

A message from

Corie Barry, CEO

Dear fellow shareholders,

Fiscal year 2023 brought continued uncertainty to our business and customers, following two years of record demand and a global pandemic. I am proud to report that Best Buy navigated these obstacles by doing what we do best: focusing on our customers, investing in our strengths, and planning a definitive course for the future.

We quickly pivoted operations during another complex year overshadowed by macroeconomic headwinds. We faced the challenges head on using the same approach that has served us well in recent years: Balancing our near-term response to current conditions and managing what is in our control, while advancing our strategic initiatives and investing in areas critical to our long-term growth.

Before I proceed further, let me take this opportunity to thank our amazing employees for the dedication and resilience they continue to show in this ever-changing environment. Every day, our management team and employees across the company make difficult trade-off decisions while providing amazing customer experiences. Through all this uncertainty, I am so proud of the way our team has always kept our customers as our top priority. It's because of the tireless work of this team that Best Buy can continue to evolve and grow into an even more vibrant company.

I believe this commitment is driven by our shared connection to our company purpose — a purpose that is more relevant today than ever: to enrich lives through technology.



From a financial results standpoint, we finished FY23 slightly better than the updated expectations we provided midway through the year as the environment evolved. We returned \$1.8 billion to shareholders through share repurchases and dividends. We increased our quarterly dividend to \$0.92 per share, which represents the tenth consecutive year of regular quarterly dividend increases.

I am also excited to share that we reached our target of achieving \$1 billion in annualized cost reductions during FY23, two years ahead of the goal we set in 2019. We continue to use these cost savings to make strategic investments and navigate other pressures that affect our business.

We began FY23 with an investor update outlining Best Buy's path forward. In that update, we shared three reasons why we believe our strategy is the right one to deliver growth and long-term value for all our stakeholders.

1. Technology is a necessity, and we are the only national tech solutions provider for the home.
2. We have built a unique ecosystem of customer-centric assets, delivering experiences that no one else can.
3. Our differentiated abilities and ongoing investments in our business are designed to lead to compelling financial returns over time.

These three points remain truer today than ever before. While we are preparing for another challenging year for the industry as a whole, we also believe that this calendar year will be the bottom of the decline in tech demand.

With this in mind, on behalf of my leadership team, let me state clearly that we are optimistic about the future, in part because of the following reasons:

1. Households have twice as many connected devices as they did before the pandemic. (Deloitte. “Mastering the New Digital Life: 2022 Connectivity and Mobile Trends, 3rd Edition”)
2. Tech is increasingly viewed more as a functional need versus an emotional want.
3. Upgrade and replacement cycles in the Consumer Electronics category are historically three to seven years, so many of those recently purchased devices will likely be eligible for an upgrade soon.
4. Innovation is normalizing after having been largely paused since the beginning of the pandemic. This will likely take shape in two ways: Stimulating upgrades/replacements and creating new categories.
5. Structural innovations (like cloud, augmented reality, broadband infrastructure funding, and the electrification of our homes and vehicles) will continue to drive demand.

These factors align well with our vision to humanize and personalize technology for every stage of life. We continue our own expansion into newer categories, like wellness and electric transportation, and our employees provide the advice our customers need to make the best decision for their needs. We are the technology experts and remain the best place for people to see and try the latest products and get tech support, even in their own homes.

We intend not only to maintain that reputation but also to build on it. In keeping with our approach to manage today while investing for tomorrow, we are focused on five strategic areas in FY24.

- **Building customer relationships through membership.** We will continue to evolve our offerings to create long-lasting connections with customers that align with their wants and needs. Millions of customers belong to our My Best Buy and Totaltech programs, and we are seeing increased engagement, higher spending with us and more cross-category buying than from nonmembers.
- **Evolving our omnichannel retail model.** Over the past three years, we have seen our digital sales increase significantly, and they now make up one-third of our total domestic sales. At the same time, our stores remain a cornerstone asset. Based on successful pilots in several markets, we are rolling out a new approach to our stores and staffing. We are moving away from a “one-size-fits-all” model to serving defined geographic areas with the right mix of store formats and fulfillment solutions that best serve the customers who live there.
- **Incubating and growing Best Buy Health.** We’re building on our early successes in this space by leveraging our unique assets, including the Geek Squad, to enable care at home for everyone throughout their health journey. Partnerships with some of the nation’s largest health systems are accelerating our footprint in the market.
- **Unlocking reverse secondary market opportunities.** By refurbishing and reselling non-new inventory, we believe Best Buy will be able to create new revenue streams and appeal to a larger customer base. This also aligns with our priority of contributing to a circular economy, a system that promotes using fewer new natural resources, keeping products and materials in use as long as possible, and finding alternatives to throwing them away.
- **Removing cost and improving efficiency and effectiveness.** As mentioned earlier, driving profitability across our business and eliminating unnecessary spending allows us to make investments to fuel our future.

As you can see, we are investing despite these turbulent times. Our investments build on our one-of-a-kind suite of capabilities that allows us to create customer experiences no one else can. In fact, our customer satisfaction scores tell us that we delivered better experiences across many areas this past holiday season than last year and the pre-pandemic fourth quarter of FY20, especially within our services and delivery experiences. All of this work continues our proven track record of managing through challenges to become a stronger company on the other side.

To be clear, it's Best Buy's culture and incredible teams of employees that make this possible and make us confident in our future.

We know our employees and the expert service they provide are our core competitive differentiator, and we remain focused on being a best place to work. I am proud that our employee retention rates continue to outperform the retail industry and remain low, especially in crucial areas like store general managers.

Competitive compensation continues to be critical to attracting and retaining top talent, and we have increased our store associate hourly pay by approximately 25% in the last three years. We also provide training and opportunities for our employees to upskill and reskill so they can work more flexibly and pick the career path best for them at Best Buy. I am also incredibly proud that 60% of our general managers started their Best Buy careers in non-leadership roles, and 94% of our general managers and assistant managers here today were hired internally.

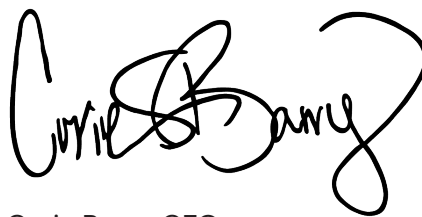
From a community standpoint, we celebrated a milestone this year: the Best Buy Foundation saw the opening of its 52nd Best Buy Teen Tech Center®. That puts the foundation more than halfway to its goal of building 100 locations across the United States by 2025. These centers continue to provide young people with the access, inspiration and opportunity they deserve to help them define their futures. And we know they work: On average, 95% of Teen Tech Center members plan to continue their education after high school, and 71% have an increased interest in studying

STEM fields (Science, Technology, Engineering and Math).

I am proud to say that Best Buy continues to be recognized for the many ways we are supporting our employees and communities. We ranked 34th, and were the No. 1 retailer, on the JUST Capital list that evaluates and ranks the largest publicly traded companies in the U.S., in part, on how a company invests in its workers, supports its communities and minimizes environmental impact. And for the eighth time, we were named to the *Ethisphere* World's Most Ethical Companies list, which recognizes companies based on culture, environmental and social practices, ethics and compliance activities, and diversity initiatives. We were one of only three retailers on the list of 136 companies from 22 countries. (Click [here](#) to view our FY22 ESG Report. We publish a new report every summer and have been doing so since 2006.)

I would like to conclude by expressing my deepest gratitude to my colleagues across Best Buy. Your enthusiasm for the work we do, the celebration of our culture and the commitment to our customers is truly amazing. To our shareholders, please accept my heartfelt thank you for the confidence and support you continue to show.

Respectfully,

A handwritten signature in black ink, appearing to read "Corie Barry", with a large, stylized flourish at the end.

Corie Barry, CEO,
Best Buy Co., Inc.

This report contains forward-looking statements. Please refer to "CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995" in the accompanying Annual Report on Form 10-K for further information.