

## Risk Factors Comparison 2025-03-19 to 2024-03-15 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. **Consumer demand for the products and services that we offer could be affected by a number of factors, including: real GDP growth, inflation, recession, consumer confidence, employment levels, cost of living, tax rates, availability of consumer financing, interest rates, housing market conditions, foreign currency exchange rates, the price of oil, gas and other commodities, and other macroeconomic trends. Additionally, the impact of these factors could be compounded with respect to discretionary purchases of consumer electronics. These macroeconomic conditions impact consumer behavior and spending. As a result, consumers may be affected in many various ways, including, for example: (1) whether or not they make a purchase; (2) their choice of brand, model or price point; (3) how frequently they upgrade or replace their devices; (4) their choice of brand, model or price point; and (5) their appetite for complementary services (for example, My Best Buy Plus™ or My Best Buy Total™ membership). Any decrease in Real GDP growth, inflation (including wage inflation), consumer confidence, phasing out of public 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, cost of living (e.g., food, fuel), any recession (and resulting corresponding declines in consumer sentiment) and other macroeconomic trends can adversely affect consumer demand for the products and services we offer. In addition to general levels of inflation, we are also subject to risks of specific inflationary pressures on product prices due to, including for example, high consumer demand, inflation, tariffs and supply chain disruptions. We Additionally, price increases in the products we purchase for resale may be unable to require us to adjust our sales prices. Our ability to increase our prices sufficiently to offset these pressures might be limited, requiring us to absorb these increases within our margins. Increases in the cost of living may also put pressure on our ability to offer competitive compensation and other employer-provided benefits and may adversely affect our financial results. Any economic factors or circumstances resulting in higher transportation, labor, insurance costs, healthcare costs or commodity prices can increase our cost of sales and operating, selling, general and administrative expenses and otherwise materially adversely affect our financial results. Geopolitical pressures may adversely impact our supply chain, the cost of our products or revenues and financial results. Geopolitical tensions, both domestic and international, including issues around the world related to trade routes, political instability and how divisiveness, the potential implementation of more restrictive trade policies, higher tariffs or the renegotiation of existing trade agreements markets are positioned can also impact macroeconomic conditions and could have a material adverse impact on our business. While we directly import approximately 2% to 3% of our overall assortment, our complex supply chain is heavily reliant on vendor imports from China and Mexico, which we currently estimate make up approximately 55% and 20%, respectively, of the products we purchase. Moreover, the consumer electronics we sell and our underlying technological infrastructure are dependent on rare earth elements, predominantly processed in China. Recently passed or proposed tariffs involving these countries could have an adverse impact on our operations. Any further changes in, or uncertainty surrounding, trade policies with these countries, including tariffs on products and parts imported by us or our vendors, as well as any international retaliatory actions, could increase costs, disrupt our supply chain and/or impact the availability of underlying technology critical to our operations. Additionally, changes in, or uncertainty surrounding, policies or efforts that may affect the flow of trade, especially those impacting critical international trade routes, such as the Panama Canal and the Suez Canal, could potentially cause disruption to the global supply chain and may adversely affect our operations and financial results. Ongoing or emerging** These issues include, but are not limited to, the following: (1) The conflict in Ukraine has exacerbated global geopolitical tensions, the Middle East and the South China Sea, 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 For example, attacks on cargo ships in the Red Sea, catalyzed by tensions in the Middle East, continue to disrupt** global producer of both fuel and raw materials used in certain 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 to avoid 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 **flows and shipping capacity** or financial ties, including China. ~~Further~~ **Additionally, any** Further ~~further~~ deterioration of relations between Taiwan and China, the resulting actions taken, the response of the international community and other factors affecting trade with China or political or economic conditions in Taiwan could disrupt the manufacturing **and distribution** of products or hardware components in the region, such as semiconductors and television panels sourced from Taiwan or the broader array of products sourced from China. ~~The~~ **These trade restrictions and any associated** ~~Israel-Hamas War has heightened~~ geopolitical ~~---~~ **political uncertainty surrounding international trade measures** 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~~ **international relations** may **affect market stability** continue to disrupt global trade flows and **consumer confidence** ~~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 the effects of climate change, could adversely affect our operating results. The risk ~~or and~~ actual occurrence of various catastrophic events could have a material adverse effect on our financial performance. 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 **storms, blizzards, extreme temperatures**, earthquakes, **hurricanes**, floods, fires and droughts), including those related to, or exacerbated by, climate change; ~~?~~ diseases or pandemics; ~~?~~ power loss, telecommunications failures, or software ~~or and~~ hardware malfunctions; ~~or and~~ ~~?~~ terrorism (including related cyber threats), civil unrest, violent acts or other conflicts. ~~The~~ **In recent years, we observed an increase in the** number and severity of certain catastrophic events **is increasing** in many of our markets. Such events can adversely affect our workforce and prevent employees and customers from reaching our stores and properties. ~~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~~ **services, and** may impact our ability to procure goods or services required for **operating our** business operations at the quantities and levels we require. ~~Finally, such~~ **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 pandemic. Three of our largest states by total sales (California, Texas and Florida) are ~~areas where~~ **particularly vulnerable to** natural disasters and extreme weather conditions ~~have been, and could continue to be, more prevalent~~. Natural disasters and climate-related events in ~~those~~ **these** states, and other areas where our sales and operations are concentrated, could result in significant physical damage to, or closure of, **our facilities and may require upgrades to our facilities and infrastructure. Additionally, heightened violence and crime in or around** our stores, ~~distribution centers~~ **customer homes or businesses where we are performing services may further jeopardize the safety and security of** ~~or our workforce and customers as well as other~~ ~~the~~ **facilities general operation of our stores**. Further, current events associated with social **unrest / injustice or inequality, along with the ensuing social activism, tension,** and **any related** potential for violence, may impact our workforce, customers, properties and the communities where we operate. If our customers ~~and,~~ **employees and shareholders** 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 brand, which could adversely affect our business. As a consequence of these ~~or other~~ catastrophic events, we may experience ~~interruption~~ **interruptions** to our operations or losses of property, equipment and / or inventory, which could adversely affect our revenue and profitability. Many of the products we sell are highly susceptible to technological advancement, product life cycle fluctuations and changes in consumer preferences. We operate in a highly ~~;~~ **and** increasingly dynamic industry sector fueled by constant technological innovation and disruption, including most recently by the proliferation of artificial intelligence (“ AI ”) technologies. These factors manifest in a variety of ways: the emergence of new products and categories, the rapid maturation of categories, cannibalization of categories, changing price points, and product replacement and upgrade cycles. This rapid pace of change can be hard to predict and manage. If we fail to interpret, predict and react to these changes in a timely and effective manner, the consequences may include, but are not limited to: ~~?~~ failure to offer, **or inability to secure an adequate supply of,** the products and services that our customers want; ~~?~~ excess inventory, which may require heavy discounting 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. **Vendors may also fail to adequately invest in new technology, design, production or distribution facilities and may reduce their customer incentives, advertising and promotional activities or change their pricing policies**. These and other similar factors could have a material adverse impact on our revenue and profitability. Strategic Risks We face strong competition from multi-channel retailers, e-commerce businesses, technology service providers, traditional store-based retailers, vendors and mobile network carriers, which directly affects our revenue and profitability. 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. Digital technology enables consumers to compare prices on a real-time basis, putting additional pressure on us to maintain competitive prices. We compete ~~with~~ **against** many local, regional, national and international retailers (both online and brick and mortar), as well as **against** some of our vendors and mobile network carriers that market their products directly to consumers. Competition is becoming increasingly diverse, including in the advertising revenue space and **with the proliferation of marketplace platforms offering products at increasingly lower prices. Diverse competition** may also ~~result~~ **arise** from new entrants into the markets we serve, including ~~unforeseen~~ **unexpected** players **who could** that may be able to more aggressively leverage technologies **such as** (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 offer competitive 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. **Further, as our competitors develop and expand their strategic use of AI, our operations and profitability could be adversely impacted if we fail to execute or maintain our own focused AI strategy enabling technology advancement and innovation.** 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 qualified employees, our operations and profitability may be negatively impacted. In addition, changes in market compensation rates could adversely affect our profitability. Our performance is highly dependent on attracting, retaining and engaging appropriately qualified employees in our stores, service centers, distribution centers, field and corporate offices. Our strategy of offering high-quality services and assistance for our customers requires a highly trained and engaged workforce, **which is reliant on the creation and maintenance of a positive culture that is attractive to all qualified employees and beneficial relationships between employees and the enterprise.** The turnover rate in the retail sector is relatively high, 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, **our ability to train and develop our employees, our ability to connect with and promote available talent pools, our development and maintenance of employer-desired policies and practices,** unemployment rates, competition from other employers, availability of qualified personnel and our ability to offer appropriate compensation and benefit packages. **Our policies and practices may be affected by, or require changes in response to, legal and regulatory restrictions on policies related to inclusion and belonging, employee engagement and climate change, which may further impact our ability to retain and engage qualified employees.** Failure to recruit or retain qualified employees may impair our efficiency and effectiveness and our ability to pursue growth opportunities. In addition, significant turnover of our executive team or other employees in key positions with specific knowledge relating to our operations and industry may negatively impact our operations **and financial results.** 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 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 **The execution of our** strategy **relating to certain** expand into new products and services (including health technology, services and logistics) brings ~~new~~ business, financial and regulatory risks. ~~In~~ We are introducing new products and services, particularly in the health sector, **into we offer a range of products and services, including, for example, Personal Emergency Response (PERS) and Remote Patient Monitoring (RPM) technology and services. As we refine existing offerings and introduce new market areas. As these are new offerings, we must navigate a complex, dynamic regulatory and technological environment for new markets, which the first product and service iterations may require further invention subject us to additional operational, financial and refinement reputational risks.** Our customers may not like our new value propositions, ~~These offerings may present persistent technology and regulatory challenges and we may be subject to claims if customers of these offerings experience service disruptions, failures or other issues.~~ **Our health sector offerings and the customers we serve bring us into scope for many significant regulatory requirements, including those enforced by the U.S. Food and Drug Administration (FDA), the Centers for Medicaid and Medicare Services (CMS), State Medicaid Agencies and the Federal Communications Commission (FCC) oversight.** ~~The~~ **Additionally, the** collection, storage, use and disclosure of personal information ~~subjects us to privacy and security requirements. Notably, such as portions of the health business are subject to the Health Insurance Portability and Accountability Act ("HIPAA"), and certain of Current Health's international operations are subject to the UK-United Kingdom's General Data Protection Regulation ("GDPR," as retained in UK-United Kingdom law) - and numerous State state data privacy laws.~~ **The risk accompanied** are also rapidly changing, such as Washington's new My Health, My Data Act with **operating in** a private right of action, raising new considerations and challenges. Non-compliance with conditions imposed by regulatory authorities related to any of the above activities **health sector** 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.** These and other related issues could have a material adverse impact on our financial results and reputation. **This expanded risk increases the complexity of..... operations, financial results and reputation.** Our focus on services exposes us to certain risks that could have a material adverse impact on our revenue, profitability and reputation. We offer a full range of services that complement our product offerings, including consultation, delivery, design, installation, memberships, protection plans, repair, set-up, technical support and health, safety and caregiving monitoring and support. **The strategy** Designing, marketing and ~~executing~~ **execution** these ~~of our services~~ **service is offerings are** subject to incremental risks. These risks **could** include, for example:  ~~sustained increase in consumer desire to purchase product offerings online and through mobile applications, impacting our ability to sell ancillary services;~~  ~~inability increased labor expense to fulfill sustain and operate a technology infrastructure sufficient to support our customer promises services growth ;~~  ~~increased~~ **ongoing** pressure on margins from

our Best Buy membership offerings, and the risk that increased volumes will not fully compensate for lower margins ; [?] **increased labor expenses** ; or for loss of revenue and profit from revenue streams that are now included as benefits **inability to accurately forecast staffing levels to meet customer needs and demands** ; [?] pressure on traditional labor models to meet the evolving landscape of offerings and customer needs; [?] **use of responsibility for third parties** – party services that fail to meet our standards or fail to comply with applicable labor and independent contractor regulations ; [?] **increased** , leading to potential reputational **damage and liability risk of bad actors posing as Geek Squad and / or customer care** ; [?] 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 **provided by third parties on our behalf** ; [?] employees having access to customer devices, including the information held on those devices, which **may increase** **increases** our **risk given the** responsibility for the security of those devices and the privacy of the data they hold **while in our possession** ; [?] **operational failures arising from growing demands on existing technological infrastructure**; [?] the engagement of third parties to assist with aspects of construction and installation and the potential **responsibility for their actions**; [?] 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 **2024-2025**, our 20 largest suppliers accounted for approximately 80 % of the merchandise we purchased, with five suppliers – Apple, Samsung, HP, Sony and LG- representing approximately 55 % of total merchandise purchased. We generally do not have long-term written contracts with our vendors that would require them to continue supplying us with merchandise. 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 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 when our purchases represent a smaller proportion of their total revenues and / or **our detriment** 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. **Further, our flexibility to modify selling prices is limited due to digital technology that enables consumers to compare prices on a real-time basis.** We are also dependent on a small number of mobile carriers to allow us to offer mobile devices with carrier connections. The competitive strategies utilized by mobile network carriers can have a material impact on our business, especially with ongoing consolidation in the mobile industry. For example, if carriers change the structure of contracts, upgrade terms, qualification requirements, monthly fee plans, cancellation fees or service levels, the volume of upgrades and new contracts we sign with customers may be reduced, adversely affecting our revenue and profitability. In addition, our carriers may also serve customers through their own stores, websites, mobile applications and call centers or through other competing retail channels. Demand for the products and services we sell could decline if we fail to maintain positive brand perception and recognition **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 noncompetitive** 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 , **and sometimes conflicting,** expectations on corporate response to sensitive topics, could also be damaging , **including those related to inclusion and belonging, employee engagement and climate change** . 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 , **which may include fictitious 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 **and execute** strategic ventures , **alliances or acquisitions** **partnerships** could have a negative impact on our business. We may **pursue** **decide to enter into** new joint **strategic** ventures, **partnerships including business relationships** , **alliances or acquisitions with,** and **expanding or adding revenue streams, including our retail media network, known as Best Buy Ads, and our marketplace platforms, where third parties – party sellers can sell their own products on Best Buy’s platform (“ Marketplace ”)** (collectively , “ **new Strategic Ventures Ventures** ”). Assessing the viability of **new Strategic Ventures Ventures** is typically subject to significant uncertainty, and the success of such **new Strategic Ventures Ventures** can be adversely affected by many factors, including, for example: [?] **different and incremental business and failure to identify or appropriately evaluate other – the risks of Strategic the new venture Ventures** not identified in our diligence assessments; [?] **failure state or local regulations that may limit our ability** to **execute** attract, motivate and retain **certain aspects** key employees of the new **our Strategic venture Ventures** ; [?] **uncertainty of forecasting financial performance**; [?] failure to integrate aspects of **Strategic the new venture Ventures** into our existing business, such as new product or service offerings or information technology systems ; [?] **failure to accurately**

**predict customer demand, or generate forecasted revenue or profitability**;  failure to maintain appropriate internal controls over financial reporting;  **uncertainty of accurately forecasting financial performance, including the impact of unforeseen changes in the business environment of Strategic Ventures, including, for example, the continuity of government funding for certain in-home care programs**;  failure to generate expected synergies, such as cost reductions and  unforeseen changes in the business environment of the new venture;  disputes or strategic differences with key employees or other **benefits** third-party participants in the new venture; and  adverse impacts on relationships with **employees**, vendors and other key partners of our existing business or the **Strategic Ventures. If our** new venture. If our new or emerging **strategic Strategic ventures 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 For example, we recorded a pre-tax, non-cash goodwill impairment charge of \$ 475 million related to our Best Buy Health reporting unit, as described further in the Notes to Consolidated Financial Statements included in Item 8, Financial Statements and Supplementary Data and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in fiscal 2025. Strategic ventures 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 **and market segmentation strategy** 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, **failure to negotiate appropriate terms related to our real estate portfolio, or failure to react appropriately should any unforeseen changes arise**, could impair our ability to compete successfully and our profitability. **Most Any of the following** our properties are leased under multi-year contracts. As such, it is essential that we effectively evaluate a range of factors **could impact** 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; **and**  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 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 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. **These risks are compounded for small parcel home deliveries, as we are dependent on a relatively small number of carriers with the scope and capacity required by our business. The continuing growth of online purchases for delivery increases our exposure to these risks.** The factors that can adversely affect these aspects of our operations **or cause interruptions to our delivery capabilities** include, but are not limited to:  **interruptions operational failures from growing demand on existing technological infrastructure**;  **risk to our employees, customers and inventory arising from burglaries or delivery capabilities robberies in transit, at our stores or other facilities**;  failure of third parties to meet our standards or commitments; **and**  **consolidation disruptions to our or business failures** systems and the need to implement new systems;  limitations in capacity;  **the transportation and distribution sectors. Additionally, global supply chain impacts that, similar to previous disruptions in the Red Sea and Panama Canal, could lead to increases in transportation costs or hinder third parties' ability abilities** to meet our demand for product volumes and timing; **including**:  **unionization** 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, **competitive job markets and** 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;  **geopolitical affairs, including tariffs**;  **natural disasters and climate events**; **and**  diseases, pandemics, 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, **including whether due to geopolitical conflicts or for catastrophic events any of the reasons above**, 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. **We** Our exclusive brands products are subject to several additional product, supply chain and legal risks **related to the products we sell, including those products sold on our Marketplace platforms and products under our exclusive brand labels (Best Buy Essentials, Dynex, Insignia, Modal, Platinum, Rocketfish, Yardbird and Lively brands)** that could affect our operating results. **If the Sales of our exclusive brands products we sell fail to meet**, which include the Best Buy Essentials, Dynex, Insignia, Modal, Platinum, Rocketfish, Yardbird and Lively brands, represent an important component of our **or are alleged to fail to meet, applicable safety standards or our customers' expectations regarding safety and quality, we could be exposed to increased legal risk and damage to our reputation. Failure to take appropriate actions in relation to product offerings – related issues (for example, product recalls) could lead to violations of laws and regulations and leave us susceptible to government enforcement actions or private litigation. Recalls of products, particularly when combined with lack of available alternatives or difficulty in sourcing sufficient volumes of replacement products, could also have a material adverse impact on** our revenue and profitability. Most of these **Our ability to find qualified vendors who can supply products that meet our internal standards of quality and safety in a timely and efficient manner can be difficult, especially with respect to goods sourced from outside the U. S. Risks such as political or economic instability, cross- border trade restrictions or tariffs, merchandise quality issues, product safety concerns, work stoppages, human rights violations, port delays, foreign currency exchange rate fluctuations, transportation capacity and costs, inflation, civil unrest, natural disasters, outbreaks of pandemics and other factors relating to foreign trade are beyond our control** manufactured by contract manufacturers in China and Southeast Asia. **These and This arrangement exposes us to the other related issues following additional potential risks, which could have a material adverse effect impact on our operating financial results . We have greater exposure to product- related risks in our exclusive brand category, including :** [?] we have greater exposure and responsibility to consumers for warranty replacements and repairs as **well 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 **(including bodily injury ,or death )** or property damage caused by exclusive brands products , some of which may require us to take significant actions, such as product recalls; [?] 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, diseases or pandemics, ongoing and unforeseen natural disasters or geopolitical crises; [?] 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; [?] **disruptions in** 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 **logistics due to inconsistent and unanticipated order patterns ;** [?] **our inability** we may be subject to **develop long- term relationships with key manufacturers;** [?] claims by technology or other intellectual property owners if we inadvertently infringe upon their patents or other intellectual property rights or if we fail to pay royalties owed on our exclusive **brands- brand** products; [?] **inability** 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- brand** products or manufacturing processes . **Maintaining ; and** [?] **failure to maintain** consistent quality, availability and competitive pricing of our exclusive brands products helps us build and maintain customer loyalty, **which** 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 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 the demand for exclusive brand products and the profits we are able to generate from them. Most of our exclusive brand products are manufactured by contract manufacturers in China, Mexico and Southeast Asia. This arrangement exposes us to the following additional potential risks:** [?] **inability to seek recourse from manufacturers may be limited in foreign jurisdictions;** [?] **inability to conform in a timely manner to new rules our- or financial results interpretations of developing and often- changing labor and environmental laws for the manufacturing of products in foreign countries;** and [?] **inability to source alternatives quickly enough to avoid interruptions in product supply due to disruptions, such**

as trade disputes or excessive tariffs. Our expanding third- party Marketplace, including our existing Canadian platform and our soon- to- launch U. S. platform, could present additional risks. Should the products sold on our Marketplace fail to meet quality, safety or regulatory standards, it could erode customer trust and damage our reputation. Moreover, unsettled laws regarding retailer responsibility for product liability and intellectual property claims related to third- party products sold on marketplace platforms compound our marketplace risk . We rely heavily on our information technology systems for 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 configuration or 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 expand our use of software as a service (SaaS) providers , 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 dependencies on our service providers' cybersecurity practices. 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 - based 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 services- service we leverage or perform other necessary business functions . We face a heightened risk of cybersecurity attacks or data security incidents and are more dependent , which could have a material adverse impact on our business 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 configure, 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 foreign 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 revenue have an adverse impact on our revenues- revenue , incur material costs and could adversely affect our reputation. Further If a cybersecurity event is related to data that is regulated , such as under HIPAA, GDPR our or California Consumer Privacy Act online interactions and sales have increased and have become critical to our growth. in addition to and as many employees now use hybrid or full- time remote- working arrangements, the direct business risk risks noted of any interruption of our information technology system capabilities is heightened, we as well as the risk that customer demand exceeds the capacity of our online operations. Any such interruption or capacity constraint could be subject result in a deterioration of our ability to process online sales additional regulatory investigations, penalties and fines 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, customers, vendors and other company information. We also share personal and confidential information with suppliers and other third parties and we use third- party technology and systems that process and transmit information for a variety of activities. We have been the target of attempted cyber- attacks and other security threats , and we may be subject to breaches of our information technology systems. While we engage in significant data- protection efforts, criminal activity, such as cyberattacks cyber- attacks, lapses in our controls , impersonation of individuals with proper access controls, or the intentional or negligent actions of employees, business associates or third parties, may undermine our privacy and security measures. As a result, unauthorized parties may obtain access to our data systems and misappropriate company, employee, third - party or customer information, 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 or vendor information. Furthermore, because the methods used to obtain unauthorized access change frequently and may not be immediately detected, and , given the potentially disruptive nature of emerging technologies (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 **impact** on our reputation **and /** or our relationships with our customers and partners, which may in turn, have a negative impact on our revenue and may expose us to material costs, penalties and claims. Sensitive customer data may also be present on customer- owned devices entrusted to us for service and repair. Vulnerable code on products sold or serviced, including our exclusive brands, may also result in a compromise of customer privacy or security. If our efforts to protect against such compromises and ensure appropriate handling of customer data on devices we manufacture, sell and service are not effective, this may 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, 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. Failure to take appropriate actions in relation to product-related issues (for example, product recalls), could lead to violations of laws and regulations and leave us susceptible to government enforcement actions or private litigation. Recalls of products, particularly when combined with lack of available alternatives or difficulty in sourcing sufficient volumes of replacement products, could also have a material adverse impact on our revenue and profitability. 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 85,000 people in many 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, which are frequently reconsidered and modified by the National Labor Relations Board; laws that impact the relationship between the company and independent contractors and the classification of employees and independent contractors; 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, Compliance and Legal Risks** We are subject to statutory, regulatory and legal developments that could have a material adverse impact on our business. **Our statutory, The laws and regulatory regulations and legal environments with which we must comply** 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 and international jurisdictions; the potential for unexpected incremental costs related to compliance with new or existing environmental legislation or international agreements affecting energy transition, carbon greenhouse gas emissions, electronics recycling and water or product materials; the challenges of ensuring compliance with applicable product compliance laws and regulations with respect, including laws and regulations related to both product safety, product transport and product disposal, as well as laws and regulations related to the products we sell sold by us or by our third-party Marketplace sellers 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, and litigation arising from new private rights of action; the impact of other new or changing statutes and regulations including related to, but not limited to, financial finance, reform; National Labor Relations Board rule changes; healthcare, reform; contracted worker labor laws; corporate governance matters ; escheatment, rules; rules governing pricing, anti- money laundering, 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 or as well as alter our expense structure ; the challenges of ensuring compliance with applicable labor and employment laws, including: laws governing the organization of unions and related rules that affect the nature of labor relations, which are frequently modified by the National Labor Relations Board; laws that impact the relationship between the company and independent contractors and the classification of employees and independent contractors; laws regarding diversity, equity and inclusion, inclusion and belonging, discrimination and related issues; and laws that impact minimum wage, sick time, paid leave, non-compete covenants and scheduling requirements ; 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 ; and the impact of changes in the federal government on laws, could adversely affect our financial condition regulations and policies; and the potential for and an results increasing patchwork of operations state regulations . Regulatory activity that affects affecting the retail sector has grown increased in recent years, increasing raising the risk of**

finances 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 and sustainability matters, that could expose us to numerous risks.~~ We are subject to changing rules and regulations promulgated by several governmental and self-regulatory organizations, including the SEC, the New York Stock Exchange and, the Financial Accounting Standards Board **and various states**. These rules and regulations continue to evolve ~~in scope and complexity, with many new requirements emerging in response to laws enacted by Congress,~~ demanding increased attention and vigilance for compliance. In addition, regulators, customers, investors, employees and other stakeholders are increasingly focusing on cybersecurity and ~~corporate responsibility and sustainability ("CRS-CR") & S~~ matters and related disclosures. **At the same time, regulators have increasingly expressed or pursued opposing views with respect to environmental, social and governance initiatives. These opposing views may also be adopted by our customers, investors, employees and other stakeholders. As a result of these** changing rules, regulations and stakeholder expectations ~~have resulted in,~~ **there has been,** and ~~are will likely to continue to be result in,~~ **an increased-** ~~increase in~~ general and administrative expenses and ~~an increased-~~ **increase in** management time and attention spent complying with or meeting such regulations and expectations. ~~For example, developing and acting on initiatives within the scope of CRS, and collecting, measuring and reporting CRS-related information and metrics can be costly, difficult and time-consuming and are subject to evolving reporting standards, including the SEC's final 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, social investments and other related matters in our SEC filings or in other public disclosures. These initiatives and goals within the scope of ~~CRS-~~ **CR & S** could be difficult and expensive to implement, the technologies needed to implement them may not be cost-effective and may not advance at a sufficient pace and we could be criticized for the accuracy, adequacy or completeness of the ~~disclosure~~ **disclosures**. Further, statements about our initiatives and goals and progress toward those goals, may be based on measurement standards that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. In addition, we could be criticized **or face legal action, including suits brought by shareholders,** for the scope or nature of such initiatives or goals, or for any revisions to these goals. ~~If Any issues with our CRS-CR & S-related data reporting, processes and reporting are or goals, such as incomplete or inaccurate information, failure or if we fail to achieve timely progress with respect to our goals on a timely basis, or misalignment with or our at all stakeholders' expectations, could negatively impact our reputation, business, financial performance and or 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 have, or expect to have during fiscal 2026, wholly-~~ **owned legal entities registered in various foreign countries, including Bermuda, Canada, China** ~~Current Health operates in the UK,~~ **Hong Kong, India, Luxembourg, the Republic of Mauritius, the United Kingdom and Vietnam. Additionally,** most of our exclusive ~~brands-~~ **brand** products are manufactured by contract manufacturers based in **China, Mexico and** 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 ~~2024-2025,~~ our International segment's operations generated approximately 8% of our **consolidated** revenue. In general, the risk factors identified above also have relevance to our ~~International-~~ **international** operations. Our ~~International-~~ **international** operations expose us to additional risks, ~~including those such as risks~~ related to, for example: (1) political conditions and geopolitical events, including war and terrorism; (2) economic conditions, including monetary and fiscal policies and tax rules, as well as foreign exchange rate risk; (3) rules governing international trade and potential changes to trade policies or trade agreements and ownership of foreign entities; (4) government-imposed travel restrictions or warnings and differing responses of governmental authorities to pandemics and other global events; (5) cultural differences that we may be unable to anticipate or respond to appropriately; (6) different rules or practices regarding employee relations, including the existence of works councils or unions; (7) difficulties in enforcing intellectual property rights; and (8) difficulties encountered in exerting appropriate management oversight to operations in remote locations. These factors could significantly disrupt our ~~International-~~ **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 meet any financial performance guidance or other forward-looking statements we may provide to the public could result in a decline in our stock price. We may provide public guidance on our expected financial results or other forward-looking information for future periods. When we provide guidance, we believe that this guidance provides investors and analysts with a better understanding of management's expectations for the future and is useful to our existing and potential shareholders, but such guidance is comprised of forward-looking statements subject to the risks and uncertainties described in this report and in our other public filings and public statements. Our actual results may not be in line with guidance we have provided. We may not be able to accurately forecast our growth rate and profitability. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments are fixed, and we may not be able to adjust our spending quickly enough if our sales are less than expected. Our revenue growth may not be predictable or sustainable, and our percentage growth rates may decrease. Our revenue and profitability depend on the continued growth of**

**demand for the products and services offered by us, and our business is affected by general economic and business conditions worldwide. If our financial results for a particular period do not meet any guidance we provide or the expectations of market participants, or if we reduce any guidance for future periods, the market price of our common stock may decline.** Failure to effectively manage our costs could have a material adverse effect on our profitability. As discussed above, our revenues are susceptible to volatility from various sources, which can lead to periods of flat or declining revenues. However, some of our operating costs are fixed and / or are subject to multi- year contracts. Some elements of our costs may be higher than our competitors' because of, for example, our extended retail footprint and structure, our hourly pay structure, our differentiated service offerings or our 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 , especially during the fiscal fourth quarter . As a result of these factors, our fiscal fourth quarter and annual results could be adversely affected. Economic, regulatory and other developments could adversely affect our ability to offer attractive promotional financing to our customers and adversely affect the profits we generate from these programs. ~~We~~ **In partnership with third parties, we** offer promotional financing ~~and as well as~~ credit cards issued by third-party banks that manage and directly extend credit to our customers. Customers choosing promotional financing can receive extended payment terms and low- or no- interest financing on qualifying purchases. We believe our financing programs generate incremental revenue from customers who prefer the financing terms to other available forms of payment or otherwise need access to financing in order to make purchases. Approximately 25 % of our fiscal ~~2024~~ **2025** Domestic **segment** revenue was transacted using one of the company' s branded cards. In addition, we earn profit- share income and share in any losses from some of our banking partners based on the performance of the programs. Profit- sharing revenue from our credit card arrangement approximated 1. ~~4-1~~ % of Domestic **segment** revenue in fiscal ~~2024~~ **2025** . The income or loss we earn in this regard is subject to numerous factors, including the volume and value of transactions, the terms of promotional financing offers, bad debt rates, credit card delinquency rates, interest rates, the regulatory and competitive environment and expenses of operating the program. Adverse changes to any of these factors could impair our ability to offer these programs to customers and reduce customer purchases and our ability to earn income from sharing in the profits of the programs. **Constraints in the capital markets or our vendor credit terms may have a material adverse impact on our liquidity. We need sufficient sources of liquidity to fund our working capital requirements, service our outstanding indebtedness and finance business opportunities. Without sufficient liquidity, we could be forced to curtail our operations, or we may not be able to pursue business opportunities. The principal sources of our liquidity are funds generated from operating activities, available cash and cash equivalents, short- term investments, credit facilities, other debt arrangements and trade payables. Our liquidity could be materially adversely impacted if our vendors reduce payment terms and / or impose tighter credit limits. If our sources of liquidity do not satisfy our requirements, we may need to seek additional financing. We typically hold material balances of cash, cash equivalents and / or short- term investments and are therefore reliant on banks and other financial institutions to safeguard and allow ready access to these assets. Our future liquidity will depend on a variety of factors, such as economic and market conditions, the regulatory environment and financial stability of banks and other financial institutions, the availability of credit, our credit ratings and our reputation with potential lenders. These factors could have a material adverse effect on our costs of borrowing and our ability to pursue business opportunities and threaten our ability to meet our obligations as they become due.** 17