Phones	1,676	1,578	1,552
Consumer Electronics	933	917	955
Appliances	303	321	335
Entertainment	281	267	300
Services	190	175	173
Other	30	32	40
Total International revenue	3,413	3,290	3,355
Total revenue	$ 41,691	$ 41,528	$ 43,452

Adjusted operating income by segment and the reconciliation to consolidated earnings before income tax expense and equity in income of affiliates were as follows ($ in millions):

	2026		
	Domestic [1]	International	Total
Revenue	$ 38,278	$ 3,413	$ 41,691
Cost of sales	29,642	2,676	32,318
Adjusted SG&A [2]	6,966	622	7,588
Adjusted operating income	$ 1,670	$ 115	1,785
Restructuring charges			190
Goodwill and intangible asset impairments			171
Intangible asset amortization			14
Long-lived asset impairment			21
Operating income			1,389
Other income (expense):			
Loss on disposal of subsidiaries			(6)
Investment income and other			68
Interest expense			(47)
Earnings before income tax expense and equity in income of affiliates			$ 1,404

(1) Domestic segment Adjusted operating income includes certain operations that are based in foreign tax jurisdictions and primarily relate to sourcing products into the U.S.

(2) Adjusted SG&A excludes amortization of definite-lived intangible assets associated with acquisitions and non-cash impairments of certain long-lived assets.

	2025		
	Domestic [1]	International	Total
Revenue	$ 38,238	$ 3,290	$ 41,528
Cost of sales	29,591	2,552	32,143
Adjusted SG&A [2]	7,000	630	7,630
Adjusted operating income	$ 1,647	$ 108	1,755
Restructuring charges			(3)
Goodwill impairment			475
Intangible asset amortization			21
Operating income			1,262
Other income (expense):			
Investment income and other			84
Interest expense			(51)
Earnings before income tax expense and equity in income of affiliates			$ 1,295

(1) Domestic segment Adjusted operating income includes certain operations that are based in foreign tax jurisdictions and primarily relate to sourcing products into the U.S.

(2) Adjusted SG&A excludes amortization of definite-lived intangible assets associated with acquisitions.

	2024		
	Domestic [1]	International	Total
Revenue	$ 40,097	$ 3,355	$ 43,452
Cost of sales	31,247	2,602	33,849
Adjusted SG&A [2]	7,175	640	7,815
Adjusted operating income	$ 1,675	$ 113	1,788
Restructuring charges			153
Intangible asset amortization			61
Operating income			1,574
Other income (expense):			
Gain on sale of subsidiary, net			21
Investment income and other			78
Interest expense			(52)
Earnings before income tax expense and equity in income of affiliates			$ 1,621

(1) Domestic segment Adjusted operating income includes certain operations that are based in foreign tax jurisdictions and primarily relate to sourcing products into the U.S.

(2) Adjusted SG&A excludes amortization of definite-lived intangible assets associated with acquisitions.

Cash flow and other expense information by segment was as follows ($ in millions):

	2026	2025	2024
Capital expenditures			
Domestic	$ 623	$ 640	$ 760
International	81	66	35
Total capital expenditures	$ 704	$ 706	$ 795
Depreciation and amortization			
Domestic	$ 788	$ 825	$ 880
International	43	41	43
Total depreciation and amortization	$ 831	$ 866	$ 923

Asset information by segment was as follows ($ in millions):

	2026	2025
Domestic	$ 13,407	$ 13,567
International	1,263	1,215
Total assets	$ 14,670	$ 14,782

Geographic information was as follows ($ in millions):

	2026	2025	2024
Revenue from external customers			
U.S.	$ 38,278	$ 38,238	$ 40,097
Canada	3,413	3,290	3,355
Total revenue from external customers	$ 41,691	$ 41,528	$ 43,452

	2026	2025
Property and equipment, net		
U.S.	$ 1,822	$ 2,002
Canada	164	120
Total property and equipment, net	$ 1,986	$ 2,122

14. Subsequent Events

During fiscal 2026, U.S. tariffs were imposed under the International Emergency Economic Powers Act (the "IEEPA") that applied to certain imported private-label branded and direct import products that we sold during the year or held in inventory as of the end of the fiscal year. On February 20, 2026, the U.S. Supreme Court ruled that tariffs imposed under the IEEPA were unauthorized. The ruling did not address potential refunds. Following the ruling, various actions and proceedings have occurred involving U.S. trade authorities and the U.S. Court of International Trade relating to the administration, collection and potential refund of tariffs imposed under the IEEPA. The outcome of these actions, including the timing, process and ultimate recoverability of any refunds, remains uncertain.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us 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. Our Disclosure Committee meets on a 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), as of January 31, 2026. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of January 31, 2026, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting is included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Attestation Report of the Independent Registered Public Accounting Firm

The attestation report of Deloitte & Touche LLP, our independent registered public accounting firm, on the effectiveness of our internal control over financial reporting is included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting during the fiscal fourth quarter ended January 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Rule 10b5-1 Plan Elections

During the fiscal quarter ended January 31, 2026, none of the Company's directors or officers (as defined in Rule 16(a)-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Other Information

There was no information required to be disclosed in a Current Report on Form 8-K during the fourth quarter of the fiscal year covered by this Annual Report on Form 10-K that was not reported.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated by reference to the applicable information in the company's Proxy Statement for the 2026 Regular Meeting of Shareholders (the "2026 Proxy Statement"), which is expected to be filed with the SEC on or before May 1, 2026.

Code of Ethics

We adopted a Code of Ethics that applies to our directors and all of our employees, including our principal executive officer, our principal financial officer and our principal accounting officer. Our Code of Ethics is available on our website at https://investors.bestbuy.com. A copy of our Code of Ethics may also be obtained, free of charge, upon written request to Best Buy Co., Inc. Investor Relations Department at 7601 Penn Avenue South, Richfield, MN 55423-3645.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our Code of Ethics that applies to our principal executive officer, principal financial officer or principal accounting officer by posting such information within two business days of any such amendment or waiver on our website at https://investors.bestbuy.com.

Item 11. Executive Compensation.

The information required by this Item is incorporated by reference to the applicable information in the 2026 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is incorporated by reference to the applicable information in the 2026 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated by reference to the applicable information in the 2026 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this Item related to our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34) is incorporated by reference to the applicable information in the 2026 Proxy Statement.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Financial Statements:

All financial statements as set forth under Item 8 of this report.

2. Supplementary Financial Statement Schedules:

Certain schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements, including the notes thereto.

3. Exhibits:

		Incorporated by Reference			Filed
Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date	Herewith
3.1	Amended and Restated Articles of Incorporation	8-K	3.1	6/12/2020	
3.2	Amended and Restated By-Laws	8-K	3.1	6/14/2018	
4.1	Form of Indenture, to be dated as of March 11, 2011, between Best Buy Co., Inc. and U.S. Bank National Association, as successor trustee	S-3ASR	4.1	3/8/2011	
4.2	Third Supplemental Indenture, dated as of September 27, 2018, to the Indenture dated as of March 11, 2011, between Best Buy Co., Inc. and U.S. Bank National Association, as successor	8-K	4.1	9/27/2018	
4.3	Form of 4.450% Notes due 2028 (included in Exhibit 4.2)				

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.4	Fourth Supplemental Indenture, dated as of October 1, 2020, to the Indenture, dated as of March 11, 2011, between Best Buy Co., Inc. and U.S. Bank National Association, as successor trustee	8-K	4.1	10/1/2020	
4.5	Form of 1.950% Notes due 2030 (included in Exhibit 4.4)				
4.6	Description of Securities	10-K	4.6	3/19/2025	
10.1	Five-Year Credit Agreement dated as of April 18, 2025, among Best Buy Co., Inc., the Subsidiary Guarantors, the Lenders and U.S. Bank National Association as administrative agent	8-K	10.1	4/22/2025	
*10.2	Best Buy Co., Inc. 2004 Omnibus Stock and Incentive Plan, as amended	S-8	99	7/15/2011	
*10.3	2010 Long-Term Incentive Program Award Agreement, as approved by the Board of Directors	10-K	10.7	4/28/2010	
*10.4	Letter Agreement, dated March 25, 2013, between Best Buy Co., Inc. and Richard M. Schulze	8-K	99.2	3/25/2013	
*10.5	Form of Best Buy Co., Inc. Long-Term Incentive Program Award	10-K	10.19	3/28/2014	
*10.6	Form of Best Buy Co., Inc. Director Restricted Stock Unit Award Agreement	10-K	10.20	3/28/2014	
*10.7	Form of Best Buy Co., Inc. Long Term Incentive Program Award Agreement (2014)	10-Q	10.1	12/5/2014	
*10.8	Best Buy Co., Inc. 2014 Omnibus Incentive Plan	DEF 14A	App. B	4/29/2014	
*10.9	Form of Best Buy Co., Inc. Director Restricted Stock Unit Award Agreement (2014)	10-Q	10.1	9/10/2014	
*10.10	Best Buy Sixth Amended and Restated Deferred Compensation Plan	10-K	10.19	3/31/2015	
*10.11	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement for Directors (2015)	10-Q	10.1	9/4/2015	
*10.12	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2016)	10-Q	10.1	6/9/2016	
*10.13	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement for Directors (2016)	10-Q	10.2	6/9/2016	
*10.14	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2017) - Restricted Shares	10-Q	10.1	6/5/2017	
*10.15	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2017) - Restricted Stock Units	10-Q	10.2	6/5/2017	
*10.16	Best Buy Co., Inc. Amended & Restated 2014 Omnibus Incentive Plan	DEF 14A	App. A	5/1/2017	
*10.17	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement for U.S. Directors (2017)	10-Q	10.2	9/5/2017	
*10.18	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2018) – Restricted Shares	10-Q	10.1	6/8/2018	
*10.19	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2018) – Restricted Stock Units	10-Q	10.2	6/8/2018	
*10.20	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2018) – Directors	10-Q	10.1	9/10/2018	
*10.21	Employment Agreement, dated April 13, 2019, between Corie Barry and Best Buy Co., Inc.	8-K	10.2	4/15/2019	
*10.22	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Restricted Shares	10-Q	10.1	6/7/2019	
*10.23	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Restricted Stock Units	10-Q	10.2	6/7/2019	
*10.24	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2019) – Directors	10-Q	10.1	9/6/2019	
*10.25	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2020) – Restricted Shares	10-Q	10.2	5/27/2020	
*10.26	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2020) – Restricted Stock Units	10-Q	10.3	5/27/2020	
*10.27	Best Buy Co., Inc. 2020 Omnibus Incentive Plan	10-K	10.32	3/19/2021	
*10.28	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2020) – Directors	10-Q	10.2	8/31/2020	
*10.29	Best Buy Severance Plan and Summary Plan Description (January 31, 2021)	10-K	10.34	3/19/2021	
*10.30	Form of Employment Separation and General Release Agreement	10-Q	10.2	6/4/2021	
*10.31	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2021) – Restricted Shares	10-K	10.32	3/18/2022	
*10.32	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2021) – Restricted Stock Units	10-K	10.33	3/18/2022	
*10.33	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2021) – Directors	10-Q	10.1	8/31/2021	
*10.34	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2022) – Restricted Shares	10-Q	10.1	6/2/2022	
*10.35	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2022) – Restricted Stock Units	10-Q	10.2	6/2/2022	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
*10.36	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2022) – Directors	10-Q	10.1	9/8/2022	
*10.37	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2023) – Restricted Shares	10-Q	10.2	6/2/2023	
*10.38	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2023) – Restricted Stock Units	10-Q	10.3	6/2/2023	
*10.39	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2023) - Directors	10-Q	10.1	12/1/2023	
*10.40	Policy Regarding Shareholder Ratification of Executive Officer Cash Severance Agreements	8-K	10.1	3/7/2024	
*10.41	Form of Best Buy Co., Inc. Long-Term Incentive Award Agreement (2024) – Restricted Shares	10-Q	10.1	6/7/2024	
*10.42	Form of Best Buy Co., Inc. Long-Term Incentive Award Agreement (2024) – Restricted Stock Units	10-Q	10.2	6/7/2024	
*10.43	Restated Best Buy Severance Plan and Summary Plan Description (2023)	10-Q	10.4	6/7/2024	
*10.44	Form of Best Buy Co., Inc. Long-Term Incentive Award Agreement (2024) – Directors	10-Q	10.1	9/6/2024	
*10.45	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2025) - Restricted Shares	10-Q	10.1	6/6/2025	
*10.46	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2025) - Restricted Stock Units	10-Q	10.2	6/6/2025	
*10.47	Form of Best Buy Co., Inc. Long-Term Incentive Program Award Agreement (2025) - Directors	10-Q	10.1	9/5/2025	
*10.48	Form of Executive Officer Separation and General Release Agreement	10-Q	10.2	9/5/2025	
*10.49	Amendment No.1 to the Best Buy Co., Inc. 2020 Omnibus Incentive Plan	DEF 14A	Annex A	5/1/2025	
19.1	Securities Trading Policy				X
21.1	Subsidiaries of the Registrant				X
23.1	Consent of Deloitte & Touche LLP				X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
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				X
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				X
97.1	Policy Regarding the Recoupment of Erroneously Awarded Compensation	10-K	97.1	3/15/2024	
101	The following financial information from our Annual Report on Form 10-K for fiscal 2026, filed with the SEC on March 18, 2026, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the consolidated balance sheets at January 31, 2026, and February 1, 2025, (ii) the consolidated statements of earnings for the years ended January 31, 2026, February 1, 2025, and February 3, 2024, (iii) the consolidated statements of comprehensive income for the years ended January 31, 2026, February 1, 2025, and February 3, 2024, (iv) the consolidated statements of cash flows for the years ended January 31, 2026, February 1, 2025, and February 3, 2024, (v) the consolidated statements of changes in shareholders' equity for the years ended January 31, 2026, February 1, 2025, and February 3, 2024, and (vi) the Notes to Consolidated Financial Statements.				
104	The cover page from our Annual Report on Form 10-K for fiscal 2026, filed with the SEC on March 18, 2026, formatted in iXBRL (included as Exhibit 101).				

* Management contracts or compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

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 Annual Report on Form 10-K 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.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

By: /s/ Corie Barry
Corie Barry
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Corie Barry Corie Barry	Chief Executive Officer *(principal executive officer)*	March 18, 2026
/s/ Matthew Bilunas Matthew Bilunas	Senior Executive Vice President, Chief Financial Officer and Enterprise Strategy *(principal financial officer)*	March 18, 2026
/s/ Mathew R. Watson Mathew R. Watson	Senior Vice President, Controller and Chief Accounting Officer *(principal accounting officer)*	March 18, 2026
/s/ David W. Kenny David W. Kenny	Chairman	March 18, 2026
/s/ Lisa M. Caputo Lisa M. Caputo	Director	March 18, 2026
/s/ Meghan C. Frank Meghan C. Frank	Director	March 18, 2026
/s/ A. Dylan Jadeja A. Dylan Jadeja	Director	March 18, 2026
/s/ David C. Kimbell David C. Kimbell	Director	March 18, 2026
/s/ Mario J. Marte Mario J. Marte	Director	March 18, 2026
/s/ Karen A. McLoughlin Karen A. McLoughlin	Director	March 18, 2026
/s/ Claudia F. Munce Claudia F. Munce	Director	March 18, 2026
/s/ Richelle P. Parham Richelle P. Parham	Director	March 18, 2026
/s/ Steven E. Rendle Steven E. Rendle	Director	March 18, 2026
/s/ Sima D. Sistani Sima D. Sistani	Director	March 18, 2026
/s/ Melinda D. Whittington Melinda D. Whittington	Director	March 18, 2026