

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☐ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements

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22/11/2019

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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ① SONY EUROPE B.V.

UK establishment
number B R 0 2 0 6 1 2

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② THE DUTCH CIVIL CODE

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation
or body ③ THE DUTCH ACCOUNTING STANDARDS BOARD

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts


Accounts Have the accounts been audited? Please tick the appropriate box.


☐ No. Go to Section A5.

☒ Yes. Go to Section A4.


OS AA01

Statement of details of parent law and other information for an overseas company


 Presenter information	
You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.	
Contact name	REF: BPXK
Company name	BAKER MCKENZIE
Address	100 NEW BRIDGE STREET
Post town	LONDON
County/Region	
Postcode	E C 4 V 6 J A
Country	UK
DX	233 CHANCERY LANE
Telephone	0207 919 1000

 Checklist
We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:
<input type="checkbox"/> The company name and, if appropriate, the registered number, match the information held on the public Register.
<input type="checkbox"/> You have completed all sections of the form, if appropriate.
<input type="checkbox"/> You have signed the form.

 Important information
Please note that all this information will appear on the public record.

 Where to send
You may return this form to any Companies House address:
England and Wales: The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ. DX 33050 Cardiff.
Scotland: The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF. DX ED235 Edinburgh 1 or LP - 4 Edinburgh 2 (Legal Post).
Northern Ireland: The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG. DX 481 N.R. Belfast 1.

 Further information
For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk
This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

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Statement of details of parent law and other information for an overseas company

A4**Audited accounts**

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

① Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ①

THE DUTCH ACCOUNTING STANDARDS BOARD

A5**Unaudited accounts**

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.☐ Yes.**Part 3****Signature**

I am signing this form on behalf of the overseas company.

Signature

Signature

X



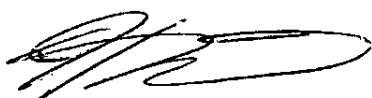
X

This form may be signed by:
Director, Secretary, Permanent representative.

Coversheet to Sony Europe B.V. financial statements for the period ending March 31, 2019

Sony Europe B.V.

Director's report and financial statements of Sony Europe B.V. for the period ended March 31, 2019
(in the form attached) approved by the Board of Directors of Sony Europe B.V. and signed by the
Board members in Weybridge on August 2, 2019.



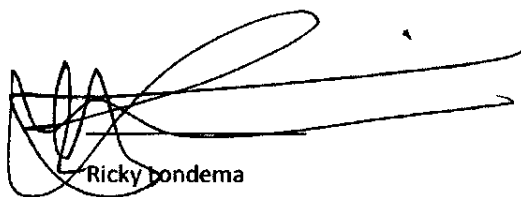
Hideyuki Furumi

Director



Masaki Kurebayashi

Director



Ricky Bondema

Director

Sony Europe B.V.

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Sony Europe B.V.

Directors' Report

Period ended 31 March 2019

The directors present their directors' report and audited financial statements for Sony Europe B.V. ('SEU' or 'the company') for the period ended 31 March 2019.

Principal activities

SEU is the distributor in Europe of Sony branded products, which are principally electronic goods for the domestic, leisure, business and professional markets. The company distributes Sony branded TV, video, cameras, audio and media peripheral products, including semiconductor products for commercial and professional use, throughout Europe. The company also distributes broadcast camera and digital cinema equipment, for the domestic and export markets.

SEU B.V. was registered in May 2018, but has not traded during the current financial period. On 29th March 2019, the company received all assets, liabilities and contractual agreements of Sony Europe Limited (a company registered in the United Kingdom), under a cross border merger agreement, and Sony Europe Limited ceased to exist from that date. Sony Europe B.V. will commence trading on 1st April 2019, and will replace Sony Europe Limited as the future distributor.

Objectives

The company is aligned with the strategic direction of Sony Corporation. The Corporation has specified three key objectives for sustainable growth over the mid-to long-term: Through our relationship with consumers, remain the "Last one inch" that delivers *kando*, a sense of "wow", to our customers; By maintaining a relationship with each of our customers, enhance our recurring revenue business models which grows stable profit; Be a diverse company that pursues new businesses.

The following are the key strategic objectives of Sony Europe B.V.

- Achieve profitable growth through enhancing sales of high value added products, and operational excellence through ongoing improvement in daily operations.
- Adopt new challenges by strengthening the recurring revenue business, such as the area of professional photography in the digital imaging business, and enhancement of our on-line presence through selected business partners.

Results

The company did not trade during the period. At 31st March 2019 the company has total equity of -€630.0 million.

Future expectations

The EU electronics market is extremely competitive, and is expected to remain so for the foreseeable future. We expect to continue to achieve profitable growth, through our focus on high quality products in the premium sector, and by ensuring all of our customer interactions deliver beyond expectation. In addition, we continue to target enhanced productivity in all processes within the business, through increased use of robotics and other process automation, and through continual roll out of our standardised way of working.

Our budgeted 2020 turnover is €4,004.7 million which represents a growth of 1.4% over 2019. The budgeted result before tax is €40.2 million, which is an increase of €14.9 million over 2019.

Employees

Under the cross-border merger agreement, all former employees of Sony Europe Limited in numerous branches throughout Europe have transferred to the company on 29th March 2019 with no other changes to their employment contracts. Average employee numbers during the year are provided in note 22. SEU appreciates the value of a skilled and motivated workforce, and has in place schemes designed to attract and retain key members of staff. The company promotes diversity in terms of both gender and ethnicity, and gives candidates from all backgrounds equal consideration for appointment. All Sony employees are educated in the Sony Group code of conduct, our guide to ethical and responsible business conduct. In SEU, all employees receive equal consideration for appropriate training, career development and promotional opportunities, and the company gives equal regard to applications made by disabled persons, having regard to their particular aptitudes and abilities.

Sony Europe B.V.
Directors' Report (continued)
Period ended 31 March 2019

Principal risks and uncertainties

The ongoing management of the business and the execution of the company's strategy are subject to a number of risks:

Employee risk

The attraction, retention and development of staff forms a key pillar for the company and we employ specialists to manage the risks associated with staff turnover, and efficiently filling any open positions.

Regulatory risk

SEU is subject to a wide range of regulations related to social responsibility, such as environmental, occupational health and safety, and certain human rights regulations that can increase the costs of operations, limit its activities or affect its reputation. The company employs specialists throughout Europe to monitor and review any regulatory changes, in order that we can prepare and readily adapt to new requirements.

Business continuity

There is a risk of disruption to business activities from external physical events such as natural disasters, a major epidemic or loss or theft of sensitive information. SEU has implemented a business continuity planning framework, to enable rapid recovery were such an event to occur.

Market risks

Competition/Price risk

Price risk is managed within a framework of continuous monitoring of market conditions to enable a rapid response to adverse developments and competitor actions. Costs are regularly reviewed and efficiency programmes undertaken to support product margins.

Currency risk

The company's functional currency is the Euro. Natural hedging is applied which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0.25 million equivalent. Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc.

Interest rate risk

Sony Europe B.V. is exposed to interest rate risk on interest-bearing receivables and on interest-bearing non-current and current liabilities (including borrowings).

Interest-bearing receivables, being short term intercompany cash positions due from other Sony entities, are charged interest based on daily rates provided by Sony Global Treasury Services plc. No financial derivatives for hedging of the interest rate risk are contracted with regard to the receivables.

Sony Europe B.V. has a secured fixed rate loan from Sony Global Treasury Services plc. In addition there are short term intercompany cash balances owing to other Sony entities, on which floating rate interest is charged using daily rates provided by Sony Global Treasury Services plc. No financial derivatives for hedging of the interest rate risk are contracted with regard to the balances payable.

Liquidity risk

A letter of support has been provided by Sony Corporation, providing support to SEU in settlement of its liabilities. The period of this support has been confirmed to run for 12 months after the date of signing of these financial statements, at which time the position will be re-assessed.

Credit risk

The company's trade receivables are largely covered by credit insurance policies taken out through third party insurance providers. Where uninsured risk is taken it is subject to a rigorous authorisation process. Credit limits are regularly reviewed.

Through strong credit control and debt recovery procedures, we have been able to minimise any losses during the period. The improved quality of our trade receivables have also enabled us to negotiate and obtain preferential conditions from third party insurance providers.

Sony Europe B.V. Directors' Report (continued) Period ended 31 March 2019

Financial risk management and internal control

Sony's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Sony's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Sony's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Sony;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Sony are being made only in accordance with authorizations of management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Sony's assets that could have a material effect on the financial statements.

We have developed policies and procedures for all areas of our operations, both financial and nonfinancial, that constitutes a broad system of internal control. This system of internal control has been developed through a risk-based approach and enhanced with a view to achieving and maintaining full compliance with the requirements of section 404 of the Sarbanes-Oxley Act ("SOX"). Our system of internal control is embedded in our standard business practices and is validated through audits performed by our internal auditors and through management testing of SOX controls.

Research and development

The company undertakes research into televisions and professional broadcast industries and investigates new innovations and technologies, which can be incorporated in future product ranges. All costs associated with research and development are recharged back to the ultimate parent entity, Sony Corporation in Japan.

Corporate Social Responsibility

Sony's corporate social responsibility (CSR) activities reflect our ongoing commitment to innovation and sound business practices and to creating products, services and content that excite and inspire audiences worldwide.

Under our Mid-Term Corporate Strategy announced in May 2018, Sony aims to sustainably generate social value and maintain a high level of profit under the key themes of "kando"—to move people emotionally—and "getting closer to people." To fulfil our purpose of delivering kando, Sony works to create innovation through products, services and content that inspire people, recognizing that sound business practice is essential to its social responsibilities. Sony also gives due consideration to the impacts of our business activities on the interests of its stakeholders—shareholders, customers, employees, suppliers, business partners, local communities, other organizations—and the global environment. Sony also engages in dialogue with stakeholders to build trust and get input. Through these activities, we will keep striving to increase corporate value by generating economic and social value and contributing to the development of a sustainable society.

Directors

The directors of the Company who served during the period, and up to the date of signing the financial statements, were as follows:

H. Furumi (appointed 1 April 2019)
S. Kumeikawa (resigned 1 April 2019)
M. Kurebayashi
R. Londema

Composition of the Board

Dutch legislation effective January 1, 2013 requires that the composition of the Management Board (MB) reflects the minimum requirement of 30.0% of each gender. As at 31 March 2019, all MB members of Sony Europe B.V. are male, and have been appointed in consultation with our ultimate parent company, Sony Corporation in Japan. Sony Corporation actively promotes gender equality in all areas, and the intention to achieve a minimum 30.0% representation of each gender is included as one of the consideration points when appointing new directors to the Board.

Sony Europe B.V.
Directors' Report (continued)
Period ended 31 March 2019

Approved by the Board of Directors and signed by order of the Board



M. Kurobayashi
24 June 2019

Sony Europe B.V.
Balance Sheet
As at 31 March 2019
(after appropriation of result)

		31-03-2019 €m
Assets	Note	
Fixed assets		
Intangible fixed assets	6	22.4
Tangible fixed assets	7	90.6
Financial fixed assets	8	147.2
		<hr/>
		260.2
		<hr/>
Current assets		
Inventories	9	223.7
Receivables	10	803.2
Cash at bank and in hand	11	7.6
		<hr/>
		1,034.5
		<hr/>
Total Assets		<u><u>1,294.7</u></u>

Sony Europe B.V.
Balance Sheet (continued)
As at 31 March 2019
(after appropriation of result)

Liabilities	Note	31-03-2019 €m
Equity	12	
Share capital	13	-
Share premium account		2,314.9
Currency translation reserve	14	25.0
Other reserves		(2,969.9)
		<u>(630.0)</u>
Provisions	16	300.6
Non-current liabilities	17	24.5
Current liabilities	18	1,599.6
Total liabilities		<u><u>1,294.7</u></u>

Sony Europe B.V.
Income statement
For the period 17 May 2018 to 31 March 2019

	Note	2019 Total €m
Net turnover		
Cost of sales		
Gross profit		
Selling expenses		
Administrative expenses		
Other operating income		
Operating profit		
Financial income		
Financial expense		
Result before tax		
Tax on result		
Result after tax		

Sony Europe B.V.
Notes to the financial statements
Year ended 31 March 2019

1. General Notes

1.1 Incorporation of the company

The Company was incorporated on 17 May, 2018. The statutory name of the Company is Sony Europe B.V and its registered office is in Hoofddorp, Netherlands. The company is a wholly owned subsidiary of Sony Overseas Holding B.V., also registered in Netherlands, which is turn is a wholly owned subsidiary of Sony Corporation, the publicly listed parent of the Sony group, incorporated in Japan.

1.2 Activities

Sony Europe B.V. will, from 1st April 2019, be the distributor in Europe of Sony branded products, which are principally electronic goods for domestic, leisure, business and professional use.

1.3 Merger with Sony Europe Limited

Until 29 March, 2019, Sony Europe Limited, a UK company, which was also a wholly owned subsidiary of Sony Overseas Holding B.V., was the distributor in Europe for Sony branded electronic products. Following incorporation of Sony Europe B.V., Sony Overseas Holding B.V contributed its shares in Sony Europe Limited to Sony Europe B.V. in return for paid up shares in Sony Europe B.V. Following this transaction, Sony Europe Limited became a wholly owned subsidiary of Sony Europe B.V.

On 29 March 2019, the company executed a merger between Sony Europe Limited, and its parent company Sony Europe B.V. As a result, Sony Europe B.V. assumed all the business activities, assets and liabilities of Sony Europe Limited, and Sony Europe Limited ceased to exist.

Neither Sony Europe Limited nor Sony Europe B.V. have traded during the period between 29 to 31 March 2019. All income and expenses for the year ending 31 March 2019 are therefore attributed to Sony Europe Limited, which was the active company for the majority of the year. Costs incurred as a result of the merger activity amount to €3.5 million, and since these cannot be separated between costs of closing Sony Europe Limited and the costs of setting up Sony Europe B.V., the full amount has been expensed in the income statement of Sony Europe Limited for the period to 29 March 2019, and is therefore included in the reserves transferred to Sony Europe B.V. The method of accounting applied to the merger transaction is the carry over accounting method, the carrying amounts of assets and liabilities have been merged at the date of acquisition.

1.4 Comparative figures

Since this is the company's first financial reporting period, there are no comparative figures reported.

1.5 Cash flow statement

The cash flow statement is not required in these financial statements, since a cash flow statement is included in the consolidated financial statement 2019 of Sony Corporation, Tokyo, Japan. The financial results of the Company are included in the consolidated financial statements of Sony Corporation which is public available.

1.6 Going concern

The company has a net liabilities position. However, the directors consider that the long term financial position of SEU is satisfactory, and a letter of support has been provided by Sony Corporation, providing support to Sony Europe B.V. in the settlement of its liabilities. The period of this support has been confirmed to run for 12 months after the date of signing of these financial statements, at which time the position will be re-assessed. The company therefore continues to adopt the going concern basis in preparing these financial statements.

1.7 Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of Sony Europe B.V. is, The Heights, Brooklands, Weybridge, Surrey, KT13 OXW, and the company is registered at the chamber of commerce under number 71682147.

Sony Europe B.V.
Notes to the financial statements (continued)
Year ended 31 March 2019

1. General Notes (continued)

1.8 Group structure

The company's ultimate parent undertaking and ultimate controlling party is Sony Corporation which is incorporated in Japan. The company's immediate parent undertaking is Sony Overseas Holding B.V., incorporated in the Netherlands, which is itself a wholly owned subsidiary of Sony Corporation. The smallest and largest group to consolidate the financial statements of the company is Sony Corporation.

Consolidated financial statements for Sony Corporation are publicly available from our Investor Relations website at <https://www.sony.net/SonyInfo/IR/>

1.9 Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Sony Europe B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

1.9.1 Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

1.9.2 Useful economic lives of intangible assets and goodwill

The useful economic lives of intangible assets and goodwill are re-assessed annually as described in note 3. These lives may be amended to reflect changes to the estimated period over which the directors expect to benefit from use of the asset.

1.9.3 Impairment of intangible assets and goodwill

Intangible assets and goodwill are reviewed annually for impairment as described in note 3. This review includes estimating the future cash flows generated by the asset and estimating an appropriate discount rate to apply to those cash flows.

1.9.4 Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers various factors, including the current credit rating of the debtor, the ageing profile of the debtor, and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

1.9.5 Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increase rates, asset valuations and returns and rates of inflation. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 16.1 for the disclosures relating to the defined benefit pension scheme.

1.9.6 Warranty provision

The company makes an estimate of the expected cost of providing warranty on product sales during the last three years. The warranty provision is calculated with reference to latest average repair costs, historical fault rates by key product category and actual product sales made. Allowance is made for the time lag between SEU sale and the purchase by the end customer, and where applicable a weighting is applied for the expected phasing of fault identification. The estimates used in the calculation are based on historical experience and averages by product groupings, and the actual cost and timing may vary as product failure patterns and repair costs evolve.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

1. General Notes (continued)

1.9 Estimates (continued)

1.9.7 Customer incentives accrual

The company provides several incentive programs to customers, both tactical and sell-through support and periodic volume rebates, which are normally accrued as a reduction in revenue. At each reporting period, the estimated cost of such incentives is recorded against revenue at the later of (i) the date at which the related revenue is recognized by Sony, or (ii) the date at which the sales incentive is offered. Estimates are subject to management judgement based on previous experience.

1.9.8 Long term contract accounting

Turnover on long term fixed price contracts is recognised on a percentage of completion basis over the contract term, providing the company is able to make reasonably dependable estimates of the extent of progress toward completion, contract revenues, and contract costs. These estimates reflect historical experience and are reviewed by management on a regular basis.

1.10 Basis of consolidation

Pursuant to Section 408, Paragraph 1b Part 9 of Book 2 of the Netherlands Civil Code no consolidated balance sheet and profit and loss account have been prepared. The company's figures are included in the financial statements of Sony Corporation, Tokyo, Japan, which are filed at the Chamber of Commerce in Amsterdam.

1.11 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Sony Europe B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

2. General policies

2.1 General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The Company has established branches in the following EU countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the UK. The financial results of the branches have been included into the Company's financial statements.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and income statement, references are made to the notes.

2.2 Foreign currency

2.2.1 Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euros, which is the functional and presentation currency of Sony Europe B.V.

2.2.2 Receivables and liabilities

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

2. General policies (continued)

2.2 Foreign currency (continued)

2.2.2 Receivables and liabilities (continued)

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

2.3 Leasing

2.3.1 Financial leasing

The company has one financial leasing contract, whereby we contractually underake substantially all the risks and rewards of ownership of the assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset and the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method.

The liabilities under the lease, excluding the interest payments, are included under current and non-current liabilities.

The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

2.3.2 Operational leasing

The company has a number of lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing.

3. Accounting policies applied to the valuation of assets and liabilities

3.1 Intangible fixed assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note 3.4 "Impairment of fixed assets".

3.1.1 Software

Software is stated at cost less accumulated depreciation and accumulated impairment losses. Software assets are reviewed for impairment at each reporting date, and are being amortised on a straight line basis over 3 to 5 years, being the period in which the company expects to utilise the relevant software.

3.1.2 Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life. In the year of acquisition a full year amortisation is charged to the income statement. Goodwill is amortised over 10 years, which represents the period over which the directors believe that the company will benefit from the use of the asset.

3.1.3 Other intangible fixed assets

Other intangibles acquired on the acquisition of businesses are capitalised at fair value and written off on a straight line basis over their estimated useful economic life. In the year of acquisition a full year amortisation is charged to the income statement.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

3. Accounting policies applied to the valuation of assets and liabilities (continued)

3.1.3 Other intangible fixed assets (continued)

Other intangibles are reviewed by management for impairment indicators on an annual basis during the fourth financial quarter, and between annual tests whenever an impairment indicator is noted. Provision is made for any identified impairment, and the expense is recognised through the income statement. The customer relationships intangible is amortised over 5 years, which represents the period over which the directors believe that the company will benefit from the existing contracts.

3.2 Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and any dismantling and restoration costs. Tangible assets are reviewed for impairment at each reporting date.

3.2.1 Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Buildings	2-33 years
Plant & equipment	2-12 years
Other tangible assets	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, on an ongoing basis. The effect of any change is accounted for prospectively. The cost of minor capital expenditure (individual items under €500, excluding laptops), is written off as it is incurred.

3.2.2 Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

3.2.3 Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

3.3 Financial fixed assets

3.3.1 Participations

Investments in subsidiary and associated companies are held at historical cost, less accumulated impairment losses. Investments are reviewed by management for impairment indicators on an annual basis during the fourth financial quarter, and any impairment is recorded through the income statement. Dividends are taken as income in the year they are received.

3.3.2 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

3. Accounting policies applied to the valuation of assets and liabilities (continued)

3.4 Impairment of fixed assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement and the carrying amount of the asset concerned is reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Goodwill is reviewed by management for impairment indicators on an annual basis. Provision is made for any identified impairment, and the expense is recognised through the income statement. An impairment of goodwill cannot be reversed.

3.5 Inventories

3.5.1 General

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Cost is determined using a moving weighted average, and includes all attributable expenses of importation and delivery to the company's premises, including the purchase price, taxes, duties, transport and handling directly attributable to the product.

At the end of each reporting period inventories are assessed for impairment using set rules based on future sales forecast information and management judgement. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell, and an impairment charge is recognised in the income statement. If the net realisable value of item that has been previously written down subsequently increases, then the write-down is reversed. A reversal of the impairment is recognised up to value of the original impairment loss, and is recognised as a credit in the income statement.

3.5.2 Work in progress

Work in Progress on long term contracts is stated at cost less the amount booked to cost of sales, including any provision for foreseeable losses on the contract.

3.6 Accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. At the end of each reporting period, trade receivables are reviewed for impairment triggers on a case by case basis. Where an impairment trigger is identified, a provision for bad debt is recorded, based on the incurred loss model. If a trade receivable is subsequently deemed uncollectible, it is written off against the provision.

3.7 Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

3.8 Provisions

3.8.1 General

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

3. Accounting policies applied to the valuation of assets and liabilities (continued)

3.8 Provisions (continued)

3.8.1 General (continued)

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. Other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

3.8.2 Pension provision

The company operated numerous defined benefit pension schemes throughout Europe. Valuation of the scheme assets and liabilities is prepared annually by the company's independent actuary, in line with accepted valuation methods for US GAAP accounting under ASC 715.

3.8.3 Deferred tax liabilities

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax balances are valued at nominal value.

3.9 Non-current liabilities (Long-term debts)

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

3.10 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This is usually the nominal value.

Derivative assets and liabilities are recorded at fair value, with changes in the fair value of derivatives being recognised in the income statement in finance costs or income, as appropriate.

4. Principles for the determination of the result

4.1 General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised. Since the company was not trading, no results are recognised for the current period.

5. Financial instruments and risk management

5.1 Market risk

5.1.1. Currency risk

The company's functional currency is the Euro. Natural hedging is applied which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0.250 million equivalent. Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

5. Financial instruments and risk management (continued)

5.1.2. Competition/price risk

Price risk is managed within a framework of continuous monitoring of market conditions to enable a rapid response to adverse developments and competitor actions. Costs are regularly reviewed and efficiency programmes undertaken to support product margins.

5.1.3. Interest rate risk

Sony Europe B.V. is exposed to interest rate risk on interest-bearing receivables and on interest-bearing non-current and current liabilities (including borrowings).

Interest-bearing receivables, being short term intercompany cash positions due from other Sony entities, are charged interest based on daily rates provided by Sony Global Treasury Services plc. No financial derivatives for hedging of the interest rate risk are contracted with regard to the receivables.

Sony Europe B.V. has a secured fixed rate loan from Sony Global Treasury Services plc. In addition there are short term intercompany cash balances owing to other Sony entities, on which floating rate interest is charged using daily rates provided by Sony Global Treasury Services plc. No financial derivatives for hedging of the interest rate risk are contracted with regard to the balances payable.

5.2. Credit risk

The company's trade receivables are largely covered by credit insurance policies taken out through third party insurance providers. Where uninsured risk is taken it is subject to a rigorous authorisation process. Credit limits are regularly reviewed.

Through strong credit control and debt recovery procedures, we have been able to minimise any losses during the year. The improved quality of our trade receivables have also enabled us to negotiate and obtain preferential conditions from third party insurance providers.

5.3. Liquidity risk

A letter of support has been provided by Sony Corporation, providing support to SEU in settlement of its liabilities. The period of this support has been confirmed to run for 12 months after the date of signing of these financial statements, at which time the position will be re-assessed.

6. Intangible fixed assets

	Software €m	Goodwill €m	Other Intangibles €m	Total €m
Balance as at 17 May 2018				
Book value				-
Movements				
Acquired via subsidiary merger	1.1	20.5	0.8	22.4
	1.1	20.5	0.8	22.4
Balance as at 31 March 2019				
Historical costs	18.5	45.7	4.0	68.2
Cumulative impairment losses and amortisation	(17.4)	(25.2)	(3.2)	(45.8)
Book value	1.1	20.5	0.8	22.4
Annual amortisation rates	17%-33%	10%	20%	

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

6. Intangible fixed assets (continued)

The gross carrying amount of assets which are fully amortised, but are still in use, amounts to:-

	€m
Software	<u>25.0</u>

7. Tangible fixed assets

	Land €m	Buildings €m	Plant and equipment €m	Other fixed assets €m	Assets under construction and prepayments €m	Total €m
Balance as at 17 May 2018						
Book value	-	-	-	-	-	-
Movements						
Acquired via subsidiary merger	20.7	23.3	44.1	2.2	0.3	90.6
	<u>20.7</u>	<u>23.3</u>	<u>44.1</u>	<u>2.2</u>	<u>0.3</u>	<u>90.6</u>
Balance as at 31 March 2019						
Historical costs	20.7	99.4	121.3	9.6	0.3	251.3
Cumulative impairment losses and depreciation	-	(76.1)	(77.2)	(7.4)	-	(160.7)
Book value	<u>20.7</u>	<u>23.3</u>	<u>44.1</u>	<u>2.2</u>	<u>0.3</u>	<u>90.6</u>
Annual depreciation percentages	-	3%-50%	8%-50%	10%-50%	-	-

The gross carrying amount of assets which are fully depreciated, but are still in use, amounts to:-

	€m
Buildings	10.8
Plant and equipment	31.3
Other	<u>3.5</u>
	<u>45.6</u>

The carrying amounts of assets under financial leasing, which are held without title by Sony Europe B.V. are as follows:

	€m
Plant and equipment	<u>28.7</u>

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

8. Financial fixed assets

	Participations €m	Deferred tax assets €m	Pension scheme overfunding €m	Total €m
Balance as at 17 May 2018	-	-	-	-
Movements				
Acquired via subsidiary merger	16.6	65.9	64.7	147.2
Balance as at 31 March 2019	16.6	65.9	64.7	147.2

Sony Europe B.V. has interests in the following participations:

Name	Registered office	Share of issued capital	Value of participation €m
Sony Supply-Chain Solutions (Europe) B.V.	Tilburg, Netherlands	100%	0.0
Hawk-Eye Innovations Limited	Weybridge, United Kingdom	100%	16.4
Pulse Innovations Limited	Weybridge, United Kingdom	100%	0.0
Memnon Archiving Services SA	Brussel, Belgium	100%	0.0
E-Saturnus SA/NV	Leuven, Belgium	100%	0.0
Sony (U.K.) Pension Trust Limited	Weybridge, United Kingdom	100%	0.0
Screlec SA	Issy-les-Moulineaux, France	17.02%	0.1
Ecopilhas Lda	Lisbon, Portugal	16.66%	0.0
IGR GmbH	Düsseldorf, Germany	13.98%	0.1
InfoTip Service GmbH	Bochum, Germany	8.32%	0.0
gfu consumer & home electronics GmbH	Frankfurt/Main, Germany	1.826%	0.0
ERP Italia SCARL	Cernusco sul Naviglio (MI), Italy	1.00%	0.0
Ecopar SA	Paris, France	0.435%	0.0

With the exception of the investments in Hawk-Eye Innovations Limited and Pulse Innovations Limited, the book values of all participations are considered to be consistent with the current value of the investment. The most recent valuations of the investment in Hawk-Eye Innovations Limited and Pulse Innovations Limited are €21.3 million and €4.0 million respectively.

Deferred tax assets include an amount of €1.3 million relating to short term timing differences, which is expected to reverse within one year of the balance sheet date.

The pension scheme overfunding represents the amount by which the fair value of plan assets exceeds the projected benefit obligation, based on actuarial valuation at 31st March 2019. Please refer to note 16.1 for further details of the pension plans.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

9. Inventories

	31-03-2019
	€m
Raw materials and consumables	10.8
Work in progress	3.2
Finished goods and goods for resale	209.7
	<u>223.7</u>

The directors believe that the carrying value of inventory is not materially different from the replacement cost. Finished goods and goods for resale are valued at a lower realisable value, but have an original cost price of €234.3 million at the balance sheet date.

10. Receivables

	Total	Remaining term
	€m	> 1 year
		€m
Trade debtors	517.5	-
Receivables from group companies	189.0	-
Taxes and social security contributions	49.7	-
Other receivables and accrued income	47.0	9.7
	<u>803.2</u>	<u>9.7</u>

The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognised, where necessary.

10.1 Trade debtors

	Total
	€m
Trade debtors	534.0
Less: provision for bad debt	<u>(16.5)</u>
	<u>517.5</u>

There are no trade debtors with a remaining maturity of more than one year.

10.2 Receivables from group companies

Amounts owed by other Sony group undertaking includes €104.6 million of unsecured short term intercompany cash positions, on which interest is charged based on daily rates provided by Sony Global Treasury Services plc. These balances are not subject to repayment but are covered by the total credit limit approved in the annual letter of support (see note 1.6 for details). The interest rate charged includes a risk premium which varies by currency, for example the Euro and GBP balances are changed at Libor +0.4% during 2019. The remaining balance is unsecured, interest free and predominantly on 60 days terms.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

10.3 Taxes and social security contributions

	Total €m
Turnover tax	24.7
Corporate income tax	25.0
	<u>49.7</u>

10.4 Other receivables and accrued income

	Total €m
Accrued income	9.6
Prepaid expenses	16.6
Security deposits	1.7
Other receivables	19.1
	<u>47.0</u>

11 Cash at banks and in hand

Cash at banks and in hand represent the total deposits held in bank accounts with immediate access to the company.

12. Equity

	Share capital €m	Share premium €m	Currency translation reserve €m	Other reserves €m
Balance as at 17 May 2018	-	-	-	-
Movements				
Share contribution from parent company	0.0	118.7		
Acquired via subsidiary merger	-	2,196.2	25.0	(2,969.9)
Balance as at 31 March 2019	<u>0.0</u>	<u>2,314.9</u>	<u>25.0</u>	<u>(2,969.9)</u>

13. Share capital

The issued share capital Sony Europe B.V. amounts to €10,002, consisting of 10,002 ordinary shares of €1.

14. Currency translation reserve

The currency translation reserve is recognised in connection with an autonomous foreign branch with a functional currency of GBP

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

15. Proposed appropriation of result

There is no appropriation proposed.

16. Provisions

	Pension provision	Restructuring provision €m	Warranty provision €m	Pending litigation €m	Other €m	Total €m
Balance as at 17 May 2018	-	-	-	-	-	-
Acquired via subsidiary merger	196.1	32.3	42.1	28.8	1.3	300.6
Balance as at 31 March 2019	<u>196.1</u>	<u>32.3</u>	<u>42.1</u>	<u>28.8</u>	<u>1.3</u>	<u>300.6</u>

Included in the pension and restructuring provisions is €203.6 million which can be classified as non-current (longer than one year).

16.1 Pension provision

The company operates 11 defined benefit pension schemes in branches throughout Europe: : the Sony United Kingdom Limited Pension Scheme, the Sony Ireland Pension and Life Assurance Scheme, the Sony France Retiring Allowances Scheme, the Sony Belgium (0159) Retirement Plan, the Sony Belgium (5933) Retirement Plan, the Sony Benelux Retirement Plan, the Sony Mobile Communications International AB Pension Plan (Netherlands), the Sony Supply Chain Solutions (Europe) plan, the Sony U.K. Limited Dutch Pension Plan, the Sony Swiss Pension Plan and the Sony Europe Germany branch Retirement plan. The assets of the schemes are held separately from those of the group in separate trustee administered funds.

Under the terms of the business transfer agreements executed during 2016, the company acquired the pension liabilities of the active members of Sony Deutschland GmbH (SDL). Pension liabilities relating to inactive members of the SDL pension scheme (retired or terminated members with vested interests) remain the responsibility of SDL, but are fully indemnified by SEU. In order to ensure a true and fair representation of the pension fund commitments of SEU, the liabilities relating to inactive members of the SDL pension scheme are reported within the SEU pension liabilities. At 31 March 2019 the value included within pension liabilities relating to the indemnification of the SDL pension commitments is €130.5 million (2018: €133.7 million).

The Sony United Kingdom Limited Pension Scheme and the Sony Ireland Pension and Life Assurance Scheme are each comprised of a defined benefit section, being funded final salary pension schemes closed to new members, and a defined contribution section. The defined benefits sections of both plans are closed to future accrual.

The Sony Belgium and Sony Netherlands (Benelux) Retirement Plans are comprised of defined benefit sections which are funded final salary schemes closed to new members, and a defined contribution section.

The Sony France Retiring Allowances Scheme and Sony Germany Pension scheme are both unfunded. The Sony France Retiring Allowances Scheme is active whilst the Sony Germany Pension scheme is closed to new members.

The Sony Switzerland Pension Plan consists of a funded final salary scheme that is active.

During the year the company contributed €26.4 million (2018: €25.5 million) to the defined benefit schemes. The contributions by the company during the year ending 31 March 2020 are expected to be €27.4 million.

A full actuarial valuation is prepared for each scheme at 31st March each year by the company's independent actuary, applying the accepted valuation methods for US GAAP accounting under ASC 715.

Provisions are recognised for underfunded commitments to employees at the balance sheet date. Overfunded commitments are recognised as financial fixed assets.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

16.1 Pension provision (continued)

Principal actuarial assumptions

Weighted average across all schemes	% pa
Discount rate	2.09
Salary growth	2.15
Pension increases	2.22
Expected rate of return on plan assets	3.80

16.2 Other provisions

The other provisions held at 31 March 2019 relate to the estimated liability of the company relating to disposal of products under the Waste Electrical & Electronic Equipment (WEEE) directive.

17. Non-current liabilities

	Remaining maturity > 1 year €m	Remaining maturity > 5 years €m	Total €m
Finance lease obligation	11.9		11.9
Deferred tax liability	6.1		6.1
Other liabilities	6.5		6.5
	<u>24.5</u>		<u>24.5</u>

All balances were acquired from Sony Europe Limited as a result of the merger transaction. There have been no other movements during the year.

The finance lease obligations represent future payables on two lease agreements signed in December 2017 and expiring in December 2020. The leases include a purchase option which may be executed by SEU with 30 days' notice to the lessor. The effective interest rates included in the lease are 0.919% and 1.945%.

18. Current liabilities

	€m
Finance lease obligations	17.0
Debts to suppliers and trade creditors	20.5
Amounts payable to group companies	1,036.3
Tax and social insurance	50.0
Other liabilities, accruals and deferred income	475.8
	<u>1,599.6</u>

Apart from the intercompany loan balance detailed in note 18.1, all current liabilities fall due in less than one year. Due to their short-term character, the fair value of the current liabilities approximates the book value.

18.1 Amounts payable to group companies

The amount owed to group companies includes a secured loan of €593.1 million from Sony Global Treasury Services plc, running from 2 July 2018 to 28 June 2019 with an interest rate of 0.42%. The remaining balance is unsecured, interest free, and predominantly on 60 day payment terms.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

18.2 Tax and social insurance	€m
Turnover tax	46.1
Wage tax and social security charges	3.4
Other taxes	0.5
	<u>50.0</u>

18.3 Other liabilities, accruals and deferred income	€m
Other liabilities	80.0
Accrued expenses	370.6
Deferred income	25.2
	<u>475.8</u>

19. Assets and liabilities not recognised in the balance sheet (contingent assets and liabilities)

The company is the subject of several litigation cases and claims which according to recent legal advice are considered improbable to result in a loss. As a result, no liability has been recorded for these items. The maximum potential loss is estimated to be €75.0 million.

Total obligations under operating leases at the end of the reporting period are as follows:

	€m
Within 1 year	22.1
Between 1 - 5 years	24.7
After 5 years	50.4
	<u>97.2</u>

20. Audit fees

During the year Sony Europe Limited has expensed audit fees of €1.2 million, for audit activities prior to the merger.

21. Directors' remuneration

Director's remuneration totalling €1.9 million has been recorded through the income statement of Sony Europe Limited, prior to the merger, and is therefore included in the transferred reserves.

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment, profit sharing, transitional benefits in so far as related to directors and bonus payments.

Sony Europe B.V.
Notes to the financial statements (continued)
Period ended 31 March 2019

22. Average Number of employees

Employees of the former Sony Europe Limited were transferred to Sony Europe B.V. under the terms of the cross border merger executed on 29th March 2019. The average number of persons employed by Sony Europe Limited during the year was 2,820, of which 2,736 were employed outside the Netherlands.

Analysis by functional role:	No.
Consumer Sales	671
Consumer Marketing	367
Professional Solutions Europe	368
Business Support	675
Other	739
	<hr/>
	2,820
	<hr/>

Weybridge, UK
Signed on behalf of the Board of Directors


M. Kurebayashi
24 June 2019

Sony Europe B.V.
Other Information
Period ended 31 March 2019

Branches

The Company has established branches in the following EU countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the UK. The financial results of the branches have been included into the Company's financial statements.

Sony Europe B.V.
Articles of association governing profit appropriation
Period ended 31 March 2019

Article 10 of the Articles of Association (in accordance with paragraphs 2-4 of article 2:216 Dutch Civil Code) states the following regarding profit appropriation:

2. A resolution to make a distribution shall not take effect as long as the management has not given its approval. The management shall only refuse approval if it is aware or should reasonably foresee that after such distribution the company will not be able to continue to pay its due and payable debts.

3. If, after a distribution, the company cannot continue to pay of its due and payable debts, the directors who were aware or should reasonably have foreseen this at the time of the distribution shall be jointly and severally liable to compensate the company for any shortfall which results from the distribution, plus statutory interest thereon from the date of the distribution. Article 248, paragraph 5 shall apply *mutatis mutandis*. A director who proves that the making of the distribution by the company is not attributable to him and that he was not negligent in taking measures to avert its consequences shall not be liable. A person who received the distribution when he was aware or should reasonably have foreseen that, after the distribution, the company would not be able to continue to pay its due and payable debts shall be liable to compensate the shortfall resulting from the distribution, up to the amount or the value of the distribution received by him, plus statutory interest thereon from the date of the distribution. If the directors have settled the claim under the first sentence, the compensation referred to in the third sentence shall be given to the directors pro rata to the part settled by each of them. A person liable under the first or third sentence shall not be entitled to set-off that liability.

4. For the application of paragraph 3, a person who determined or co-determined the policy of the company as if he were a director shall be equated to a director. No claim may be instituted against an administrator appointed by the court.



Independent auditor's report

To: the general meeting of Sony Europe B.V.

Report on the financial statements for the period 17 May 2018 to 31 March 2019

Our opinion

In our opinion, Sony Europe B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its result for the period from 17 May 2018 to 31 March 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 17 May 2018 to 31 March 2019 of Sony Europe B.V., Weybridge ('the Company').

The financial statements comprise:

- the balance sheet as at 31 March 2019;
- the income statement for the period from 17 May 2018 to 31 March 2019; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Sony Europe B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

JYPWFQEVVPX2-1373412212-14

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Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The directors are responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the directors

The directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the directors are responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting framework mentioned, the directors should prepare the financial statements 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. The directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going-concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 June 2019
PricewaterhouseCoopers Accountants N.V.


A.J. Brouwer RA



Appendix to our auditor's report on the financial statements for the period 17 May 2018 to 31 March 2019 of Sony Europe B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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.

Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluding on the appropriateness of the directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.