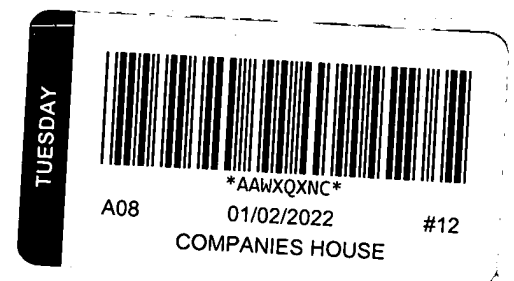


Company Registration No. 06576708

Best Buy Distributions Limited

Financial statements

For the period ended 30 January 2021



Best Buy Distributions Limited

Financial Statements 2021

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Best Buy Distributions Limited

Officers and professional advisers

Directors

Todd Hartman
Mathew Watson

Secretaries

Todd Hartman
Jodie Hagstrom Crist

Registered Office

100 New Bridge Street
London
EC4V 6JA

Bankers

Bank of America
2 King Edward Street
London
EC1A 1HQ

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Best Buy Distributions Limited

Strategic report

The directors, in preparing this Strategic report, have complied with S414C and S172 of the Companies Act 2006.

Principal activities

Best Buy Distributions Limited (the “Company”) is a wholly-owned subsidiary of ProTheo IV, LLC. Its ultimate parent company is Best Buy Co., Inc. (“Best Buy”), a US corporation. The principal activities of the Company are to license “know-how” to Best Buy Stores, LP. Management intends to liquidate the Company in fiscal year 2022, following the termination of the license agreement referred to below at the end of financial period 2020. Therefore, the financial statements have been prepared on the basis that the Company is no longer a going concern. This is discussed further in note 1 to the financial statements.

Business review

The Company’s key financial and other performance indicators during the period were as follows:

	2021	2020
	USD	USD
Turnover	-	122,383,290
Operating Expenses	45,765	88,709,335
Net Liabilities	15,223,610	117,482,142

From 2 February 2014 to 31 May 2014, the Company received 99.92% of the profit-sharing income received by CPW Mobile Ltd pursuant to its license agreement with Best Buy Stores, LP. The income stream arising from the license agreement with Best Buy Stores LP is based upon the operating performance of Best Buy Mobile, the business which manages the mobile telephone and mobile broadband operations with Best Buy Stores, LP.

On 31 May 2014, CPW Mobile Ltd assigned the license agreement with Best Buy Stores, LP to the Company. From 1 June 2014 to 2 February 2019, the Company received 100% of the license income directly from Best Buy Stores, LP.

On 1 February 2015, the Best Buy Mobile contract was amended, with the remainder of the value of the contract to be paid out over 5 years from fiscal 2016 to fiscal 2020. The payments are based on a percentage of mobile net revenue, with the percentage rates being reduced each year (i.e. 4.1% in fiscal 2019 and 2.7% in fiscal 2020).

There was no turnover recorded during the period from 2 February 2020 to 30 January 2021 due to the license agreement ending during fiscal year 2020. The Company recorded turnover of \$122,383,290 for the prior period, 3 February 2019 to 1 February 2020. Payments due under the license agreement were denominated in US Dollars.

During the period from 2 February 2020 to 30 January 2021, the Company recorded operating expenses of \$45,765 compared to operating expenses in the prior period, 3 February 2019 to 1 February 2020, of \$88,709,335, primarily attributable to the goodwill being fully amortised in the prior year. See note 8, *Intangible Fixed Assets*, for the description of the methodology used for the amortisation of goodwill in the prior year.

During the period from 2 February 2020 to 30 January 2021, the Company recorded a net loss of \$17,741,468 compared to a net loss in the prior period, 3 February 2019 to 1 February 2020, of \$1,320,100. The loss in 2021 was primarily driven by interest expense incurred. In 2020 the loss was primarily driven by the goodwill amortization of \$88,694,583, offset by a lower interest expense due to the Company’s decreased notes payable. The loss in 2020 was partially offset by the lower turnover mentioned above.

On 30 January 2021, the Company had \$15,223,610 in net liabilities compared to net liabilities on 1 February 2020 of \$117,482,142, primarily attributable to the debt been extinguished in exchange for issuing more capital to its parent, ProTheo IV, LLC partially offset by a reserve related to uncertain tax positions for fiscal year end 2021. See note 11 for more information.

Best Buy Distributions Limited

Strategic report (continued)

Principal risks and uncertainties

The Company has one key source uncertainty in the preparation of these financial statements. The Company has an open HMRC tax enquiry for tax years 2016 through 2020 arising from a transfer pricing issue. Due to the complexity of the enquiry, the amount, timing and potential settlement of this enquiry are uncertain. See note 11 for more information. The financial statements have been prepared on a basis other than going concern. This is discussed further in note 1 to the financial statements.

Section 172 Statement: Future developments and consequences of decisions in the long term

As the Company ceased to trade subsequent to this license agreement at the end of fiscal 2020, the financial statements have been prepared on a basis other than going concern. This is discussed further in note 1 to the financial statements.

Interests of the Company's employees

The Company does not have any employees

Fostering the Company's business relationships with suppliers, customers and others

As the Company ceased to trade subsequent to this license agreement at the end of fiscal 2020, there are no business relationships to foster.

Impacts of the Company's operations on the community and the environment

As the Company ceased to trade subsequent to this license agreement at the end of fiscal 2020, there are no remaining impacts of the Company's operations on the community or the environment.

Company Governance

The directors counsel, advise and oversee management in the long-term interests of the company and the members regarding a broad range of subjects. The directors value effective company governance and adherence to high ethical standards.

The need to act fairly as between members of the Company

There is no asymmetry of information between members.

Approved by the Board of Directors and signed on its behalf by:

Mathew Watson

Mathew Watson
Director
28 January 2022

Best Buy Distributions Limited

Directors' report

The directors present the annual report on the affairs of Best Buy Distributions Limited (the "Company"), together with the audited financial statements and auditor's report for the period from 2 February 2020 to 30 January 2021. The comparative financial period ran from 3 February 2019 to 1 February 2020. The financial statements for the comparative period were prepared in accordance with the Company's ultimate parent's fiscal year-end.

Results and dividends

The results of the Company for the period from 2 February 2020 to 30 January 2021 are set out in the profit and loss account on page 10. The directors do not recommend the payment of a dividend for the period (2020: \$nil).

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Going concern

As the Company has ceased to trade subsequent to this license agreement ending, the financial statements have been prepared on a basis other than going concern. In fiscal year 2021, the debt was extinguished in exchange for issuing more capital to its parent, ProTheo IV, LLC.

Directors

The directors, who served throughout the period and subsequently, are set out on page 1. Directors of the Company may be indemnified out of the Company, parent company, and subsidiary's assets against certain liabilities as set forth in the Company, the Parent Company, and Subsidiary's articles of association.

Financial risk management

The activities of the company do not expose it to material financial risks as all of the activity is intercompany related. The company does not use derivative financial instruments.

Post balance sheet events

There were no subsequent events that occurred after the period 30 January 2021.

Environment

A full analysis of the key regulatory and social risks of the industry in which the ultimate parent company, Best Buy Co., Inc. operates is described in the group's annual report, which does not form part of this report. As a subsidiary entity of Best Buy Co., Inc., the Company operates in accordance with group policies.

Donations

The Company made no charitable or political donations in the period (2020: \$nil).

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Best Buy Distributions Limited

Directors' report (continued)

Approved by the Board of Directors and signed on its behalf by:

Mathew Watson

Mathew Watson
Director
28 January 2022

Best Buy Distributions Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Best Buy Distributions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Best Buy Distributions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, we have concluded that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of Best Buy Distributions Limited (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Independent auditor's report to the members of Best Buy Distributions Limited (Continued)

We discussed among the audit engagement team regarding the opportunities and incentives that exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

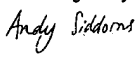
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Best Buy Distributions Limited (Continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Andy Siddons ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 January 2022 | 22:14:00 GMT

Best Buy Distributions Limited

Profit and loss account For the period ended 30 January 2021

	Notes	Total 2021 USD	Total 2020 USD
Turnover	3	-	122,383,290
Gross Profit		-	122,383,290
Operating Expenses		(45,765)	(88,709,335)
Operating profit		(45,765)	33,673,955
Investment income		1,332	28,354
Profit on disposal of investment	5	-	121,650
Finance Costs	5	(1,396,820)	(14,663,289)
Finance Costs (Net)	5	(1,395,488)	(14,513,285)
(Loss) profit before taxation	6	(1,441,253)	19,160,670
Tax on (loss) profit	7	(16,300,215)	(20,480,770)
Loss for the financial year		(17,741,468)	(1,320,100)

All results arise from discontinued activities.

There have been no recognised gains or losses in the current or preceding period other than the gains and losses shown above. Accordingly, no separate statement of comprehensive income is presented.

Best Buy Distributions Limited

Balance sheet As at 30 January 2021

	Notes	2021 USD	2020 USD
Current Assets			
Debtors			
- due within one year	8	-	38,199,605
- due after one year	8	166,197	166,197
Cash at bank and in hand		<u>2,044,349</u>	<u>9,991,236</u>
		2,210,546	48,357,038
Creditors: Amounts falling due within one year	9	<u>(960,914)</u>	<u>(9,258,503)</u>
Net Current Assets		<u>1,249,632</u>	<u>39,098,535</u>
Total assets less current liabilities		<u>1,249,632</u>	<u>39,098,535</u>
Creditors: Amounts falling due after more than one year	10	<u>(173,242)</u>	<u>(156,580,677)</u>
Provision for liabilities	11	<u>(16,300,000)</u>	-
Net Assets (Liabilities)		<u>(15,223,610)</u>	<u>(117,482,142)</u>
Capital			
Called-up share capital	12	437,001,000	317,001,000
Other reserve	12	4,896,008	4,896,008
Profit and loss account	12	<u>(457,120,618)</u>	<u>(439,379,150)</u>
Shareholder's equity (deficit)		<u>(15,223,610)</u>	<u>(117,482,142)</u>

The financial statements of Best Buy Distributions Limited (registered number 06576708), were approved by the board of directors and authorised for issue on 28 January 2022.

They were signed on its behalf by:

Mathew Watson

Mathew Watson
Director

Best Buy Distributions Limited

Statement of changes in equity For the period ended 30 January 2021

	Called-up share capital USD	Other reserve USD	Profit and loss account USD	Total USD
Beginning balance as at 2 February 2019	317,001,000	4,888,073	(438,059,050)	(116,169,977)
Translation Adjustment	-	7,935	-	7,935
Loss as at 1 February 2020	-	-	(1,320,100)	(1,320,100)
Beginning balance as at 1 February 2020	317,001,000	4,896,008	(439,379,150)	(117,482,142)
Translation Adjustment	-	-	-	-
Contributed capital	120,000,000	-	-	120,000,000
Loss as at 30 January 2021	-	-	(17,741,468)	(17,741,468)
Ending balance as at 30 January 2021	437,001,000	4,896,008	(457,120,618)	(15,223,610)

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

a. General information and basis of accounting

Best Buy Distributions Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

Best Buy Distributions Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash-flow statement as this information is included in the consolidated results of the parent company available from the details provided in note 14. Both the functional and presentational currency adopted is US Dollars. In addition, the Company meets the requirements from FRS102 paragraph 33 to be exempt to the presentation of related party transactions.

b. Going concern

The Company ceased its principal activity to license "know-how" to Best Buy Stores, LP during the prior fiscal year. The Company has ceased to trade subsequent to the license agreement ending and the financial statements have been prepared on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. In fiscal year 2021, the debt was extinguished in exchange for issuing more capital to its parent, ProTheo IV, LLC. The financial statements do not include any provision for the future costs of terminating the company except to the extent that such costs were committed at the balance sheet date.

c. Cash

Cash consists of bank deposits.

d. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

1. Accounting policies (continued)

recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e. Turnover

Turnover represents profit sharing payments from Best Buy Mobile (part of a fellow subsidiary) and fees charged for the provision of services to other group companies, net of trade discounts, VAT and other sales-related taxes. Turnover arising from profit sharing payments are recognised as the services are provided.

f. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any differences are recorded to gain/loss in the profit and loss account.

In fiscal 2013 the functional currency of the Company changed to USD due to a change in the primary economic environment from GBP to USD.

g. Financial instruments

The Company's financial assets and liabilities are classified as receivables, loans and payables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Debtors and creditors are held at amortised cost.

h. Finance costs

The Company earns interest income from its bank deposits and owed interest expense from its Notes outstanding. Interest income is accrued as it is earned. Interest expense was accrued as it is incurred.

i. Provision for liabilities

The Company recognises a provision when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to transfer economic benefits in settlement, and the amount of the obligation can be estimated reliably. The Company shall recognise the provision as a liability and shall recognise the amount of the provision as an expense.

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. The Company has one key source of estimation uncertainty in the preparation of these financial statements. The Company has an open HMRC tax enquiry for tax years 2016 through 2020 arising from a transfer pricing issue. Due to the factual nature of the issue and complexity of the enquiry, the amount, timing and potential settlement of this enquiry are uncertain. As such, the Company has recognized a provision in relation to uncertain tax positions of \$16.3 million at 30 January 2021. Given the factual nature of the controversy and the uncertainties regarding HMRC's position, the potential range of the tax exposure is difficult to estimate. At this stage of the enquiry, the potential range of the outcomes related to this enquiry is estimated to be \$1 million to \$44 million plus interest. See note 11 for more information.

3. Turnover

An analysis of the Company's turnover is as follows:

	2021 USD	2020 USD
EVA Royalties	-	122,383,290
	-	122,383,290

4. Auditor's remuneration

Auditor's remuneration of £11,000 (2020: £17,500) for the auditing of the financial statements is borne by another group company.

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

5. Finance costs (net)

	2021 USD	2020 USD
Intercompany interest income and similar income	1,332	28,354
Gain on disposal of investment	-	121,650
Total investment income	<u>1,332</u>	<u>150,004</u>
Intercompany interest expense and similar charges	(1,396,820)	(14,663,289)
Total finance costs	<u>(1,395,488)</u>	<u>(14,513,285)</u>

In fiscal year 2020, the Company sold its investment in New CPWM for \$121,650.

6. Profit on activities before taxation

	2021 USD	2020 USD
Amortisation of goodwill	-	88,694,583
Foreign exchange loss (gain)	10,479	(73,943)
	<u>10,479</u>	<u>88,620,640</u>

Amortisation of goodwill is included in administrative expenses in fiscal year 2020.

Foreign exchange losses and gains incurred during the year are due to amounts denominated in GBP which need to be remeasured each period in the Company's functional currency (USD). The foreign exchange losses and gains are from the remeasurement of tax amounts owed in GBP and the remeasurement of bank accounts denominated in GBP.

None of the directors received any remuneration during the period for services to the Company (2020: nil). The Company had no other employees during the period (2020: nil). The directors are paid by the ultimate parent company. See the "Ultimate parent company and related party transactions" note for more information on the ultimate parent company.

7. Tax on profit on activities

Analysis of charge in period:

	2021 USD	2020 USD
Current Tax on profit/(loss) on ordinary activities		
UK corporation tax charge on profit/(loss) on ordinary activities	16,300,000	20,471,312
Adjustments in respect of prior periods	215	9,458
	<u>16,300,215</u>	<u>20,480,770</u>

Best Buy Distributions Limited

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For the period from 2 February 2020 to 30 January 2021

7. Tax on profit on activities (continued)

Factors affecting tax charge for period:

The differences between the total current tax charge of \$16,300,215 (2020: \$20,480,770) and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 USD	2020 USD
Profit (loss) on ordinary activities before tax	(1,441,253)	19,160,670
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(273,838)	3,640,527
Effects of:		
- Non-deductible goodwill amortisation	-	16,851,971
- Non-deductible interest	265,396	-
- Non-taxable fx gain	(60,160)	(18,560)
- Non-deductible loan write-off	-	6,874
- Deductible legal fees	-	(9,500)
- Valuation allowance on current year taxable loss carryforward	68,602	-
- Provisions for uncertain tax provisions	16,300,000	-
- Adjustments in respect of prior periods	215	9,458
Current tax charge for the period	16,300,215	20,480,770

Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015, has set the corporation tax rate at 19% from 1 April 2017 and 18% effective from 1 April 2020. Finance Bill 2016 has reduced the rate further from 1 April 2020 to 17%, which was substantively enacted on 6 September 2016. The corporation tax rate shifted back to 19% enacted post year-end in March 2020. In the March 2021 Budget, it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

8. Debtors

The intercompany receivable falling due within one year is the royalty under the license agreement. The company receives payments quarterly in arrears based on the royalty rates.

	2021 USD	2020 USD
Amounts falling due within one year:		
Intercompany receivable	-	38,199,605
	-	38,199,605

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

8. Debtors (continued)

	2021 USD	2020 USD
Amounts falling due after more than one year:		
Intercompany receivable	166,197	166,197
	<u>166,197</u>	<u>166,197</u>

9. Creditors – amounts falling due within one year

	2021 USD	2020 USD
Income tax payable	960,914	9,258,503
	<u>960,914</u>	<u>9,258,503</u>

10. Creditors – amounts falling due after more than one year

	2021 USD	2020 USD
Intercompany loan payable	-	155,000,000
Intercompany interest payable	-	1,416,233
Intercompany payables	173,244	164,444
	<u>173,244</u>	<u>156,580,677</u>

In fiscal 2020, the intercompany loan payables represent a payable to BBY (Barbados) SRL for \$155,000,000 (originating at \$809,902,000 with \$548,902,000 repaid during previous periods) due 31 January 2022 with an interest rate of 7.25%. The loan was listed on The International Stock Exchange. During fiscal 2020, the Company paid BBY (Barbados) SRL \$106,000,000 of principal bringing the intercompany loan balance to \$155,000,000. During fiscal 2021, the Company made a \$35,000,000 payment on their intercompany loan from BBY (Barbados) SRL. In addition, the Company issued \$120,000,000 of capital to its parent, ProTheo IV, LLC, in exchange for extinguishing the remaining \$120,000,000 of debt. These transactions reduced the principal balance on the loan from \$155,000,000 to \$0. This debt extinguishment also removed the loan from being listed on The International Stock Exchange.

Best Buy Distributions Limited

Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

11. Provision for liabilities

	2021 USD	2020 USD
Total provision for liabilities	<u>(16,300,000)</u>	<u>-</u>

The Company has an open HMRC tax enquiry for tax years 2016 through 2020 arising from a transfer pricing issue. Due to the factual nature of the issue and complexity of the enquiry, the amount, timing and potential settlement of this enquiry are uncertain. As such, the Company has recognized a provision in relation to uncertain tax positions of \$16.3 million at 30 January 2021. Given the factual nature of the controversy and the uncertainties regarding HMRC's position, the potential range of the tax exposure is difficult to estimate. At this stage of the enquiry, the potential range of the outcomes related to this enquiry is estimated to be \$1 million to \$44 million plus interest.

12. Called-up share capital and reserves

	2021 USD	2020 USD
Called-up, allotted and fully paid		
437,001,000 ordinary shares of \$1 each (2020: 317,001,000 ordinary shares of \$1 each)	<u>437,001,000</u>	<u>317,001,000</u>

The Company has one class of ordinary shares which carry no right to fixed income. In fiscal 2021, the Company issued 120,000,000 ordinary shares of \$1 each to ProTheo IV, LLC.

The Other reserve includes the currency difference arising from the historic translation of the profit and loss account and balance sheet at different rates.

13. Ultimate parent company and related party transactions

The Company is taking advantage of the exemption granted by FRS 102 Section 33, to not disclose related party transactions with Best Buy Co., Inc. or any subsidiaries of Best Buy Co., Inc., provided that any subsidiary undertaking which is party to the transaction is wholly-owned by a member of the Best Buy Co., Inc. group. The Company is also exempt from disclosing transactions with directors who are also directors of Best Buy Co., Inc.

At the balance sheet date, the Company's ultimate parent company and controlling party was Best Buy Co., Inc., a company incorporated in the United States of America. The Company's immediate parent company and controlling entity is ProTheo IV, LLC, a partnership incorporated in the United States.

The parent company of the largest and smallest groups for which consolidated financial statements are prepared of which the Company is a member is Best Buy Co., Inc., a company incorporated in the United States of America. Best Buy Co., Inc. is located at 7601 Penn Avenue South, Richfield, Minnesota, USA 55423.

Copies of the financial statements of Best Buy Co., Inc. are available at www.bestbuy.com. Copies of the financial statements of Best Buy Distributions Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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Notes to the financial statements

For the period from 2 February 2020 to 30 January 2021

14. Post Balance Sheet Events

There were no subsequent events that occurred after the period 30 January 2021.