A message from

Corie Barry, CEO

Dear fellow shareholders:

This past year challenged us all in ways we could not have anticipated. In my view, Best Buy rose to those challenges brilliantly — using the safety and care of our customers and employees as guideposts — as we made our way through an often chaotic and an ever-changing landscape.

Businesses are typically measured by their financial performance and, in that regard, FY21 was an unqualified success. But even more significantly, last year brought home the fundamental truth that our purpose as a company — to enrich lives through technology — has deep and enduring value. Whether you suddenly needed to work and learn from home, or entertain and feed your family from home, we were there to serve you.

In each of these circumstances, more people began using technology than ever before and more people than ever before relied on Best Buy for that tech and the services that so often accompany it. The fact is, we have always been there for our customers, and that was never more true than in the year that just passed. Simply put, the way in which we served millions of Americans in their time of greatest need was the best possible affirmation of our right to exist — and flourish — as a company.

And so, what I've come to truly understand is that a company's financial story is often only a part of the narrative. It tells us how well a given business does financially, but often leaves out much of the story at a human level. This letter is devoted to that part of the story.

From the day in March 2020 that it became clear our lives would forever be divided between pre- and post-pandemic, the leadership team and I focused on how we could keep our employees and customers safe while continuing to serve our friends and neighbors at a time when they needed us most. We took dramatic steps in that direction, the most notable of which was voluntarily closing our stores to customers and moving entirely to an online business fulfilling orders via delivery or curbside pickup. We had not done curbside at scale before, but we were able to transition the entire chain to the model in just 48 hours. This decision was quickly followed with the temporary suspension of in-home delivery and installation.

All of this occurred against the backdrop of state and city regulations that primarily designated us "essential" and actually allowed us to continue in-store operations. We have been asked many times by investors why we chose to move from a retailer with nearly 1,000 stores to what essentially became, overnight, an online business. The answer is simple: We knew that the measure of safety for the Blue Shirt who comes to work every day was not whether we thought she was safe, it was whether she believed she was safe. By that standard, we did not think we could look our customer-facing employees in the eye and ask them to show up for work until we knew more about the virus that we all faced.

Through incredibly hard work enabled by several years of strategic investments, we were well-equipped to take the actions we did because of how we had innovated over several years to create a powerful, flexible supply chain. This allowed us to build a new shopping model — one that took us entirely online virtually overnight — so that we could keep our customers and employees safe.

Likewise, for a company that is customer obsessed, we knew the ways in which customers viewed brands would be affected by how those brands responded to their need to feel safe. In fact, our research has shown that "brand love" and corresponding customer loyalty has evolved to now include a feeling of safety as one of its primary characteristics. In our first customer survey — and in many since — we scored in the high 90s when we ask how safe customers feel shopping at Best Buy.

In short, we felt that by taking this kind of action, and many others that followed, we would be keeping our customers safe and strengthening our connection with them for the long term. That connection started by being there for people in their time of greatest need, as school and work moved online and our desire to be entertained and eat at home became universal. The act of providing the technology products, advice and services our customers needed, and doing so with safety top of mind, made our customers grateful and all of us at Best Buy very proud. It also, of course, led to last year's results.

Our pride grew as we took additional steps. We paid employees to not come to work when they thought they were exposed to COVID-19, paid all store employees for a full month after we temporarily closed stores, paid hourly appreciation pay for those on the front lines, and established hardship funds to help any employee in need. Enhanced mental health offerings, improved child care and caregiver benefits, and a starting minimum wage hike to $15 an hour soon followed. We also established three separate employee funds, in partnership with our founder Dick Schulze, designed to help employees facing economic hardship as a result of COVID-19 and the broader economic downturn.

Because we are a purpose-driven company, even in times of crisis, we also looked outward to the communities and people we serve. We increased our commitment to building a network of Best Buy Teen Tech Centers for underserved teens in communities all across the country. This commitment was reinforced by a $40 million donation from the company to the Best Buy Foundation, so we can expand to 100 Teen Tech Centers serving 30,000 teens annually by 2025.

In response to the murder of George Floyd in our backyard, we made a very public pledge to "do better" as a company in response to racial inequity and injustice. This effort included the creation of a sizable scholarship fund targeted toward Historically Black Colleges and Universities as well as a hiring commitment geared toward far greater racial diversity in our corporate headquarters and much better gender diversity among our field colleagues. Finally, we designated Juneteenth a paid company holiday for the first time and gave all employees time off to vote in last year's presidential election.

Each of these decisions represents the collective view of the entire Best Buy Senior Leadership Team. It was also the view of outside experts, including *Barron's* magazine. For the second time in three years (2019 and 2021), we were designated the "most sustainable company in America" by the third-party experts *Barron's* employs. As notably, we were also named the best public company in America in responding to the COVID-19 crisis. If you would like to read more about our broad ESG work, please visit our corporate website.

The *Barron's* award reaffirms what I said at the beginning of this letter: In my view, Best Buy rose to the challenges of 2020 brilliantly — using the safety and care of our customers and employees as guideposts — as we made our way through an often chaotic and ever-changing landscape. We did it as we do everything, as a team of passionate, hardworking individuals whose collective purpose is to enrich lives through technology and do so with unparalleled safety and care.

As we look to the future, though much still remains unknown, we do know that Americans are increasingly engaged with technology as a primary way of enriching their lives. This is occurring in the traditional ways, of course, but also in ways that have not historically been associated with consumer electronics. These include home fitness and health, outdoor living and entertainment, and connecting with each other in ways we could never have dreamed at the beginning of last year. To make possible each of these evolutions in human behavior, we have more tools than ever at

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our disposal, including a powerful store network and equally powerful digital presence, our Geek Squad Agents and in-home consultants, as well as the ability to help customers in any way they choose, including in stores, at home, online, via chat and by phone. In addition, our health business benefits not just from our deep expertise in a growing array of health-related technology devices but our industry-leading "caring centers" that are able to address the emotional and physical well-being of elderly Americans.

Just as we did before the world changed, we continue investing in the tools, abilities and resources necessary not just to respond to what lies ahead but to help shape it. With that in mind, I have shared publicly what I believe are three permanent implications of the pandemic, each of which has shaped and even accelerated our strategic priorities. They are:

- Customer shopping behavior is permanently changed, having become more digital and putting the customer entirely in control of how they want to shop.
- Our workforce will evolve to meet these new customer demands while providing even more flexible work options for the employees themselves.
- Technology is even more crucial in our lives, and we play a vital — if not central — role in bringing that technology to life for all our stakeholders.

As I'm sure you can tell, I am delighted about the opportunities for Best Buy that lie ahead. They are, as always, inextricably linked to the opportunities society, itself, faces. Our lives are deeply intertwined with technology in ways that offer freedom, emotional connection and physical well-being, each of which speak to our unique purpose as a company and the feelings of pride and excitement we all feel as employees of Best Buy.

I would like to thank all my colleagues for what they accomplished this past year and thank you, our shareholders, for your continued support, confidence and partnership.

Respectfully,

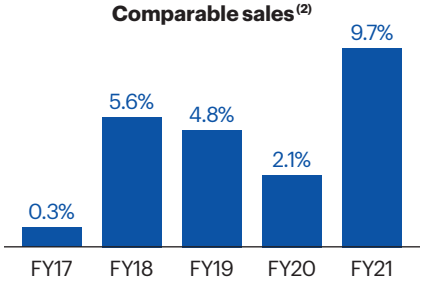
Corie Barry, CEO
Best Buy Co., Inc.

Highlights

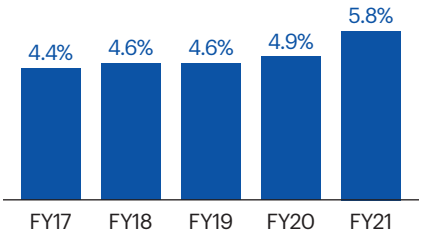
$ in millions, except per share amounts

Fiscal Year	2021	2020	2019	2018[1]	2017
Earnings Data					
Revenue	$47,262	$43,638	$42,879	$42,151	$39,403
Comparable sales growth[2]	9.7%	2.1%	4.8%	5.6%	0.3%
Operating income rate	5.1%	4.6%	4.4%	4.4%	4.7%
Non-GAAP operating income rate[3]	5.8%	4.9%	4.6%	4.6%	4.4%
Diluted net earnings per share	$6.84	$5.75	$5.20	$3.26	$3.81
Non-GAAP diluted net earnings per share[3]	$7.91	$6.07	$5.32	$4.42	$3.51
Other Financial Measures					
Year-end cash and cash equivalents	$5,494	$2,229	$1,980	$1,101	$2,240
Cash provided by operating activities	$4,927	$2,565	$2,408	$2,141	$ 2,557
Capital expenditures	$713	$743	$819	$688	$580
Cash provided by operating activities less capital expenditures	$4,214	$1,822	$1,589	$1,453	$1,977
Return on assets[4]	9.8%	9.7%	11.1%	7.0%	8.7%
Non-GAAP return on investment[3]	29.1%	22.4%	22.3%	20.7%	18.8%
Shareholder Metrics					
Repurchases of common stock	$312	$1,003	$1,505	$2,004	$698
Cash dividends declared and paid per share	$2.20	$2.00	$1.80	$1.36	$1.57
Common stock price:					
High	$124.89	$91.83	$84.37	$78.59	$49.40
Low	$48.11	$58.07	$47.72	$41.67	$26.10
Other Metrics					
Domestic comparable online sales growth[5]	144.4%	17.0%	10.5%	21.8%	20.8%
Domestic online revenue as a % of Domestic segment revenue	43.1%	19.0%	16.6%	15.5%	13.4%
Number of stores at year-end:					
Domestic[6]	991	1,009	1,026	1,298	1,369
International	168	222	212	216	212
Total	1,159	1,231	1,238	1,514	1,581

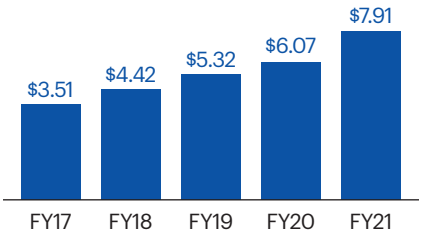
Comparable sales[2]



Non-GAAP operating income rate[3]



Non-GAAP diluted EPS[3]



(1) Fiscal 2018 included 53 weeks. All other periods presented included 52 weeks.

(2) In fiscal 2020, the company refined its methodology for calculating comparable sales. It now reflects certain revenue streams previously excluded from the company's comparable sales calculation, such as credit card revenue, gift card breakage, commercial sales and sales of merchandise to wholesalers and dealers, as applicable. The impact of adopting these changes is immaterial to all periods presented, and therefore prior-period comparable sales disclosures have not been recast.

(3) Refer to the last three pages of the company's Fiscal 2021 Annual Report for reconciliations of GAAP to non-GAAP financial measures.

(4) Represents net earnings divided by average total assets.

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

(6) Includes Best Buy Outlet Centers for all fiscal years presented.

Environmental, Social & Governance

We strive to be a good corporate citizen in all our interactions with stakeholders, including customers, employees, vendor partners, shareholders, the environment and the communities in which we operate.

We believe in maintaining a supportive and inclusive culture that values everyone's talents, life experiences and backgrounds. In fiscal 2021, we committed to making the following systemic, permanent changes that address social injustices to improve our company and our communities:

- We committed to filling one out of three new non-hourly corporate positions with Black, Indigenous and people of color ("BIPOC"), specifically Black, Latinx and Indigenous employees.
- We also committed to filling one out of three new, non-hourly field roles with women.
- In the next two years, our Digital & Technology Team committed to hiring 1,000 new employees, of which 30% will be BIPOC or female.
- We are focused on taking steps to foster inclusion among all employee groups to create parity in retention rates, including transforming the composition of our senior leadership teams to be more in line with our board of directors.

We are also committed to supporting teens from disinvested communities while building brighter futures through technology, training and mentorship.

Last year, we made an incremental $40 million donation to the Best Buy Foundation to accelerate the progress toward our goal to reach 100 Best Buy Teen Tech Centers across the U.S. Our Teen Tech Centers are places where teens can develop critical skills through hands-on activities that explore their interests in a variety of areas, such as software engineering, filmmaking, 3D design and music production.

In fiscal 2021, we committed to providing $44 million by 2025 to expand college prep and career opportunities for BIPOC students, including adding 16 scholarships for Historically Black Colleges and Universities students and increasing scholarship funding for Teen Tech Center youth.

Environmental

We are proud of our continued leadership in environmental stewardship. By signing The Climate Pledge, we committed to be carbon neutral across our operations by 2040 — a decade earlier than our previous goal of 2050. We also made our second investment in solar energy with the Little Bear Solar Project in Fresno County, California, which is expected to produce 480,000 megawatt hours of clean electricity per year — enough to power the equivalent of 715 Best Buy stores.

We help our customers live more sustainably by offering ENERGY STAR® certified products, which will save them $5 billion on utility bills by 2030. We also continue to operate the most comprehensive e-waste recycling program in U.S. retail. For all of these efforts, Barron's named us its No. 1 most-sustainable company in the U.S.

For more information about our efforts, we encourage you to refer to our annual Environmental, Social and Governance Report at investors.bestbuy.com. Our fiscal 2021 report is expected to be published in June 2021.

Governance

The Best Buy Board of Directors plays a critical role in shaping and supporting our strategy and, more broadly speaking, the future of Best Buy. Our Board is actively engaged in discussing and helping advance the strategy of the company, ensuring that the company's talent and resources are aligned with the strategy, and overseeing our corporate social responsibility and sustainability.

Over the past year, we have had numerous interactions with our Board on the topic of the COVID-19 pandemic as we update them on our business and solicit counsel and feedback.

We are particularly proud of the strength of our Board. Our Board composition represents a rich, highly relevant and diverse mix of career experiences, expertise, ethnicities and genders, as it will be composed of more than 45% women as of June 2021.

ESG Recognition

TOP 100

BARRON'S

Most Sustainable Companies 2021

Barron's No. 1

No. 1 on *Barron's* Most Sustainable Companies

Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Dow Jones

Included in the Dow Jones Sustainability Index for the 10th year

AMERICA'S MOST JUST COMPANIES

Forbes 2021

Forbes

Named to JUST Capital's JUST 100 list for the first time

BEST PLACES TO WORK for LGBTQ Equality 2021

HUMAN RIGHTS CAMPAIGN FOUNDATION

100% CORPORATE EQUALITY INDEX

HRCF

Named a Best Place to Work for LGBTQ Equality for the 16th year

CDP DISCLOSURE INSIGHT ACTION A LIST 2020

CLIMATE

CDP Worldwide

Named to CDP Climate A List for the fifth year; among the top 5% of companies reporting to CDP

2021 WORLD'S MOST ETHICAL COMPANIES® ™

WWW.ETHISPHERE.COM

Ethisphere

Named to Ethisphere's list of World's Most Ethical Companies for the seventh year

Bloomberg Gender-Equality Index 2021

Bloomberg

Included in Bloomberg's Gender Equality Index for the second year in a row

FTSE4Good

FTSE4Good Index

Included in FTSE4Good Index for the seventh year