7

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

200252 | 20

DON'T STAPLE

OS AA01

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

Companies House

WEDNESDAY FRIDAY

ABC5Y8WX
A4 09/09/2022 #157
COMPANIES HOUSE
A17 17/08/2022 #52
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 re an alteration of manner of cor with accounting requirements.

Part 1 Corporate company name

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

All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶	SONY EUROPE B.V.
UK establishment number	B R 0 0 2 0 6 1 2

❶ 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 audited.

Legislation ❷ The Dutch Civil Code

❷ This means the relevant rules or legislation which regulates the preparation 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 ❸ The Dutch Accounting Standards Board

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

OS AA01

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

A3 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'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	The Dutch Accounting Standards Board	

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	Signature X X
	This form may be signed by: Atsuki Matsuzawa - Director Date: 15 August 2022

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: SXC
Company name	Baker McKenzie
Address	100 New Bridge Street
Post town	London
County/Region	
Postcode	E C 4 V 6 J A
Country	
DX	233 Chancery Lane
Telephone	020 7919 1000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ 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

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.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

pwc

Independent auditor's report

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

Report on the financial statements 2021/2022

Our opinion

In our opinion, the financial statements of Sony Europe B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021/2022 of Sony Europe B.V., Weybridge.

The financial statements comprise:

- the balance sheet as at 31 March 2022;
- the income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied 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 regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

pwc

Report on the other information included in the financial report

The financial report contains other information. This includes all information in the financial report in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the directors' report and the other information that is required by Part 9 of Book 2of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the 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 procedures performed in our audit of the financial statements.

The board of directors is 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 board of directors

The board of directors is 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 board of directors determines 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 board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 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, 19 July 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.J. Brouwer RA

pwc

Appendix to our auditor's report on the financial statements 2021/2022 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 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 board of directors.
- Concluding on the appropriateness of the board of 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 board of 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.

Sony Europe BV

FC 035527 / BR 020612

These annual accounts for the financial year ended 31 March 2022 are certified as a true and correct copy of the file copy document filed at the Dutch registry.

Atsuki Matsuzawa

Director

15 August 2022

410547238-v1\EMEA_DMS

Sony Europe B.V.

Financial Report

For the year ended 31 March 2022

Company Registration No. 71682147

Sony Europe B.V.

Contents

Sony Europe B.V.
Directors' Report
Year ended 31 March 2022

The directors present their directors' report and audited financial statements for Sony Europe B.V. ('SEU' or 'the company') as of, and for the year ended, 31 March 2022.

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, mobile phones 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.

Objectives

The company is aligned with the strategic direction of Sony Group Corporation. Sony's business portfolio, which is run under the management direction of "getting closer to people," can be divided into three categories, all centred on people.

• Businesses that move people's hearts: content and direct to consumer (DTC) businesses work with creators to bring to life emotionally impactful content and deliver it to users.

• Businesses that connect people to people: branded hardware businesses provide equipment and solutions that are essential for creators to produce emotionally impactful content for users to enjoy. CMOS image sensor business produces key devices for smartphones used by people around the world to capture and share their emotions.

• Businesses that support people: automotive sensors provide value to people in the form of safety, medical equipment provides value to people in the form of health, and financial services provide value to people in the form of assurance.

All of these leverage our technology and are long-term growth areas for Sony. As the European entity responsible for the area of "businesses that connect people to people", the following are the key strategic objectives of SEU:

a. Achieve profitable growth through enhancing sales of high value-added products, and operational excellence through ongoing improvement in daily operations.

b. 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 made a profit of €8.6 million for the year (2021: loss of €58.1 million). At 31 March 2022 the company had total equity of -€879.7 million (2021: -€904.7 million). Details of the movement in equity during the year can be found in note 12.

Global shortage of semiconductor and related material components have affected our financial results significantly in financial year 2022. Market in certain countries within EU were also affected by ongoing restriction related to COVID-19 outbreak imposed by authorities in respective government which resulted in closure of retail stores for certain period. Despite these obstacles, the sales achieved 7% growth vs. previous year resulting in significant recovery from COVID-19 outbreak the industry faced in financial year 2021. Profit margin has been secured as a result of ongoing effort to improve efficiency of the operation and focusing on value-added products under limited component material supply.

Future expectations

The EU electronics market is extremely competitive and is expected to remain so for the foreseeable future. Apart from the short-term effects on our 2023 financial year anticipated as a result of the COVID-19 outbreak in and out of EU affecting our supply chain, we expect to continue to achieve longer term profitable growth, through our focus on high quality products in the premium segment, 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.
After considering latest estimated impact of the COVID-19 outbreak and supply chain disruptions, our latest forecasted turnover for our 2023 financial year shows growth of around 7% over the 2022 financial year. As a result, we are currently forecasting a growth in profit before tax, due to growth in turn over with market recovery and continuous effort of optimizing the operating expenses. There are no significant changes planned in our investments, financing or staffing.

Sony Europe B.V.
Directors' Report
Year ended 31 March 2022

Management and Employees

The company's management board is based in the UK, supported by local country managers in all significant markets (UK & Ireland, France, Germany, Italy, Iberia, Benelux, Central Southeast Europe, Nordic, Poland and Austria & Switzerland). Marketing and business support are provided by pan-European central teams.

Average employee numbers during the year are provided in note 27. 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 all candidates equal consideration for appointment. All employees receive equal consideration for appropriate training, career development and promotional opportunities, and the company also gives equal regard to applications made by disabled persons, having regard to their particular aptitudes and abilities. The Sony Group Diversity Statement was established in 2013 to serve as a global policy to further highlight the importance of diversity in the workplace. Sony embraces diversity as a key management strategy and respects the individuality of each employee and encourages them to inspire each other through ongoing dialogue and is convinced that this will create new value and drive further growth for the company. All Sony employees are educated in the Sony Group code of conduct, our guide to ethical and responsible business conduct, and have access to an ethics and compliance hotline manned by an independent third party, to raise concerns regarding any legal or compliance issues. Details of all compliance policies are regularly shared with employees and are available through our internal governance website.

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, which the company takes steps to mitigate:

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. During the year we managed our response to the COVID-19 pandemic via a central Crisis Management team and local country Crisis Response teams.

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. Material exposures in foreign currencies are internally hedged with Sony Global Treasury Services through forward and spot trades.

Interest rate risk

SEU 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.

SEU has a fixed rate loan from Sony Global Treasury Services plc, which is reviewed and approved on an annual basis. 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.

Principal risks and uncertainties (continued)

Liquidity risk
A letter of support has been provided by Sony Group 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 year. The good quality of our trade receivables has also enabled us to negotiate and obtain preferential conditions from third party insurance providers.

Supply chain risk

Due to the global nature of our business and the ongoing uncertainty arising from the pandemic and geopolitical issues, we sometimes experience temporary supply chain problems in certain product ranges. This risk is mitigated by ensuring an agile and adaptable approach to business planning, that can be flexed according to the business environment, whereby shortfalls of certain products can be compensated by overachievement in other areas.

Russia/Ukraine conflict

The company does not trade in either Russia or Ukraine so is not directly impacted by the ongoing conflict in the region. There is however some risk to our 2023 budget, due to the affect on the global economic environment which may impact consumer spending. We continue to closely monitor the impacts and flex our plans accordingly.

The potential impact of COVID-19 on our business

As explained in note 1.4 Going concern, the COVID-19 pandemic and resulting measures taken by various governments to contain the pandemic negatively affected our business during the financial year ending 31 March 2022. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is still unknown what the longer-term impact on our business may be. The scale and duration of this pandemic remain uncertain and we are taking steps to mitigate the impact on our business by developing online sales mechanisms and enhancing our systems so that staff can continue to work from home when necessary.
Our assessment of the potential risks that could result from the ongoing uncertain situation regarding COVID-19 is as follows:

a. Revenues and profitability: the company may be impacted by further lockdowns should these be enforced by local government authorities. However, as stated above we are developing our online presence and taking consideration of the impacts in development of our future product portfolio to mitigate this risk.
b. Financing and liquidity: the company experienced some delay in collecting some accounts receivable balances as a result of the outbreak. However, this situation has since resolved and we do not anticipate any long-term impact. Since SEU is fully supported by Sony Group Corporation, we do not anticipate any risk of not being able to secure required financing.
c. Currency and interest rate risk: There is expected to be to be ongoing volatility in the markets due to the pandemic, which could have significant impact on our future results and the valuation of our defined benefit pension liability. Some of our markets could see an economic recession arising as a result of the pandemic, which could impact our future revenues.
d. Supply chain: In case of further local lockdowns and travel restrictions, we may experience some disruption.
e. Staffing: Some staff may need to continue to work from home for the foreseeable future. However, we have implemented a number of improvements to allow seamless teamwork and collaboration whilst maintaining social distance, and we do not consider that this will have a negative impact on our business. There is no impact expected to our staffing levels as a result of the pandemic.
f. Going concern: as explained in note 1.4, because the financial impacts to the company as a result of the pandemic are not expected to continue in the long-term, and because the company is fully supported by Sony Group Corporation in settlement of our liabilities for a period of 12 months from the signing of these financial statements, management are satisfied that the company will continue as a going concern.

Sony Europe B.V.
Directors' Report
Year ended 31 March 2022

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 Group 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 year, and up to the date of signing the financial statements, were as follows:

H. Furumi

M. Kurebayashi (resigned 1 April 2022)

R. Londema

A.Matsuzawa (appointed 1 April 2022)

Composition of the Board

Dutch legislation effective 1 January 2013 requires that the composition of the Management Board (MB) reflects the minimum requirement of 30% of each gender. As at 31 March 2022, all MB members of SEU are male, and have been appointed in consultation with our ultimate parent company, Sony Group Corporation in Japan. Sony Group Corporation actively promotes gender equality in all areas, and the intention to achieve a minimum 30% representation of each gender is one of the consideration points when appointing new directors to the Board.

Group structure

The company's ultimate parent undertaking and ultimate controlling party is Sony Group 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 Group Corporation. The smallest and largest group to consolidate the financial statements of the company is Sony Group Corporation.

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

Sony Europe B.V.
Directors' Report
Year ended 31 March 2022

Weybridge, UK
Signed by the Board of Directors
19 July 2022

DocuSigned by:
Atsuki Matsuzawa
7583441EA1C8444...

A.Matsuzawa

DocuSigned by:
Hideyuki Furumi
429D218D7C2542D...

H. Furumi

DocuSigned by:

423CAF4BA3E54AA...

R. Londema

Sony Europe B.V.
Balance Sheet
As at 31 March 2022
(after appropriation of result)

	Note	31 Mar 2022 €m	31 Mar 2021 €m
Fixed assets			
Intangible fixed assets	6	19.7	19.0
Tangible fixed assets	7	71.5	73.2
Financial fixed assets	8	207.8	195.9
		299.0	288.1
Current assets			
Inventories	9	226.2	237.6
Receivables	10	753.9	827.0
Cash at bank and in hand	11	4.9	9.0
		985.0	1,073.6
Total Assets		1,284.0	1,361.7

Sony Europc B.V.
Balance Sheet (continued)
As at 31 March 2022
(after appropriation of result)

Equity and liabilities	Note	31 Mar 2022 €m	31 Mar 2021 €m
Equity	12		
Share capital	13	—	—
Share premium account		2,314.9	2,314.9
Currency translation reserve	14	19.1	18.3
Other reserves		(3,213.8)	(3,237.9)
		(879.7)	(904.7)
Provisions	16	284.6	310.8
Non-current liabilities	17	4.4	4.5
Current liabilities	18	1,874.8	1,951.1
Total equity and liabilities		1,284.0	1,361.7

Sony Europe B.V.
Income statement
For the year ended 31 March 2022

	Note	2022 Total €m	2021 Total €m
Net turnover	20	3,653.6	3,406.5
Cost of sales		(2,997.4)	(2,826.0)
Gross profit		656.2	580.5
Selling expenses		(351.5)	(274.7)
Administrative expenses		(298.2)	(355.9)
Other operating income		11.3	7.8
Operating profit/(loss)		17.8	(42.3)
Financial income	25	4.9	7.0
Financial expense	25	(7.6)	(20.3)
Result before tax		15.1	(55.6)
Tax on result	26	(6.5)	(2.5)
Result after tax		8.6	(58.1)

1 General Notes

1.1 Incorporation of the company

The Company was incorporated on 17 May 2018 and commenced trading on 1 April 2019. The statutory name of the Company is Sony Europe B.V. and its corporate seat is in Hoofddorp, Netherlands. The company is a wholly owned subsidiary of Sony Overseas Holding B.V., also registered in Netherlands, which in turn is a wholly owned subsidiary of Sony Group Corporation, the publicly listed parent of the Sony group, incorporated in Japan.

1.2 Activities

SEU is the distributor in Europe of Sony branded products, which are principally electronic goods for domestic, leisure, business and professional use.

1.3 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 2022 of Sony Group Corporation, Tokyo, Japan. The financial results of the Company are included in the consolidated financial statements of Sony Group Corporation which is publicly available.

1.4 Going concern

The COVID-19 pandemic significantly impacted our business throughout our 2022 financial year.

Within consumer electronics, we experienced a significant shortage in product supply due to global components shortage partially due to decline in factory output due to COVID-19 outbreak and related restriction. The logistics of the components and finished products were also affected. The impact was most severe in digital imaging category due to the supply of key components impacted by above impacts. Within our professional business, we also experienced a shortage in product supply due to the same reason, however the impact of supply shortage was relatively moderate compared to that of consumer electronics. As the financial year 2021 was severely hit by COVID-19 outbreak due to our customers shorting on their investment and major sports events being cancelled or postponed, our professional business was able to achieve revenue growth compared to previous financial year.

We have taken, and will continue to take, a number of measures to monitor and mitigate the effects of the COVID-19 virus. These include safety and health measures for our employees (like social distancing and working from home), an investment in developing our online market performance, review of opportunities to better support our customers during the outbreak, regular communication to our key stakeholders and also securing the ability to obtain additional financing should that become necessary. Planned actions include, when required, short-term lock-down of locations, considering the use of support made available by governments in the countries in which we operate and other crisis management and business continuity measures for short-, mid- and long-term scenarios.

SEU is in net current liability position, hence a letter of support for settlement of our liabilities has been provided by Sony Group Corporation. 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.

For these reasons, the financial statements are prepared on going-concern basis.

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

The registered and actual address of SEU. is, The Heights, Brooklands, Weybridge, Surrey, KT13 0XW, and the company has its corporate seat in Netherlands, and is registered at the chamber of commerce under number 71682147.

1.6 Group structure

The company's ultimate parent undertaking and ultimate controlling party is Sony Group 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 Group Corporation. The smallest and largest group to consolidate the financial statements of the company is Sony Group Corporation.

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

1.7 Estimates

In applying the principles and policies for drawing up the financial statements, the directors of SEU 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.

1.7.1 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.

1.7.2 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.

1.7.3 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.

1.7.4 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.

1.7.5 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.

1.7.6 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.

1.7.7 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.

1.7.8 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.

1.7.9 Net Realisable Value (NRV) of Inventories

Inventories are initially recognised at cost. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and conditions. Inventories are subsequently valued at the lower of cost and net realisable value. Inventories are assessed for impairment at each reporting date. Management then reassesses the selling price, less cost to complete and sell in each subsequent period, to determine if the impairment losses previously recognised should be reversed.

1.7.10 Fair Value of Plan Assets

Each level in the fair value hierarchy, in which each plan asset is classified, is determined based on inputs used to measure the fair values of the asset, and does not necessarily indicate the risks or rating of the asset.

The following is a description of the valuation techniques used to measure Japanese and foreign plan assets at fair value. The valuation techniques are applied consistently from period to period.

Equity securities are valued at the closing price reported in the active market in which the individual securities are traded. These assets are generally classified as level 1.

The fair value of fixed income securities is typically estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These assets are generally classified as level 2.

The fair value of annuity contracts with or without profit sharing is estimated using the valuation techniques for fixed income securities explained above. These assets are generally classified as level 2.

Bulk insurance contracts are valued based on actuarial estimates of the market price of the contracts, whose underlying figures are unobservable. These assets are generally classified as level 3.

Commingled funds are typically measured using the valuation provided by the administrator of the fund and reviewed by Sony. The valuation is based on Sony's interest in the value of the underlying assets owned by the fund minus liabilities. These assets are classified as level 1, level 2 or level 3 depending on availability of quoted market prices.

Commodity funds are valued using inputs that are derived principally from or corroborated by observable market data. These assets are generally classified as level 2.

Private equity and private real estate investment trust valuations require significant judgment due to the absence of quoted market prices, the inherent lack of liquidity and the long-term nature of such assets. These assets are initially valued at cost and are reviewed periodically utilizing available and relevant market data to determine if the carrying value of these assets should be adjusted. These investments are classified as level 3.

Hedge funds are measured using the valuation provided by the administrator or custodian of the fund and reviewed by Sony. The valuation is based on Sony's interest in the value of the underlying assets owned by the fund minus liabilities. These investments are classified as level 3.

1.8 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 Group Corporation, Tokyo, Japan, which are filed at the Chamber of Commerce in Amsterdam.

1.9 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 SEU 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 Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, except as detailed in note 2.5 'Disclosure of changes in accounting policies'

2.3 Foreign currency

2.3.1 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 SEU.

2.3.2 Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

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.

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.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

2.4 Leasing

2.4.1 Financial leasing

Under financial leasing contracts we contractually undertake 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.

2.4.2 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. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

2.5 Disclosure of changes in accounting policies

In order to achieve greater efficiency in our pension valuation process, the company has changed accounting policy for the valuation of defined benefit pension plans during the year. In our 2021 financial statements, defined benefit plans were valued according to US GAAP valuation principles, and this has been changed to apply IFRS valuation principles to align with our internal reporting. As a result of this, the below adjustments by line items are included in the 2022 movements:

	2021 value originally reported	2021 value with policy change	Variance
	€m	**€m**	**€m**
Financial fixed assets	195.9	142.5	53.4
Receivables	827.0	825.7	1.3
Other reserves	3,237.9	3,293.9	(56.0)
Provisions	(310.8)	(312.1)	1.3
			0

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.

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.

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	10-30 years
Plant & equipment	3-10 years
Other tangible assets	2-5 years

Depreciation costs are not presented as a separate item in the income statement. These costs have been recognised in other components of the income statement, in selling and administrative expenses. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, on an ongoing basis and the future depreciation is adjusted if there is a change in estimated future useful life. 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 maintenance costs, 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. Minor repairs, maintenance and 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 Investments

Due to the fact that the Article 2:408 DCC exemption has been applied, 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.
Deferred tax assets are calculated 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.

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.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit, these are discounted at the prevailing rate.

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 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.

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 International Financial Reporting Standards (IFRS). This applies to both the Dutch pension plans and the foreign pension plans.

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.

4.2 Revenue recognition

4.2.1 General

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of anticipated returns, trade discounts, sales incentives and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

Revenue is deferred when it has been invoiced but the goods/services have not yet been delivered. This deferral is included within creditors. Revenue is accrued when it is both supported by a contractual agreement and has been earned. Accrued revenue is included within debtors.

The company recognises revenue when
i) the significant risks and rewards of ownership have been transferred to the buyer;
ii) the company retains no continuing involvement or control over the goods;
iii) the amount of revenue can be measured reliably;
iv) it is probable that future economic benefits will flow to the entity and
v) when the specific criteria relating to the each of company's sales channels have been met, as described below:

4.2.2 Standard sales of consumer goods

The company sells a range of consumer electronics to retail outlets in many countries throughout Europe. Sales of goods are recognised on delivery to the customer, provided the risks and rewards of ownership have been transferred and any acceptance criteria have been fulfilled.
Goods are often sold with volume rebates or other incentives, and with the provision for the customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated rebates, incentives and returns. Accumulated experience is used to estimate and provide for the discounts and returns.
Occasionally other sales incentives such as cashback schemes and trade in options are offered to customers, and the sales value recognised would be net of the estimated value allocated to any undelivered elements of the contract.
Due to short-term nature of our trade receivables, the element of financing is deemed immaterial and is disregarded in the measurement of revenue.

Provision is made for an expected level of returns based on historical experience.

4.2.3 Sales of services

The company earns revenue from the sale of extended product warranties, service and repair charges, and charges for the cost of height and insurance. Extended warranty revenue is recognised straight line over the term of the contract. All other service revenue is recognised when the service is rendered.

4.2.4 Professional sales under long term contracts

In the professional category, long term contracts are those which exceed three months duration, and may include a combination of both goods and services. Contracts typically relate to the design, development, manufacture, or modification of electronic equipment, or to arrangements to deliver software or a software system, requiring significant production, modification, or customization of software. Contracts often consist of instalment payments being made on completion of performance milestones.

Revenue on long term fixed price contracts is recognised on a percentage of completion basis over the contract term, providing the company can make reasonably dependable estimates of the extent of progress toward completion, contract revenues, and contract costs. Where such estimates are not reliable, the revenue is recognised only at completion of the contract. Any anticipated loss on a contract is recognised immediately in cost of sales. Percentage of completion for a particular contract is measured by applying the input measure approach, where revenue and costs are recognised according to the amount of costs incurred to date, expressed as a percentage of the total estimated contract costs. The net amount due from/to customers for contract work is included in debtors or creditors falling due within one year.

4.2.5 Multiple element arrangements

The company sometimes sells a combination of various goods and services within a single sales agreement. In this case, the total revenue is allocated to the separate deliverables within the contract based on the relative fair value, or expected selling price, of each. Revenue for each deliverable is recognised only when the criteria i) to iv) above, required for recognition, have been achieved.

4.3 Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold, employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales. Goodwill amortisation is also recognised within cost of sales.

4.4 Selling expenses and general and administrative expenses

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

4.5 Other operating income

Included in other operating income are digital cinema virtual print fees, operating lease rentals, intercompany commissions received for sales of semiconductors and devices to manufacturing customers and other commissions received for internet services. Income from services provided is recognised in line with the timing of the provision of the service. Income from commissions is recognised in relation to the sales generated for the period.

4.6 Employee cost (employee benefits)

4.6.1 General

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

4.6.2 Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.6.3 *Defined contribution pension plans*

The company operates several defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense in the period in which they are due. Amounts not yet paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

4.6.4 Defined benefit pension plans

The company operates a number of defined benefit plans for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

4.6.4 Defined benefit pension plans (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in the scheme currency, and that have terms approximating the estimated period of the future payments.

The fair value of plan assets is measured in accordance with IFRS in our 2022 financial statements, and in accordance with the company's policy for similarly held assets which includes the use of appropriate valuation techniques. In our 2021 financial statements the valuation was measured in accordance with US GAAP, though there is no change to the net defined benefit deficit reported as a result of the change in valuation method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability' in the Statement of comprehensive income.

The cost of the defined benefit plan, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises:
– the increase in pension benefit liability arising from employee service during the period; and
– the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Income Statement within 'Interest payable and similar charges'. Also included in that amount is the impact of foreign currency translation on defined benefit plans not denominated in Euro.

4.6.5 Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments under the plan as a result of past events, and a reliable estimate of the obligation can be made.

4.6.6 Share-based payments

Share options are granted and settled directly from the ultimate parent undertaking (Sony Group Corporation) to selected key employees of SEU. These transactions are settled by Sony Group Corporation directly, and no expense is recorded in the accounts of SEU.

4.6.7 Termination Benefits

For termination benefits where there is a statutory or contractual obligation, or a constructive obligation formed by prior agreement with local employee representatives, these are recorded once a detailed termination plan has been approved by management. Any other termination benefits are recorded on the date of notification to affected employees.

4.7 Financial income and expense

4.7.1 Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the underlying assets and liabilities. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

4.7.2 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied.

4.8 Income taxes

4.8.1 Current taxes

The company is tax registered in the UK. Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

4.8.2 Deferred taxes

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax assets and liabilities are recognized under financial fixed assets and provisions, respectively.

Deferred tax liabilities and deferred tax assets are carried based on the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the Company at the balance sheet date. Valuation is based on current tax rates. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred tax assets and liabilities are netted if the general conditions for offsetting are met.

5 Financial instruments and risk management

5.1 Market risk

5.1.1 Currency risk

The company's functional currency is the Euro. Material exposures in foreign currencies are internally hedged with Sony Global Treasury Services through forward and spot trades.

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

SEU 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.

SEU has a fixed rate loan from Sony Global Treasury Services plc. In additional 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 does not have any significant concentrations of credit risk. Sales are made to customers that meet the Company's credit rating. Goods and services are sold subject credit terms which vary by country and by type of customer. For significant customers they range between 30 and 85 days. 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 good quality of our trade receivables has also enabled us to negotiate and obtain preferential conditions from third party insurance providers.

Balances with banks and financial institutions are minimal due to the company's use of intercompany cash positions, the majority of our cash balances are swept each day to accounts held with Sony Global Treasury services plc. Of the cash balances at the balance sheet date, 89% (2021:86%) of the balance is held with our regional banking partner, rated 'A-1' by Standard & Poor's.

5.3 Liquidity risk

A letter of support has been provided by Sony Group 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	Total €m
Balance as at 1 April 2021			
Historical costs	22.7	45.7	68.4
Cumulative impairment losses and amortisation	(15.9)	(33.5)	(49.4)
Book value	6.8	12.2	19.0
Movements			
Investments	6.4	—	6.4
Disposals	(4.5)	—	(4.5)
Amortisation	(2.6)	(3.0)	(5.6)
Amortisation on disposals	4.3	—	4.3
Currency exchange adjustment	0.1	—	0.1
	3.7	(3.0)	0.7
Balance as at 31 March 2022			
Historical costs	24.7	45.7	70.4
Cumulative impairment losses and amortisation	(14.2)	(36.5)	(50.7)
Book value	10.5	9.2	19.7
Annual amortisation rates	20%-33%	10%	

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

	31 Mar 2022 €m	31 Mar 2021 €m
Software	4.3	13.6

7 Tangible fixed assets

	Land	Buildings	Plant and equipment	Other fixed assets	Assets under construction and prepayments	Total
	€m	€m	€m	€m	€m	€m
Balance as at 1 April 2021						
Historical costs	20.7	101.1	130.6	4.9	2.8	260.1
Cumulative impairment losses and depreciation	—	(77.9)	(104.1)	(4.9)	—	(186.9)
Book value	20.7	23.2	26.5	—	2.8	73.2
Movements						
Investments	—	1.6	6.4	—	8.9	16.9
Transfer of category	—	4.7	3.1	2.1	(9.9)	—
Disposals	—	(5.0)	(28.8)	(2.1)	(1.3)	(37.2)
Depreciation	—	(3.4)	(8.4)	(0.4)	—	(12.2)
Depreciation on disposals	—	4.8	22.7	1.2	—	28.7
Impairment	—	(0.9)	—	—	—	(0.9)
Currency exchange adjustment	—	1.0	1.1	0.8	0.1	3.0
	—	2.8	(3.9)	1.6	(2.2)	(1.7)
Balance as at 31 March 2022						
Historical costs	20.7	102.5	111.4	5.5	0.6	240.7
Cumulative impairment losses and depreciation	—	(75.6)	(89.7)	(3.9)	—	(169.2)
Book value	20.7	26.9	21.7	1.6	0.6	71.5
Annual depreciation percentages	—	3%-10%	10%-33%	20%-50%	—	

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

	31 Mar 2022	31 Mar 2021
	€m	€m
Buildings	9.6	12.8
Plant and equipment	48.4	48
Other	3.4	5.5
	61.4	66.3

8 Financial fixed assets

	Investments	Deferred tax assets	Pension scheme overfunding	Total
	€m	€m	€m	€m
Balance as at 1 April 2021	16.6	95.2	84.1	195.9
Movements				
Additions	—	54.6	—	54.6
Reductions	—	—	(42.7)	(42.7)
Balance as at 31 March 2022	16.6	149.8	41.4	207.8

SEU has interests in the following investments:

Name	Registered office	Share of issued capital	Value of participation €m
Sony Supply-Chain Solutions (Europe) B.V.	Tilburg, Netherlands	100%	-
Hawk-Eye Innovations Limited	Weybridge, United Kingdom	100%	16.4
Pulse Innovations Limited	Weybridge, United Kingdom	100%	-
E-Saturnus SA/NV	Leuven, Belgium	100%	-
Sony (U.K.) Pension Trust Limited	Weybridge, United Kingdom	100%	-
Screlec SA	Issy-les-Moulineaux, France	17%	0.1
Ecopilhas Lda	Lisbon, Portugal	17%	-
IGR GmbH	Düsseldorf, Germany	14%	0.1
InfoTip Service GmbH	Bochum, Germany	8%	-
gfu consumer & home electronics GmbH	Frankfurt/Main, Germany	2%	-
SkillAugment LdA.	Ilhavo, Portugal	2%	-
Warm ApS 1,85%	Copenhagen, Denmark	2%	-
ERP Italia SCARL	Cernusco sul Naviglio (MI), Italy	1%	-
Ecopar SA	Paris, France	-	-

Management has reviewed the last financial statements for all of these investments and confirmed that there are no impairment indicators.

Deferred tax assets include an amount of €13.5 million (2021: €14.8 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 31 March 2022. Please refer to note 16.1 for further details of the pension plans.

9 Inventories

	31 Mar 2022	31 Mar 2021
	€m	€m
Raw materials and consumables	22.9	14.9
Work in progress	4.9	4.3
Finished goods and goods for resale	198.4	218.4
	226.2	237.6

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 and have an original cost price of €253.6 million (2021: €248.5 million) at the balance sheet date.

10 Receivables

	31 Mar 2022		31 Mar 2021	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
	€m	€m	€m	€m
Trade debtors	424.8	—	469.9	—
Receivables from group companies	295.9	—	283.3	—
Taxes and social security contributions	20.5	—	46.7	—
Other receivables and accrued income	12.7	0.6	27.1	0.3
	753.9	0.6	827.0	0.3

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

	31 Mar 2022	31 Mar 2021
	€m	€m
Trade debtors	434.6	486.7
Less: provision for bad debt	(9.8)	(16.8)
	424.8	469.9

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 €154.1 million (2021: €153.5 million) of unsecured short-term intercompany cash positions, on which interest is charged based on daily rates provided by Sony Global Treasury Services plc. The interest rate charged includes a risk premium which varies by currency, for example the Euro balances were charged at Libor +0.76% during 2021. The remaining balance is unsecured, interest fee and predominantly on 60 days terms.

10. Receivables (continued)

10.3 Taxes and social security contributions

	31 Mar 2022 €m	31 Mar 2021 €m
Turnover tax	19.2	10.5
Corporate income tax	1.3	36.2
	20.5	46.7

10.4 Other receivables and accrued income

	31 Mar 2022 €m	31 Mar 2021 €m
Accrued income	1.3	3.4
Prepaid expenses	8.4	17.8
Security deposits	0.3	1.4
Other receivables	2.7	4.5
	12.7	27.1

11 Cash at bank and in hand

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

12 Equity

	Share capital	Share premium account	Currency translation reserve	Other reserves
	€m	€m	€m	€m
Balance as at March 31, 2020 and 1 April 2020	0.0	2,314.9	19.2	(2,951.8)
Movements				
Result for the financial year	—	—	—	(58.1)
Other movements	—	—	(0.9)	(228.0)
Balance as at March 31, 2021 and 1 April 2021	0.0	2,314.9	18.3	(3,237.9)
Movements				
Result for the financial year	—	—	—	8.6
Other movements	—	—	0.8	15.5
Balance as at March 31, 2022	0.0	2,314.9	19.1	(3,213.8)

12. Equity (continued)

The 'other movements' in Other reserves include a credit of €83.3 million for remeasurement of the defined benefit pension liability, offset by a charge of €11.8 million of deferred tax movement on the defined benefit pension liability and a charge of €56.0 million for restatement of the opening balance on pension reserves from US GAAP to IFRS valuation, following a change in accounting policy for pensions (see note 2.5).

13 Share capital

The issued share capital SEU 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.

15 Proposed appropriation of result

The management of the company proposes to appropriate the result as follows: The profit of the 2022 financial year in the amount of €8.6 million will be fully added to other reserves. This proposal needs to be approved in the General Meeting and has therefore not yet been recognised in the financial statements of the company at 31 March 2022

16 Provisions

	Pension provision €m	Restructuring provision €m	Warranty provision €m	Pending litigation €m	Other €m	Total €m
Balance as at April 1, 2021	213.0	35.7	60.0	0.8	1.3	310.8
Additions	—	—	54.1	0.2	7.0	61.3
Release	(3.8)	—	(5.0)	(0.1)	4.0	(4.9)
Utilisation	—	(24.0)	(47.5)	—	(11.1)	(82.6)
Balance as at March 31, 2022	209.2	11.7	61.6	0.9	1.2	284.6

Included in the above provisions are the following amounts which can be classified as non-current (longer than one year): pension €209.2 million (2021:€207.3 million), restructuring €0 million (2021: €0 million), warranty €23.8 million (2021: €23.2 million) and deferred tax provisions €0 million (2021: €20.5 million). None of the pending litigation or other provisions are classified as non-current (longer than one year).

16.1 Pension provision

The company operates 10 defined benefit pension schemes in branches throughout Europe: the Sony United Kingdom Limited Pension Scheme, the Sony France Retirement Indemnity, 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 2022 the value included within pension liabilities relating to the indemnification of the SDL pension commitments is €136.6 million (2021: €138.2 million).

Sony Europe B.V.
Notes to the financial statements
Year ended 31 March 2022

16. Provisions (continued)

16.1 Pension provision (continued)

The Sony United Kingdom Limited Pension Scheme is comprised of a defined benefit section, being funded final salary pension schemes closed to new members, and a defined contribution section. The defined benefits section of the plan is 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 €36.5 million (2021: €229.7 million) to the defined benefit schemes. The contributions by the company during the year ending 31 March 2023 are expected to be €9.4 million.

A full actuarial valuation has been prepared for each scheme at 31 March 2022 by the company's independent actuary, with the exception of the UK scheme which has been valued on a roll forward basis and where a full valuation was last completed at March 2021.

The company has changed accounting policy for pension valuation during the year. In March 2022 we are applying the accepted valuation methods for IFRS accounting under IAS 19. In our March 2021 reporting, the valuation was prepared using the US GAAP accounting under ASC 715. The change in accounting policy had no effect on the net pension deficit reported in our 2021 financial statements.

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

Net defined benefit liability (asset) recognized in the consolidated statements of financial position	**31 Mar 2022**	**31 Mar 2021**
	€m	**€m**
Present value of defined benefit obligation	1,137.3	1,190.0
Fair value of plan assets	969.5	1,061.1
Net (deficit)	(167.8)	(128.9)
(Liability) recognised in the balance sheet		
Net defined benefit asset	41.4	84.1
Net defined benefit liability	209.2	213.0
	(167.8)	(128.9)

16. Provisions (continued)

16.1 Pension provision (continued)

Change in Defined Benefit Obligation	**2022**	**2021**
	€m	**€m**
Defined benefit obligation at the beginning of the period	1,190.0	1,103.2
Employer's current service cost	4.7	4.4
Interest cost on defined benefit obligation	19.6	18.8
Liabilities extinguished on settlements	—	(10.6)
Actuarial (gain)/loss due to change in financial assumptions	(62.7)	95.2
Actuarial loss/(gain) due to change in demographic assumptions	7.8	(4.9)
Actuarial (gain)/loss due to experience	0.7	19.7
Past service (credit)/cost	(1.0)	1.1
Plan participant contributions	0.6	0.5
Benefits paid from the scheme	(26.2)	(63.5)
Benefits paid direct by employer	(6.1)	(5.8)
Currency loss	9.9	31.9
Defined benefit obligation at the end of the period	1,137.3	1,190.0

The significant weighted-average actuarial assumptions used to determine the present value of defined benefit obligations are as follows:

	2022	**2021**
Discount rate	2.30 %	1.68 %
Life expectancy at 65 of member currently aged 65 (years)		
Male	21.5	21.5
Female	23.6	23.6
Life expectancy at 65 of member currently aged 40 (years)		
Male	23.3	23.2
Female	25.9	25.9

The sensitivity of the defined benefit obligations to changes in the significant weighted-average actuarial assumptions are as follows:

	2022	**2021**
	€m	**€m**
Increase of 0.25% in discount rate	(48.3)	(51.4)
Decrease of 0.25% in discount rate	51.5	56.0
Increase of 0.25% in inflation (and related items)	23.1	31.4
Decrease of 0.25% in inflation (and related items)	(26.8)	(28.0)
Increase of 0.5% in discount rate	(93.9)	(102.8)
Decrease of 0.5% in discount rate	106.2	112.1
Increase of 0.5% in inflation (and related items)	50.7	62.8
Decrease of 0.5% in inflation (and related items)	(53.4)	(56.1)

The sensitivity analyses are calculated using the same method used to determine the defined benefit liability recognized in the statement of financial position while holding all other assumptions consistent.

Sony Europe B.V.
Notes to the financial statements
Year ended 31 March 2022

16. Provisions (continued)

16.1 Pension provision (continued)

Change in Plan Assets	**2022**	**2021**
	€m	**€m**
Fair value of plan assets at the beginning of the period	1,061.1	1,027.9
Interest income on plan assets	18.6	19.5
Return on plan assets excluding interest income	(56.1)	(172.2)
Assets distributed on settlements	—	(14.8)
Employer contributions	(36.5)	229.9
Plan participant contributions	0.6	0.5
Benefits paid from the scheme	(26.2)	(63.5)
Currency gain	8.0	33.8
Fair value of plan assets at the end of the period	969.5	1,061.1

Fair value of Plan Assets	**31 Mar 2021**	**Market Price in Active Market**	
	€m	**Quoted**	**Unquoted**
Cash and cash equivalents (including net current liabilities)	5.7	4.5	1.2
Equity instruments	88.0	78.7	9.3
Debt instruments	153.2	151.1	2.1
Real estate	4.4	—	4.4
Derivatives	—	—	—
Investment funds	—	—	—
Assets held by insurance companies	809.2	—	809.2
Other	0.6	—	0.6
Total	1,061.1	234.3	826.8

Fair value of Plan Assets	**31 Mar 2022**	**Market Price in Active Market**	
	€m	**Quoted**	**Unquoted**
Cash and cash equivalents (including net current liabilities)	7.3	5.9	1.4
Equity instruments	9.2	—	9.2
Debt instruments	171.9	170.0	1.9
Real estate	5.1	—	5.1
Derivatives	—	—	—
Investment funds	—	—	—
Assets held by insurance companies	775.0	—	775.0
Other	1.0	—	1.0
Total	969.5	175.9	793.6

16. Provisions (continued)

16.1 Pension provision (continued)

SEU's pension investment policy recognizes the expected growth and the variability risk associated with the long-term nature of pension liabilities, the returns and risks of diversification across asset classes, and the correlation among assets. The asset allocations are designed to maximize returns consistent with levels of liquidity and investment risk that are considered prudent and reasonable. While the pension investment policy gives appropriate consideration to recent market performance and historical returns, the investment assumptions utilized by SEU pension plan trustees are designed to achieve a long-term return consistent with the long-term nature of the corresponding pension liabilities.
The investment objectives of SEU's plan assets are designed to generate returns that will enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the retirement dates and life expectancy of the plans' participants. The obligations are estimated using actuarial assumptions, based on the current economic environment and other pertinent factors. SEU's investment strategy balances the requirement to generate returns, using potentially higher yielding assets such as equity securities, with the need to control risk in the portfolio with less volatile assets, such as fixed-income securities. Risks include, among others, inflation, volatility in equity values and changes in interest rates that could negatively impact the funding level of the plans, thereby increasing their dependence on contributions from SEU. To mitigate any potential concentration risk, thorough consideration is given to balancing the portfolio among industry sectors and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. In June 2022, SEU has completed a buy-out for the UK and Netherlands pension schemes, which represent 97% of the fair value of the plan assets at the balance sheet date. Please refer to note 28 Subsequent Events.

16.2 Other provisions

The other provisions held at 31 March 2022 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

	Severance accruals	Asset retirement obligations	Other	Total
	€m	€m	€m	€m
Balance as at 1 April 2021	**2.7**	**1.8**	—	**4.5**
Additions	0.4	—	0.2	0.6
Release	—	(0.3)	—	(0.3)
Payments	(0.4)	—	—	(0.4)
Balance as at 31 March 2022	**2.7**	**1.5**	**0.2**	**4.4**

18 Current liabilities

	31 Mar 2022	31 Mar 2021
	€m	€m
Debts to suppliers and trade creditors	31.7	21.0
Amounts payable to group companies	1,343.8	1,385.9
Tax and social insurance	33.6	38.1
Other liabilities, accruals and deferred income	465.7	506.1
	1,874.8	1,951.1

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 fixed rate loan of €722.5 million (2021: €675.0 million) from Sony Global Treasury Services plc, running from 1 July 2021 to 30 June 2022 with an interest rate of 0.25%. The remaining balance is unsecured, interest free, and predominantly on 60-day payment terms.

18.2 Tax and social insurance	31 Mar 2022 €m	31 Mar 2021 €m
Turnover tax	26.4	34.0
Wage tax and social security charges	6.5	2.3
Other taxes	0.7	1.8
	33.6	38.1

18.3 Other liabilities, accruals and deferred income	31 Mar 2022 €m	31 Mar 2021 €m
Other liabilities	95.0	90.4
Accrued expenses	353.8	395.5
Deferred income	16.9	20.2
	465.7	506.1

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 €1.5 million (2021: €1.1 million).

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

	31 Mar 2022 €m	31 Mar 2021 €m
Within 1 year	18.6	29.0
Between 1 - 5 years	39.7	55.5
After 5 years	32.5	47.8
	90.8	132.3

During the year the following amounts were recognised in the income statement:

	31 Mar 2022 €m	31 Mar 2021 €m
Minimum lease payments	22.2	27.0
Sub-lease revenue	(7.8)	(5.2)
	14.4	21.8

20 Net Turnover

Analysis by country:	**2022**	**2021**
	€m	**€m**
The Netherlands	181.4	179.4
Other EU countries	2,416.9	2,212.9
Other European countries	995.1	944.2
Other countries	60.2	70.0
	3,653.6	**3,406.5**

Analysis by category:	**2022**	**2021**
	€m	**€m**
Consumer category	2,901.5	2,766.9
Professional category	481.1	394.9
Other	271.0	244.7
	3,653.6	**3,406.5**

Analysis by class of revenue:	**2022**	**2021**
	€m	**€m**
Sale of goods	3,648.1	3,390.8
Provision of services	8.3	12.8
Long term contracts	8.6	14.1
Payment discounts	(11.4)	(11.2)
	3,653.6	**3,406.5**

21 Wages and salaries

	2022	**2021**
	€m	**€m**
Wages and salaries	275.0	276.1
Social security charges	63.7	57.6
Pension contributions	14.6	13.5
	353.3	347.2
The breakdown of pension contributions is:		
Cost of defined benefit plans	3.7	4.4
Cost of defined contribution plans	10.9	9.1
	14.6	13.5

22 Amortisation/depreciation and impairment of intangible and tangible fixed assets

	2022	2021
	€m	€m
Amortisation of intangible assets	5.6	6.5
Depreciation of tangible fixed assets	12.2	20.4
	17.8	26.9

23 Audit fees

	2022	2021
	€m	€m
Audit of the financial statements	1.4	1.4

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by PricewaterhouseCoopers LLP.

The fees relating to the audit of the financial statements consist of €1.1 million for the current year, and a balance of €0.3 million for the 2021 financial year.

24 Directors' remuneration

	2022	2021
	€m	€m
Current directors	2.4	1.7

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.

One director is accruing retirement benefits under a defined benefit scheme. The benefits accrued at 31 March 2022 are €3.4 million (2021: €3.1 million). No director is participating in a defined contribution scheme. No director has exercised share options or received any shares under a long-term incentive scheme.

25 Financial income and expense

	2022	2021
	€m	€m
Interest and similar income	0.3	0.2
Dividends received	4.5	6.8
Interest and similar expenses	(6.8)	(17.9)
Exchange differences	(0.8)	(2.4)
	(2.8)	(13.3)

Under 'Interest and similar income' and 'Interest and similar expenses', amounts of €0.2 million (2021: €0.1 million) of income and €4.7 million (2021: €7.1 million) of expenses, respectively, are included relating to relationships with group companies. The dividends received are from investments in Hawkeye Innovations Ltd and Pulse Innovations Limited.

26 Tax on result

The tax on the result, amounting to -€6.5 million, can be specified as follows:

	2022 €m	2021 €m
Result before tax	15.1	(55.6)
Deferred corporation tax	32.3	(4.6)
Corporate income tax current financial year	(38.8)	2.1
Tax on result	(6.5)	(2.5)
Effective tax rate	-43%	4%
Applicable tax rate	19%	19%

The effective tax rate deviates from the applicable tax rate as a result of:

	2022	2021
Expenses not deductible for tax purposes	3.0	4.7
Income not allowable for tax purposes	(1.1)	(1.7)
Adjustments in respect of previous years	(22.8)	3.2
Impact of overseas taxes	24.5	3.0
Deferred tax not recognised in year	—	3.9

27 Average number of employees

The average number of persons employed during the year was 2,919 (2021:3,019), of which 2,826 were employed outside the Netherlands (2021:2,928).

Average headcount by functional role:	**2022 No.**	**2021 No.**
Consumer Sales	643	700
Consumer Marketing	386	406
Professional Services	319	346
Business Support	733	770
Production	575	580
Other	263	217
	2,919	3,019

28 Subsequent Events

During June 2022, the company completed a buy-out of its defined benefit pension plans in UK and Netherlands. The UK buy-out was completed on 24th June and as a result the company has no further obligation and has removed €714.0 million of pension assets and defined benefit obligation from the balance sheet. The Netherlands buy-out was completed on 30th June and as a result the company has no further obligation and has removed €170.0 million of pension assets and €145.0 million of defined benefit obligation from the balance sheet. The company has incurred a P&L charge of €27.0 million in June 2022 on the Netherlands plan.

Weybridge, UK
Signed by the Board of Directors
19 July 2022

DocuSigned by:
Atsuki Matsuzawa
7583441EA1C8444...
A.Matsuzawa

DocuSigned by:
Hideyuki Furumi
429D218D7C2542D...
H. Furumi

DocuSigned by:
423CAF4BA3E54AA...
R. Londema

Sony Europe B.V.
Other Information
Year ended 31 March 2022

Branches

The Company has the following established branches:

Austria: Sony Europe B.V., Zweigniederlassung Austria

Belgium: Sony Belgium, bijkantoor van Sony Europe B.V.

Bulgaria: Sony Europe B.V., Branch Bulgaria

Croatia: Sony Europe B.V., Podruznica Zagreb Za Usluge

Czech Republic: Sony Europe B.V., odštěpný závod

Denmark: Sony Nordic Denmark, Filial af Sony Europe B.V. NL

Finland: Sony Europe B.V., Suomen sivuliike

France: Sony France, succursale de Sony Europe B.V.

Germany: Sony Europe B.V., Zweigniederlassung Deutschland

Greece: Sony Europe B.V., d.t. Sony Hellas

Hungary: Sony Europe B.V. Magyarországi Fióktelepe

Ireland: Sony Europe B.V.,Ireland Office

Italy: Sony Europe B.V., Sede secondaria italiana

Latvia: Sony Europe B.V. filiāle Latvia

Netherlands: Sony Benelux, a branch of Sony Europe B.V.

Norway: Sony Nordic (Norway), a branch of Sony Europe B.V.

Poland: Sony Europe B.V. (Spolka z ograniczona odpowiedzialnoscia osszial w Polsce

Portugal: Sony Europe B.V. Sucursal em Portugal

Romania: Sony Europe B.V., Weybridge Sucursala Bucuresti

Slovakia: Sony Europe B.V., organizačná zložka Slovensko

Slovenia: Sony Europe B.V., podružnica

Spain: Sony Europe B.V. Sucursal en Espana

Sweden: Sony Nordic (Sweden), Filial till Sony Europe B.V. (NL)

Switzerland: Sony Europe B.V., Hoofddorp, Schlieren/Switzerland Branch

UK: Sony Europe B.V.

The financial results of the branches have been included into the Company's financial statements.

Sony Europe B.V.
Independent auditor's report
Year ended 31 March 2022

Sony Europe B.V.
Other Information
Year ended 31 March 2022

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