Risk Factors Comparison 2024-03-15 to 2023-03-17 Form: 10-K

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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 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, including, but not limited to, the current geopolitical climate, may adversely affect consumer spending and our financial results. To varying degrees, our products and services are sensitive to changes in macroeconomic conditions that impact consumer spending. As a result, consumers may be affected in many ~~different~~ ways, including, for example: ~~•~~ **?** whether or not they make a purchase; ~~•~~ **?** their choice of brand, model or price- point; ~~•~~ **?** how frequently they upgrade or replace their devices; and ~~•~~ **?** their appetite for complementary services (for example, **My** Best Buy ~~Totaltech~~ **Plus ™ or My Best Buy Total ™ membership**). Real GDP growth, inflation (including wage inflation), consumer confidence, ~~the COVID~~ **phasing out of public** - ~~19 pandemic~~ **health- emergency supports** , employment levels, oil prices, interest, tax and foreign currency exchange rates, availability of consumer financing, housing market conditions, limitations on a government' s ability to borrow and / or spend capital, ~~costs~~ - **cost** ~~for items such as~~ **of living (e. g., food,** fuel **)** ~~and food~~ , any recession (and resulting corresponding declines in consumer sentiment) ~~in response at least in part to central banks' actions to reduce inflation, bank failures or limited liquidity in accessing bank deposits,~~ and other macroeconomic trends can adversely affect consumer demand for the products and services that we offer. In addition to general levels of inflation, we are also subject to risks of specific inflationary pressures on product prices due to, for example, high consumer demand ~~, component shortages~~ and supply chain ~~disruption~~ **disruptions** . We may be unable to increase our prices sufficiently to offset these pressures. Geopolitical issues around the world and how our markets are positioned can also impact macroeconomic conditions and could have a material adverse impact on our financial results. ~~For example~~ **These issues include** , **but are not limited to,** the **following: ? The** conflict in Ukraine **has exacerbated global geopolitical tensions, and** may continue to significantly 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. Russia is a significant global producer of both fuel and raw materials used in certain ~~of the~~ products we sell, including nickel, aluminum and copper. Disruptions in the markets for those inputs **,** or other inputs produced by Russia, whether due to sanctions, market pressure ~~not~~ to **avoid** ~~purchase~~ **purchasing** inputs from Russia or otherwise, could increase overall material costs for many of the products we sell. We cannot predict the extent or duration of sanctions in response to the conflict in Ukraine, nor can we predict the effects of legislative or other governmental actions or regulatory scrutiny of Russia, its allies or other countries with which Russia has significant trade or financial ties, including China. **?** ~~The conflict in Ukraine has exacerbated geopolitical tensions globally.~~ 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 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 **. ? The Israel- Hamas War has heightened geopolitical tensions in the Middle East region. Additionally, attacks on cargo ships in the Red Sea, catalyzed by the Israel- Hamas War, have disrupted Red Sea shipping lanes and may continue to disrupt global trade flows and impact shipping capacity** . 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, including ~~global pandemics such as~~ the ~~COVID- 19 pandemic~~ **effects of climate change** , could adversely affect our operating results. The risk or actual occurrence of various catastrophic events could have a material adverse effect on our financial performance. ~~Such events~~ **Events that affect our properties, supply chain, partners, workforce or customers** may consist of, or be caused by, for example: ~~•~~ **?** natural disasters or extreme weather events **(such as earthquakes, floods, fires and droughts)** , including those related to **, or exacerbated by,** climate change; ~~•~~ **?** diseases or pandemics ~~(including COVID- 19) that have affected and may continue to affect our employees, customers or partners~~ ; **?** ~~• earthquakes, floods, fires or other catastrophes affecting our properties, employees or customers; •~~ power loss, telecommunications failures, or software or hardware malfunctions; or ~~•~~ **?** terrorism **(including related cyber threats)** , civil unrest, ~~mass violence or~~ violent acts ~~,~~ or other conflicts. In recent years, we ~~have~~ observed an increase in the number and severity of certain catastrophic events in many of our markets. Such events can adversely affect our workforce and prevent employees and customers from reaching our stores and properties. ~~They~~ **Additionally, heightened social unrest and violence and crime in or around our stores, customer homes or businesses where we are performing services may further jeopardize the safety and security of our workforce and customers. Catastrophic events** can also disrupt or disable portions of our supply chain, distribution network and third- party business operations that may impact our ability to procure goods or services required for business operations at the quantities and levels we require. Finally, such events can also affect our information technology systems, resulting in disruption to various aspects of our operations, including our ability to transact with customers and fulfill orders. The adverse effects of any such catastrophic event would be exacerbated if experienced at the same time as another unexpected and adverse event, such as **a** ~~the COVID- 19~~ pandemic ~~. The COVID- 19 pandemic in particular has had and may continue to subject our business, operations and financial condition to a number of risks. These risks have included or may in the future continue to include: (i) significant reductions in customer visits to, and spending at, our stores; (ii) significant disruptions to our supply chain; (iii) fluctuating consumer spending, particularly in light of the provision of government stimulus funds; (iv) novel changes to our operations, such as the roll- out of contactless, curbside pick- up for our goods, (v) the implementation of safety standards by various state and federal agencies; (vi) risks related to the shift in channels in which customers choose to engage us, such as by switching to online shopping, which may affect our profitability; and (vii) our ability to finance our operations. The emergence of new and more transmissible, more virulent, and / or immune- evading SARS- COV- 2 variants could exacerbate these risks~~ . Three of our largest states by total sales **(California, Texas and Florida)** are ~~California, Texas and Florida,~~ areas where natural disasters and extreme weather conditions have been, and could continue to be, more prevalent. Natural disasters and climate- related events in those states and other areas where our sales and operations are concentrated could result in significant physical damage to or closure of our stores, distribution centers or other facilities. Further, ~~external~~ **current events associated with social injustice or inequality, along with the ensuing** social activism, tension and **potential for** violence ~~resulting from external events impacting social justice and inequality, and our response to them~~ , may **impact** ~~adversely affect~~ our ~~employees~~ **workforce** , customers, properties and the communities **where** ~~in which~~ we operate. **If** ~~Also, if~~ our customers and employees do not perceive our response to be appropriate or adequate for a particular region or **for** our company as a whole, we could suffer damage to our reputation and ~~our~~ brand, which could adversely affect our business ~~in the future~~ . As a consequence of these or other catastrophic events, we may ~~endure~~ **experience** interruption 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 and disruption **, including most recently by the proliferation of artificial intelligence (“ AI ”) technologies** . ~~This~~ **These factors** ~~manifests~~ **manifest** ~~itself~~ in a variety of ways: the emergence of new products and categories, the ~~often~~ 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 ~~, and there is no guarantee we can effectively do this all the time~~ . If we fail to interpret, predict and react to these changes in a timely and effective manner, the consequences ~~can~~ **may** include **, but are not limited to** : **?** failure to offer the products and services that our customers want; **?** excess inventory, which may require heavy discounting or liquidation; **?** inability to secure adequate access to brands or products for which consumer demand exceeds supply; **?** delays in adapting our merchandising, marketing or supply chain capabilities to accommodate changes in product trends; and **?** damage to our brand and reputation. 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. While we constantly strive to offer consumers the best value, the retail sector is highly competitive. Price is of great importance to most customers **,** and price transparency and comparability continues to increase **.** ~~, particularly as a result of digital~~ **Digital** technology **enables** ~~. The ability of~~ consumers to compare prices on a real- time basis ~~puts~~ **, putting** additional pressure on us to maintain competitive prices. We compete with many ~~other~~ local, regional, national and international retailers **(both online** and ~~technology service providers~~ **brick and mortar)** , as well as some of our vendors and mobile network carriers that market their products directly to consumers. Competition **is becoming increasingly diverse, including in the advertising revenue space and** may also result from new entrants into the markets we serve, **including unforeseen players** ~~offering products and / or services~~ that ~~compete with us~~ **may be able to more aggressively leverage technologies (for example AI and platform integrations)** . The retail sector continues to experience increased sales initiated online and using mobile applications, as well as online sales for both in- store or curbside pick- up. Online and multi- channel retailers continue to focus on delivery services, with customers increasingly seeking faster, guaranteed delivery times and low- cost or free shipping. Our ability to ~~be~~ **offer** competitive ~~on~~ delivery times and delivery costs depends on many factors ~~,~~ and our failure to successfully manage these factors and offer competitive delivery options could negatively impact the demand for our products and our profit margins. Because our business strategy is based on offering superior levels of customer service and a full range of services to complement the products we offer, our cost structure might be higher than some of our competitors, and this, in conjunction with price transparency, could put pressure on our margins. As these and related competitive factors evolve, we may experience material adverse pressure on our revenue and profitability. If we fail to attract, retain and engage ~~appropriately~~ qualified employees ~~, including employees in key positions~~ , our operations and profitability may be ~~harmed~~ **negatively impacted** . In addition, changes in market compensation rates ~~may~~ **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. The turnover rate in the retail sector is relatively high and ~~increased during the COVID- 19 pandemic, and~~ there is an ongoing need to recruit and train new employees. Factors that affect our ability to maintain sufficient numbers of qualified employees include, for example, employee engagement, our reputation, unemployment rates, competition from other employers, availability of qualified personnel and our ability to offer appropriate compensation and benefit packages. Failure to recruit or retain qualified employees ~~in the future~~ may impair our efficiency and effectiveness and our ability to pursue growth opportunities. In addition, ~~a~~ significant ~~amount of~~ turnover of our executive team or other employees in key positions with specific knowledge relating to ~~us,~~ our operations and ~~our~~ industry may negatively impact our operations. 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 also be subject to continued market pressure to increase employee hourly wage rates and increased cost pressure on employer- provided benefits. Our need to implement corresponding adjustments within our labor model and compensation and benefit packages could have a material adverse impact ~~to~~ **on** the profitability of our business **. 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** . Our strategy to expand into ~~health and~~ new products ~~,~~ **and** services ~~and~~ **(including health** ~~technologies~~ **technology , services and logistics)** brings new business, financial and regulatory risks. ~~As we~~ **We are** ~~introduce~~ **introducing** new products and services, ~~we~~ **particularly in the health sector, into new market areas. As these are new technologies for new markets, the first product and service iterations** may **require further invention** ~~have limited experience in these newer markets~~ and **refinement. Our** ~~regulatory environments and our~~ customers may not like our new value propositions. These offerings may present **persistent** ~~new and difficult~~ technology and regulatory challenges ~~,~~ and we may be subject to claims if customers of these offerings experience service disruptions, failures or other issues. **These and other related issues could have a material adverse impact on our financial results and reputation.** This expanded risk increases the complexity of our business and places significant responsibility on our management, employees, operations, systems, technical expertise, financial resources ~~,~~ and internal financial and regulatory control and reporting functions. **Our emerging** ~~In addition, new~~ initiatives ~~we test through trials and pilots~~ may **subject us to** ~~not scale or grow effectively or as we expected, which could limit our growth and negatively affect our operating results. They may also involve~~ significant laws or regulations ~~that are beyond our current expertise. With our focus on healthcare, new products and services may frequently require regulatory approvals for market introduction. The number and diversity of regulatory bodies add complexity and may negatively impact time to market and implementation costs~~ . For example **: ? We navigate a** ~~, the healthcare space in which we operate is highly~~ regulated **medical device environment** ~~from a product safety and quality perspective, and its services and products~~ , including **oversight** ~~parts or materials from suppliers, are subject to regulation~~ by various government and regulatory agencies including, but not limited to, the U. S. Food and Drug Administration (“ FDA ”). **? We participate** ~~Non- compliance with conditions imposed by regulatory authorities could result~~ in ~~product recalls~~ **government healthcare programs including** , **but not limited to, Medicaid as** a **provider of Personal Emergency Response System (“ PERS ”) devices and** ~~temporary ban on products, stoppages at production facilities, remediation costs, orders to stop providing~~ services ~~, fines or claims for damages~~ . ~~Product safety incidents or~~ **? Sales of Lively mobile phones and service plans subjects us to regulation as a telecommunications provider, including Federal Communications Commission (“ FCC ”) oversight. ? The collection, storage,** ~~user~~ - **use** ~~concerns could trigger~~ **and disclosure of personal information, subjects us to privacy and security requirements. Notably, portions of the health** business **are subject to** ~~reviews by the FDA or other~~ -- **the Health Insurance Portability and Accountability Act (“ HIPAA ”) and certain** ~~regulatory agencies, which, if failed, could trigger these impacts. In addition, the ongoing digitalization~~ of **Current** ~~Best Buy~~ Health’ s **international operations** ~~products and services, including our holding of personal health data and medical data, increases the importance of compliance with data privacy and similar laws. The services and systems used in certain instances subject us to privacy and information security requirements, such as the Health Insurance Portability and Accountability Act, and could expose us to customer data privacy and information security risks, as well as business or system interruption risks. Given our acquisition of Current Health, a care- at- home technology platform, we also~~ are subject to the UK’ s General Data Protection Regulation (“ GDPR **,** ” **as retained in UK law**) **. State data privacy laws are also rapidly changing, such as Washington’ s new My Health, My Data Act with a private right of action, raising new considerations** and ~~other~~ **challenges. Non- compliance with conditions imposed by** regulatory **authorities** ~~frameworks. These and other~~ related ~~issues~~ **to any of the above activities may lead to a range of consequences, including, but not limited to, customer complaints, individual consumer claims or class actions, product recalls, temporary bans on products, stoppages at production facilities, orders to stop providing services, remediation costs, corrective action plans, fines, penalties, regulatory enforcement actions, potential loss of business and impairment of our ability to continue participation in government healthcare programs, any of which** could ~~have a material adverse~~ **adversely affect** ~~impact on~~ our **operations,** financial results and reputation. Our focus on services exposes us to certain risks that could have a material adverse impact on our revenue ~~and~~ **,** profitability **and** ~~, as well as our~~ reputation. We offer a full range of services that complement our product offerings, including consultation, delivery, design, installation, memberships, protection plans, repair, set- up, technical support ~~,~~ and health, safety and caregiving monitoring and support. Designing, marketing and executing these services is subject to incremental risks. These risks include, for example: **?** ~~• pressure on services attachment as a result of the~~ sustained increase in consumer desire to purchase product offerings online and through mobile applications **, impacting our ability to sell ancillary services** ; ~~•~~ **?** increased labor expense to fulfill our customer promises; ~~•~~ **?** increased pressure on margins from our Best Buy ~~Totaltech~~ membership ~~offering~~ **offerings** ~~, which includes incremental customer benefits, and associated costs, compared to our previous Total Tech Support offer~~ , and the risk that increased volumes will not fully compensate for lower margins, or for loss of revenue and profit from revenue streams that are now included as benefits; ~~•~~ **?** pressure on traditional labor models to meet the evolving landscape of offerings and customer needs; ~~•~~ **?** use of third- party services that ~~do not~~ **fail to** meet our standards or **fail to** comply with applicable labor and independent contractor regulations, leading to potential reputational damage and liability risk; ~~•~~ **?** increased risk of errors or omissions in the fulfillment of services; ~~•~~ **?** unpredictable extended warranty failure rates and related expenses; ~~•~~ **?** employees in transit using company vehicles to visit customer locations and employees being present in customer homes, which may increase our scope of liability; ~~•~~ **?** the potential for increased scope of liability relating to managed services offerings; ~~•~~ **?** employees having access to customer devices, including the information held on those devices, which may increase our responsibility for the security of those devices and the privacy of the data they hold; ~~•~~ **? operational failures arising from growing demands on existing technological infrastructure; ?** the engagement of third parties to assist with ~~some~~ aspects of construction and installation ~~,~~

and the potential responsibility for ~~the~~ **their** actions ~~they undertake~~ ; ~~•~~ ? the risk that in- home services could be more adversely impacted by inclement weather, health and safety concerns ~~,~~ and catastrophic events; and ~~•~~ ? increased risk of non- compliance with new 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. We source the products we sell from a wide variety of domestic and international vendors. In fiscal ~~2023~~ **2024** , our 20 largest suppliers accounted for approximately ~~79~~ **80** % of the merchandise we purchased, with five suppliers – Apple, Samsung, HP, **Sony and** LG ~~and Sony~~ representing approximately ~~57~~ **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. 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, 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 ~~, their own stores or online channels~~ or their relationships with other retailers ? to our commercial disadvantage. The potential adverse impact of these factors can be amplified by price transparency ~~(~~ ? which can limit our flexibility to modify selling prices ~~)~~ ? and a highly competitive retail environment. Generally, our ability to negotiate favorable terms with our vendors is more difficult with vendors ~~where~~ **when** our purchases represent a smaller proportion of their total revenues and / or when there is less competition for those products. 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. We are also dependent on a ~~relatively~~ 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 through a focus on consumer experience. 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, uncompetitive pricing, failure to meet delivery promises or business interruptions, could damage our reputation. External factors, such as negative public remarks or accusations, **or our failure to meet enhanced expectations on corporate response to sensitive topics,** could also be damaging. Third parties may commit fraud **(including AI- driven fraud)** 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 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, 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 manage strategic ventures, alliances or acquisitions could have a negative impact on our business. We may decide to enter into new joint ventures, partnerships, alliances or acquisitions with third parties (collectively, " new ventures "). Assessing the viability of new ventures is typically subject to significant uncertainty, and the success of such new ventures can be adversely affected by many factors, including, for example: ~~•~~ ? different and incremental business and other risks of the new venture not identified in our diligence assessments; ~~•~~ ? failure to attract, motivate and retain key employees of the new venture; ~~•~~ ? uncertainty of forecasting financial performance; ~~•~~ ? failure to integrate aspects of the new venture into our existing business, such as new product or service offerings or information technology systems; ~~•~~ ? failure to maintain appropriate internal controls over financial reporting; ~~•~~ ? failure to generate expected synergies, such as cost reductions; ~~•~~ ? unforeseen changes in the business environment of the new venture; ~~•~~ ? disputes or strategic differences with key employees or other third- party participants in the new venture; and ~~•~~ ? adverse impacts on relationships with vendors and other key partners of our existing business or the new venture. If **our** new **or emerging strategic** ventures are unsuccessful, our liquidity and profitability could be materially adversely affected, and we may be required to recognize material impairments to goodwill and other assets acquired. New ventures may also divert our financial resources and management' s attention from other important areas of our business. Failure to effectively manage our real estate portfolio may negatively impact our operating results. Effective management of our real estate portfolio is critical to our omnichannel strategy. Failure to identify and secure suitable locations for our stores and other facilities could impair our ability to compete successfully and our profitability. Most of our properties are leased under multi- year contracts. As such, it is essential that we effectively evaluate a range of factors that may influence the success of our long- term real estate strategy. Such factors include, for example: ~~•~~ ? changing patterns of customer consumption and behavior, particularly in light of an evolving omnichannel environment; ~~•~~ ? our ability to adjust store operating models to adapt to these changing patterns; ~~•~~ ? the location and appropriate number of stores, supply chain and other facilities in our portfolio; ~~•~~ ? the interior layout, format and size of our stores; ~~•~~ ? 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 ~~•~~ ? the occupancy cost of our stores relative to market rents. If we fail to effectively evaluate these factors or negotiate appropriate terms, or if unforeseen changes arise, the consequences could include, for example: ~~•~~ ? closing stores and abandoning the related assets, while retaining the financial commitments of the leases; ~~•~~ ? incurring significant costs to remodel or transform our stores; ~~•~~ ? operating stores, supply chain or service locations that no longer meet the needs of our business; and ~~•~~ ? bearing excessive lease expenses. These consequences could have a material adverse impact on our profitability, cash flows and liquidity. For leased property, the financial impact of exiting a location can vary greatly depending on, among other factors, the terms of the lease, the condition of the local real estate market, demand for the specific property, our **ability to fulfill our maintenance and repair obligations, our** relationship with the landlord and the availability of potential sub- lease tenants. It is difficult for us to influence some of these factors ~~,~~ and the costs of exiting a property can be significant. In addition to rent, we are typically ~~still~~ responsible for taxes, insurance and common area maintenance charges for vacant properties until the lease commitment expires or is terminated. Similarly, when we enter into a contract with a tenant to sub- lease property, we usually retain our obligations as the master lessee. This leaves us at risk for any remaining liability in the event of default by the sub- lease tenant. Operational Risks Interruptions and other factors affecting our stores and supply chain, including in- bound deliveries from our vendors, may adversely affect our business. Our stores and supply chain assets are a critical part of our operations, particularly **considering** ~~in light of~~ 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 factors that can adversely affect these aspects of our operations include, but are not limited to: ~~•~~ ? interruptions to our delivery capabilities; ~~•~~ ? failure of third parties to meet our standards or commitments; ~~•~~ ? disruptions to our systems and the need to implement new systems; ~~•~~ ? limitations in capacity; ~~•~~ ? global supply chain impacts that could hinder ~~our vendors~~ **third parties** ' ability to meet our demand for product volumes and timing; ~~•~~ ? increased levels of inventory loss due to organized crime, theft or damage; ~~•~~ ? risk to our employees and customers arising from burglary or robbery from our stores or other facilities; ~~•~~ ? consolidation or business failures in the transportation and distribution sectors; ~~•~~ ? labor strikes, slow- downs ~~or~~ **,** labor shortages **or unionization** , including as a result of an increasingly competitive job market, affecting our stores or impacting ports or any other aspect of our supply chain; ~~•~~ ? diseases, pandemics ~~(including COVID- 19)~~ , outbreaks and other health- related concerns; and ~~•~~ ? increasing transportation costs **, including increases related to geopolitical, labor actions and environmental events (for example, droughts impacting Panama Canal shipping capacity)** . 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, or inefficiency in, our supply chain network, whether due to geopolitical conflicts ~~, the COVID- 19 pandemic~~ or ~~other factors~~ **catastrophic events** , could damage our revenue and profitability. The risks associated with our dependence on third parties are greater for small parcel home deliveries because of the relatively small number of carriers with the scope and capacity required by our business. The continuing growth of online purchases for delivery increases our exposure to these risks. 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, but not limited to, 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. 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. Our exclusive brands products are subject to several additional product, supply chain and legal risks that could affect our operating results. Sales of our exclusive brands products, which include **the** Best Buy Essentials, Dynex, Insignia, Modal, Platinum ~~and~~ **,** Rocketfish ~~branded products~~ , **Yardbird** ~~as well as products such as Jitterbug~~ and Lively ~~branded~~ **brands** ~~products~~ , represent an important component of our product offerings and our revenue and profitability. Most of these products are manufactured by contract manufacturers in China and Southeast Asia. This arrangement exposes us to the following additional potential risks, which could have a material adverse effect on our operating results: ~~•~~ ? we have greater exposure and responsibility to consumers for warranty replacements and repairs as a result of exclusive brands product defects, and our recourse to contract manufacturers for such warranty liabilities may be limited in foreign jurisdictions; ~~•~~ ? we may be subject to regulatory compliance and / or product liability claims relating to personal injury, death or property damage caused by exclusive brands products, some of which may require us to take significant actions, such as product recalls; ? ~~• we have experienced and may continue to experience disruptions in manufacturing and logistics due to the COVID- 19 pandemic, and~~ we may experience disruptions in manufacturing or logistics in the future due to inconsistent and unanticipated order patterns, our inability to develop long- term relationships with key manufacturers, ~~other~~ diseases or pandemics, **ongoing and** unforeseen natural disasters or geopolitical crises ~~, such as the conflict in Ukraine and this conflict' s potential impact on global geopolitical tensions, including with China or between China and Taiwan~~ ; ~~•~~ ? we may not be able to locate manufacturers that meet our internal standards, whether for new exclusive brands products or for migration of the manufacturing of products from an existing manufacturer; ~~•~~ ? we may be subject to a greater risk of inventory obsolescence as we do not generally have return- to- vendor rights; ~~•~~ ? we are subject to developing and often- changing labor and environmental laws for the manufacturing of products in foreign countries, and we may be unable to conform to new rules or interpretations in a timely manner; ~~•~~ ? we may be subject to 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 brands products; ~~•~~ ? our operations may be disrupted by trade disputes or excessive tariffs, including any future trade disputes or future phases of trade negotiations with China ~~,~~ and we may not be able to source alternatives quickly enough to avoid interruptions in product supply; and ~~•~~ ? we may be unable to obtain or adequately protect patents and other intellectual property rights on our exclusive brands products or manufacturing processes. Maintaining consistent quality, availability and competitive pricing of our exclusive brands products helps us build and maintain customer loyalty, generate revenue and achieve acceptable margins. Failure to maintain these factors could have a significant adverse impact on the demand for exclusive brands products and the profits we are able to generate from them. We are subject to risks associated with vendors that source products outside of the U. S. Our ability to find qualified vendors who can supply products in a timely and efficient manner that meet our internal standards of quality and safety 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 ~~(including COVID- 19)~~ and other factors relating to foreign trade are beyond our control. Vendors may also fail to invest adequately in design, production or distribution facilities ~~,~~ and may reduce their customer incentives, advertising and promotional activities or change their pricing policies. These and other related issues could have a material adverse impact on our financial results. We rely heavily on our information technology systems for our 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 vendors. We rely heavily on these information technology systems to manage all key aspects of our business, including demand forecasting, purchasing, supply chain management, point- of- sale processing, services fulfillment (including, for example, our Urgent Response service 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 power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial- of- service attacks, security breaches (through cyber- attacks and other malicious actions, including ransomware and phishing attacks), **the implementation of AI technologies,** catastrophic events (such as fires, tornadoes, earthquakes and hurricanes) and usage errors by our employees. 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 could interrupt the functionality of our information technology systems or those of third parties. The failure or interruption of these information systems, data centers, cloud platforms or their backup systems could significantly disrupt our business and cause higher costs and lost revenues and could threaten our ability to remain in operation. As we continue to migrate more systems to the cloud, we may face additional risks that may compromise our security or disrupt our business capabilities, including ensuring the proper configuration, the unknowns of operating more workloads in the cloud, securing systems in the cloud and the types of cloud- based services we leverage. We face a heightened risk of cybersecurity attacks or data security incidents and are more dependent on internet and telecommunications access and capabilities. We utilize complex information technology platforms to operate our websites and mobile applications. If we fail to secure these systems against attacks **,** or fail to effectively upgrade and maintain our hardware, software, network **,** and system infrastructure and improve the efficiency and resiliency of our systems, it could cause system interruptions and delays. Disruptions to these services, such as those caused by unforeseen traffic levels, malicious attacks by governments, criminals or other non- state actors, other technical difficulties or events outside of our control, such as natural disasters, power or telecommunications failures or loss of critical data, could prevent us from accepting and fulfilling customer orders for products or services, which could cause us to forgo material revenues ~~and~~ **,** incur material costs ~~,~~ and could adversely affect our reputation. Further, as our online interactions and sales have increased and have become critical to our growth, and as many employees now use hybrid or full- time remote- working arrangements, the risk of any interruption of our information technology system capabilities is heightened, as well as the risk that customer demand exceeds the capacity of our online operations. Any such interruption or capacity constraint could result in a deterioration of our ability to process online sales, provide customer service or perform other necessary business functions. **The integration of AI into our operations increases cybersecurity and privacy risks (including unauthorized or misuse of AI tools) and could lead to potential unauthorized access, misuse, acquisition, release, disclosure, alteration or destruction of company and customer data or other confidential or proprietary information and challenge the stability of our platforms. Further, threat actors may leverage AI to engage in automated, targeted and coordinated attacks of our systems.** Failure to prevent or effectively respond to a breach of the privacy or security 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 and storage of personal information, including payment card information and protected health information, as well as confidential information regarding our employees, vendors and other company information. We also share personal and confidential information with suppliers and other third parties **and we** ~~, as well as~~ use third- party technology and systems ~~which~~ **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 data- protection efforts, criminal activity, such as cyber- attacks, lapses in our controls or the intentional or negligent actions of employees, business associates or third parties, may undermine our privacy and security measures **. As** ~~, and, as~~ a result, unauthorized parties may obtain access to our data systems and misappropriate **company,** employee, **third party or** customer **information** ~~and other confidential data~~ , or authorized parties may use or share personal information in an inappropriate manner or otherwise seek to extract financial gain based on access to **,** or possession of **,** company, employee or customer 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 **(including AI)** , we may be unable to anticipate such attacks or promptly and effectively respond to them. Any compromise of our customer information or other confidential information could have a material adverse effect on our reputation 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. 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.

~~Our~~ **If our** efforts to protect against such compromises and ensure appropriate handling of customer data on devices we manufacture, sell and service **are not effective, this** may ~~not be effective, resulting~~ --- **result** in 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. Additionally, ~~recently~~ **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 our obligations to protect and honor the privacy and security of customer data, requiring additional resources and creating incremental risk arising from a potential breach or compliance failure. 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. Product safety and quality concerns could have a material adverse impact on our revenue and profitability. 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 ~~may be damaged~~ . Failure to take appropriate actions in relation to product **- related issues (for example, product** recalls **),** could lead to ~~breaches~~ **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. Changes to labor or employment laws or regulations could have an adverse impact on our costs and impair the viability of our operating model. As an employer of more than ~~90~~ **85** , 000 people in **many** ~~a large number of different~~ jurisdictions, we are subject to risks related to employment laws and regulations including, for example: ~~•~~ **?** the organization of unions and related rules that affect the nature of labor relations, ~~changes to~~ which **are frequently reconsidered and modified by** the National Labor Relations Board ~~frequently considers~~ ; ~~•~~ **?** laws that impact the relationship between the company and independent contractors and the classification of employees and independent contractors; and ~~•~~ **?** laws that impact minimum wage, sick time, paid leave **, non- compete covenants** and scheduling requirements that could directly or indirectly increase our payroll costs and / or impact the level of service we are able to provide. Changes to laws and regulations such as these could adversely impact our reputation, our ability to continue operations and our profitability. Regulatory and Legal Risks We are subject to statutory, regulatory and legal developments that could have a material adverse impact on our business. Our statutory, regulatory and legal environments expose us to complex compliance and litigation risks that could have a material adverse effect on our operations. 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 and regulations in local, national or international jurisdictions; ~~•~~ **?** the potential for unexpected costs related to compliance with new or existing environmental legislation or international agreements affecting energy, carbon emissions, electronics recycling and water or product materials; ~~•~~ **?** the challenges of ensuring compliance with applicable product compliance laws and regulations with respect to both the products we sell and **the products we** contract to manufacture, including laws and regulations related to product safety and product transport; ~~•~~ **?** the financial, operational and business 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; or litigation arising from new private rights of action; ~~•~~ **?** the impact of other new or changing statutes and regulations including, but not limited to, financial reform; National Labor Relations Board rule changes; healthcare reform; contracted worker labor laws; corporate governance matters; escheatment rules; rules governing pricing, content, distribution, copyright, mobile communications, **AI deployment or usage,** electronic device certification or payment services; and / or other future legislation that could affect how we operate and execute our strategies as well as alter our expense structure; ~~•~~ **?** the impact of litigation, including class- action lawsuits involving consumers and shareholders ~~,~~ and labor and employment matters; **? the possibility of a federal ban on arbitration clauses in consumer** and ~~•~~ **/ or employee contracts, which could increase costs of dispute resolution; and ?** the impact of changes in the federal executive and legislative branches on the development, or changes in, laws, regulations and policies, such as economic, fiscal, tax, retail, labor and social policies. The impact of geopolitical tensions, including the potential implementation of more restrictive trade policies, higher tariffs or the renegotiation of existing trade agreements in the U. S. or countries where we sell our products and services or procure products, could have a material adverse effect on our business. In particular, political or trade disputes **,** or future phases of trade negotiations with China could lead to the imposition of tariffs or other trade actions that could adversely affect our supply chain and our business and could require us to take action to mitigate those effects. Further, the impact of potential changes in U. S., state or other countries' tax laws and regulations or evolving interpretations of existing laws, could adversely affect our financial condition and results of operations. Regulatory activity that affects the retail sector has grown in recent years, increasing the 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. Concern over climate change may result in new or additional legal, legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, compliance, transportation and utility cost increases. Our own climate change- oriented initiatives, such as our attempts to increase energy efficiency during store construction and remodeling, could also increase our costs. In addition, changes to the environment, both long- term and short- term, may affect consumer shopping behavior in a way that negatively impacts our revenue, revenue mix and profitability. Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to cybersecurity and **corporate responsibility** ~~environmental, social~~ and ~~governance~~ **sustainability** matters, that could expose us to numerous risks. We are subject to changing rules and regulations promulgated by **several** ~~a number of~~ governmental and self- regulatory organizations, including the SEC, the New York Stock Exchange and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity, ~~and~~ **with** many new requirements **emerging** ~~have been created~~ in response to laws enacted by Congress,

~~making~~ **demanding increased attention and vigilance for** compliance ~~more difficult and uncertain~~. In addition, ~~increasingly~~ regulators, customers, investors, employees and other stakeholders are **increasingly** focusing on cybersecurity and **corporate responsibility** ~~environmental, social~~ and ~~governance~~ **sustainability** (“ ~~ESG~~ **CRS** ”) matters and related disclosures. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on initiatives within the scope of ~~ESG~~ **CRS** , and collecting, measuring and reporting ~~ESG~~ **CRS** - related information and metrics can be costly, difficult and time **-** consuming and ~~is~~ **are** subject to evolving reporting standards, including the SEC’ s **final** ~~recently proposed~~ climate- related reporting requirements ~~,~~ **issued in March 2024** and similar proposals by other international regulatory bodies. We may also communicate certain initiatives and goals ~~,~~ regarding environmental matters, diversity, responsible sourcing ~~and~~ **,** social investments and other ~~ESG-~~ related matters ~~,~~ in our SEC filings or in other public disclosures. These initiatives and goals within the scope of ~~ESG~~ **CRS** 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 disclosure. Further, statements about our ~~ESG- related~~ initiatives and goals ~~,~~ and progress ~~against~~ **toward** those goals, may be based on **measurement** standards ~~for measuring progress~~ 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 for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ~~ESG~~ **CRS** - related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our goals ~~within the scope of ESG~~ on a timely basis, or at all, our reputation, business, financial performance and growth could be adversely affected. 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 operate retail locations in Canada, Current Health operates in the UK, and most of our exclusive brands products are manufactured by contract manufacturers based in ~~southeast~~ **Southeast** Asia. We also have wholly- owned legal entities registered in various other foreign countries, including Bermuda, China, Hong Kong, Luxembourg, the Republic of Mauritius and the UK. During fiscal ~~2023~~ **2024** , our International segment’ s operations generated approximately 8 % of our revenue. In general, the risk factors identified above also have relevance to our International operations. **Our** ~~In addition, our~~ International operations ~~also~~ expose us to ~~other~~ **additional** risks, including those related to, for example: ~~•~~ **?** political conditions 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 ~~, whether in response to the COVID- 19 pandemic or otherwise,~~ 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 and have a material adverse effect on our revenue and profitability and could lead us to incur material impairments and other exit costs. Financial and Market Risks 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 levels 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, economic factors, product sourcing issues, 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. 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. We offer promotional financing and 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 2024 Domestic 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. 4 % of Domestic revenue in fiscal 2024. 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. 17