SAVILLE & Co

SCRIVENER NOTARIES

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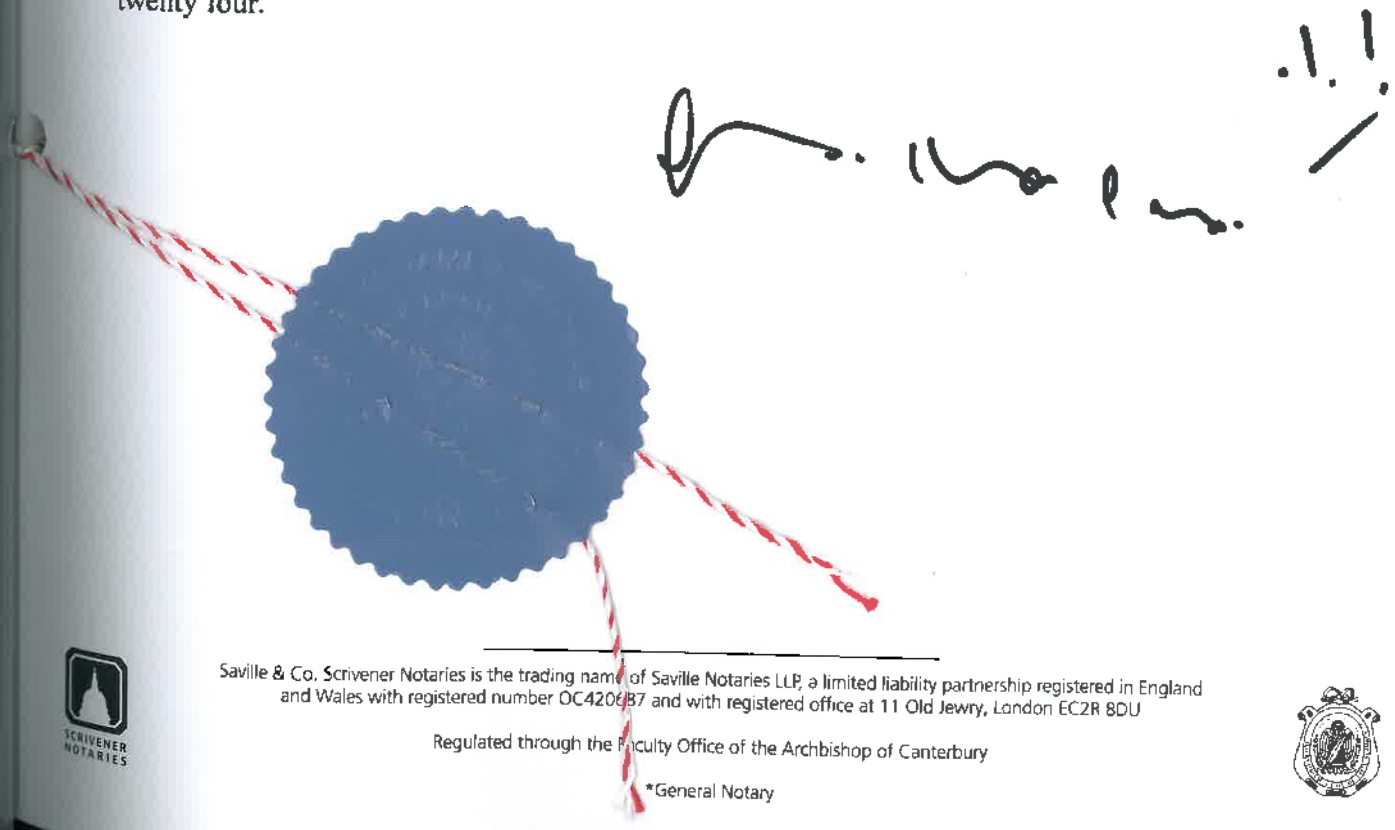
Sophie Milburn Nicholas Thompson Robert Kerss Andrew MacNab Christopher Higgins*

Eleonora Ceolin* Kyriaki Manika* Saffiyah Mengrani* Olga Kulikovskaya*

TO ALL TO WHOM THESE PRESENTS SHALL COME, I ANDREW JAMES MACNAB of the City of London NOTARY PUBLIC by royal authority duly admitted and sworn DO HEREBY CERTIFY the genuineness of the electronic signatures subscribed to the financial report hereunto annexed, such signatures having been affixed by MASASHI TAKIGUCHI and ATSUKI MATSUZAWA and BAREND HERMAN EZECHIELS, whose identity and capacity I in each case attest, the directors of SONY EUROPE B.V. (the "Company");

AND I DO FURTHER CERTIFY THAT the Company is duly organised and existing under the laws of the Netherlands, is registered with the Dutch Commercial Register (*Kamer van Koophandel*) under number 71682147 with its seat in Hoofddorp, Netherlands and registered address at The Heights, Brooklands, Weybridge, Surrey, KT13 0XW, England.

IN FAITH AND TESTIMONY WHEREOF I the said notary have subscribed my name and set and affixed my seal of office at London aforesaid this fifteenth day of August two thousand and twenty four.



Saville & Co. Scrivener Notaries is the trading name of Saville Notaries LLP, a limited liability partnership registered in England and Wales with registered number OC420687 and with registered office at 11 Old Jewry, London EC2R 8DU

Regulated through the Faculty Office of the Archbishop of Canterbury

*General Notary

Docusign Env

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(Convention de La Haye du 5 octobre 1961)

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3. Acting in the capacity of agissant en qualité de quien actúa en calidad de	Notary Public
4. Bears the seal / stamp of est revêtu du sceau / timbre de y está revestido del sello / timbre de	The Said Notary Public
Certified Attesté / Certificado	
5. at á / en: London	**6. the** le / el día: 19 August 2024
7. by par / por	His Majesty's Principal Secretary of State for Foreign, Commonwealth and Development Affairs
8. Number sous no / bajo el numero	APO-VSR9-4E5F-1T47-HFG2
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Sony Europe B.V.

Financial Report

For the year ended 31 March 2024

Company Registration No. 71682147

Docusign Envelope ID: 3B1652C7-F51A-4478-B538-00EFEE8CA9F1

Sony Europe B.V.

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Sony Europe B.V.
Directors' Report
Year ended 31 March 2024

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 2024.

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.

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 online presence, both through Sony's direct to consumer channel and through selected business partners.

Results

The company made a loss of -€11.1 million for the year (2023: profit of €10.9 million). Net turnover for the year was €3,089.2 million (2023: €3,324.4 million). At 31 March 2024 the company had total equity of -€857.8 million (2023: -€847.3 million). Details of the movement in equity during the year can be found in note 12.

Significant changes in the European economy and market have affected our financial results in the financial year 2024. High rates of inflation across European markets affected consumer purchasing behaviour, and the uncertainty in economic climate restricted our business customers from investing, which led to a downturn in our turnover from our B2B business. Following the COVID-19 pandemic, consumer spending continued to shift away from home entertainment, causing a slowdown in the market growth for home entertainment categories. This, coupled with increased competition across business categories, led to our net turnover declining by 7% compared to previous year. The profit margin has been secured, as a result of ongoing effort to improve efficiency of the operation, and by focusing on high value-added products. Gross profit percentage is constant at 20% (2023: 20%). At the same time, our operating expenses have reduced by 14%, largely due to reductions in pension costs and restructuring expenses, but increased interest rates resulted in an increase of 340% in net financial expense.

The company does not trade in Russia or Ukraine, so is not directly impacted by the ongoing conflict between those regions.

Future expectations

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.

The EU electronics market is extremely competitive and is expected to remain so for the foreseeable future. In the short-term, this is coupled with a significantly volatile market driven by high rate of inflation throughout Europe and downwards economic outlook. Both consumer behaviour and investment budgets of professional clients are expected to be impacted. For this reason, we have taken a prudent approach on future planning, and we expect to continue to face challenges to maintain profit levels in the 2025 financial year.

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Future expectations (continued)

In April 2024, SEU announced a plan to transform Sony Europe B.V. into a Sales & Marketing focused organisation with effect from 1st April 2025. The existing Sales & Marketing functions will remain in Sony Europe B.V., under the existing management structure. At the same time, a new UK registered Sony entity will become the parent company of Sony Europe B.V and its subsidiaries. This new company will also house our central and local Corporate and Business Support functions, the Sports Entertainment Business Unit, Sony Semiconductor Solutions Europe and our R&D centres.

Management and Employees

The company's management board is based in the UK and the overall sales and marketing strategy of all product categories are directed on a pan-European basis, reporting to M. Takiguchi, Statutory Director and President of SEU. The in-country consumer sales and marketing activity are managed by local country heads in all significant markets (UK & Ireland, France, Germany, Italy, Iberia, Benelux, Central Southeast Europe, Nordic, Poland and Austria & Switzerland), reporting to B. Ezechiels, Statutory Director, SVP-Pan-European Consumer Sales. All business support functions are managed by pan-European central teams and the majority of these report to A.Matsuzawa, Statutory Director SVP and CFO.

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 fill any open positions.

Regulatory risk

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

Business continuity

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

Market risks

Competition/Price risk

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

Currency risk

The company's functional currency is the Euro. Material exposures in foreign currencies are internally hedged with Sony Global Treasury Services plc (SGTS) 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).

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Principal risks and uncertainties (continued)

Interest rate risk (continued)

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

SEU has a fixed rate loan from SGTS, 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 SGTS. No financial derivatives for hedging of the interest rate risk are contracted with regard to the balances payable.

There is expected to be ongoing volatility in the markets due to the global uncertainty following the pandemic and the conflict in Ukraine. This could have a significant impact on our future results and some of our markets may experience recession, which could impact our future revenues.

Liquidity risk

The company has an approved credit limit from SGTS.,which is reviewed and renewed on an annual basis. The credit limit is based on the most recent liquidity forecast in order to meet the maximum funding requirements over the coming year. The liquidity forecast for the year from the date of accounts signing demonstrates a positive cashflow for the company over that period. In addition, 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 following 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 future revenues due to the effect on the global economic environment which may impact consumer behaviour. We continue to closely monitor the impacts and flex our plans accordingly.

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. 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.

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Sony Europe B.V.
Directors' Report
Year ended 31 March 2024

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:
M. Takiguchi
B. Ezechiels (appointed 1 April 2024)
A.Matsuzawa
R. Londema (resigned 1 April 2024)

Composition of the Board and Management team

The gender composition of the Management Board (MB) is as follows:

	2024 No.	2023 No.
Men	3	3
Women	—	—
	3	3

Members of the MB are appointed by our ultimate parent entity, Sony Group Corporation. The intention to achieve a minimum 30% representation of each gender is one of the consideration points when appointing new directors to the MB, and Sony Group Corporation actively promotes gender equality throughout the management structure.

The gender composition of the sub-management team is as follows:

	2024 No.	2023 No.
Men	447	432
Women	87	92
	534	524

In addition, 28% of employees with line management responsibility are women (2023: 28%).

To promote gender diversity and achieve a more gender balanced organisation, the company has set gender diversity aspirational targets for the overall workforce, women in G5 positions (Middle Management and Professional positions) and G6+ (Senior Middle Management and Senior professionals, and Leadership positions and Highly Specialised professionals). To achieve this each Business Unit has set aspirational targets and supporting actions to help achieve the overall Sony Europe targets. Actions and initiatives at Sony Europe and Business Unit level include:

- Partnered with a global consultancy firm to analyse our DE&I maturity, identified opportunities for improvement and benchmarked against competitors, leading to the creation of a Sony Europe DE&I Strategy.
- Regularly monitoring, analysing, and reporting of DE&I data to establish insights and take meaningful action.
- Inclusive Leadership training to be delivered to approx. 70 Senior Leaders in FY24.
- 45% of Leadership Development Programme delegates are women, ensuring pipeline of female talent for future leadership positions.
- Mentoring and coaching programmes to foster personal and professional growth.
- Educational and awareness campaigns that foster an inclusive workplace and equal opportunities including, celebrating International Women's Day, Sony's Global annual Diversity Month, and sponsoring a gender equity Employee Resource Group.
- Recruitment and hiring practices that aim to remove bias, promote equal opportunities, and attract diverse talent, including redesigned job adverts, utilising a generative AI language tool, targets to achieve diverse candidate pipelines and shortlists, targeted STEM and Women in Tech career fairs, and 100+ hiring managers received interview skill training which contained unconscious bias and diversity modules.

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Sony Europe B.V.
Directors' Report
Year ended 31 March 2024

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/

Weybridge, UK
Signed by the Board of Directors
17 July 2024

署名者:
Masashi Takiguchi
F852976CDA2A41E...

M. Takiguchi

DocuSigned by:
Atsuki Matsuzawa
8D732E848CEC439...

A.Matsuzawa

Signed by:
Ezechiels, Barend
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B. Ezechiels

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Sony Europe B.V.
Balance Sheet
As at 31 March 2024
(after appropriation of result)

	Note	31 Mar 2024 €m	31 Mar 2023 €m
Fixed assets			
Intangible fixed assets	6	17.0	17.0
Tangible fixed assets	7	68.0	67.9
Financial fixed assets	8	160.7	173.5
		245.7	258.4
Current assets			
Inventories	9	226.4	289.3
Receivables	10	841.1	828.8
Cash at bank and in hand	11	1.9	1.0
		1,069.4	1,119.1
Total Assets		1,315.1	1,377.5

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Sony Europe B.V.
Balance Sheet (continued)
As at 31 March 2024
(after appropriation of result)

Equity and liabilities	Note	31 Mar 2024 €m	31 Mar 2023 €m
Equity	12		
Share capital	13	0.0	0.0
Share premium account		2,314.9	2,314.9
Currency translation reserve	14	25.8	20.5
Other reserves	12	(3,198.5)	(3,182.7)
		(857.8)	(847.3)
Provisions	16	245.6	259.9
Non-current liabilities	17	4.3	4.4
Current liabilities	18	1,923.0	1,960.5
Total equity and liabilities		1,315.1	1,377.5

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Sony Europe B.V.
Income statement
For the year ended 31 March 2024

	Note	2024 Total €m	2023 Total €m
Net turnover	20	3,089.2	3,324.4
Cost of sales		(2,474.0)	(2,656.7)
Gross profit		615.2	667.7
Selling expenses		(378.1)	(370.9)
Administrative expenses		(197.0)	(298.6)
Other operating income		7.4	9.9
Operating profit/(loss)		47.5	8.1
Financial income	25	32.0	15.6
Financial expense	25	(57.5)	(21.4)
Result before tax		22.0	2.3
Tax on result	26	(33.1)	8.6
Result after tax		(11.1)	10.9

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Sony Europe B.V.
Notes to the financial statements
Year ended 31 March 2024

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 2024 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

As anticipated in our budget, 2024 proved to be a difficult trading year, due to the challenging economic environment, and our 2025 budget reflects similar challenges. However, in the medium term, we expect to return to a position of profitable growth.
SEU is in a net current liabilities position at March 2024 close, and as in previous years the company has provided a letter of support from Sony Group Corporation, for settlement of liabilities in the twelve months from the date of the financial statements. However, in June 2024, a capital contribution of €935 million has been made by the immediate parent undertaking Sony Overseas Holding B.V., putting the company in a net assets position. In addition, our liquidity forecast indicates a positive cash inflow to the company over the coming year.
The directors are therefore satisfied that it is appropriate to apply the going concern basis for preparation of these financial statements.

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

The registered 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/

Please refer to note 28 for details of subsequent events impacting the structure of the group.

1.7 Estimates and judgements

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.

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1.7.2 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.

1.7.3 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.

1.7.4 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.

1.7.5 Restructuring provision

The company makes an estimate of the expected cost of restructuring activities. The provision is calculated as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and is reviewed and updated by management on a quarterly basis.

1.7.6 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.

1.7.7 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.

1.8 Basis of consolidation

Pursuant to Section 408, Paragraph 1b Part 9 of Book 2 of the Dutch 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').

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2.1 General (continued)

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.

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.

2.3 Foreign currency (continued)

2.3.2 Transactions, receivables and liabilities (continued)

Translation differences on intra-group 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 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.

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.

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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.

3.2 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. For obligations to restore an asset after use (asset retirement obligation) a provision is recognised for the expected amount at the time of capitalisation. This amount is recognised as part of the carrying amount of the asset, against which a provision is recognised for the full amount.

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.

The company falls within the scope of the Minimum Tax Act 2024 (Pillar 2), which came into effect on 31 December 2023 in the Netherlands, France, Hungary, Ireland, Italy, Norway, Romania, Slovakia, Slovenia, Sweden, Switzerland, and the United Kingdom. Since the Pillar 2 legislation was not applicable at the reporting date, the company has no related current tax exposure. The company applies the required exception for recognising deferred tax assets and liabilities related to Pillar 2 income taxes.

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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.

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3.8 Provisions (continued)

3.8.1 General (continued)

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 operates several 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).

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.

The company falls within the scope of the Minimum Tax Act 2024 (Pillar 2), which came into effect on 31 December 2023 in the Netherlands, France, Hungary, Ireland, Italy, Norway, Romania, Slovakia, Slovenia, Sweden, Switzerland, and the United Kingdom. Since the Pillar 2 legislation was not applicable at the reporting date, the company has no related current tax exposure. The company applies the required exception for recognising deferred tax assets and liabilities related to Pillar 2 income taxes.

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.

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4.2 Revenue recognition (continued)

4.2.1 General (continued)

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 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.

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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 several 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.

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 and in accordance with the company's policy for similarly held assets which includes the use of appropriate valuation techniques.

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.

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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 SGTS 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 SGTS. No financial derivatives for hedging of the interest rate risk are contracted with regard to the receivables.

SEU has a fixed rate loan from SGTS. 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 SGTS. 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 SGTS. Of the cash balances at the balance sheet date, 81% (2023:85%) of the balance is held with our regional banking partner, rated 'A-1' by Standard & Poor's.

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5.3 Liquidity risk

The company has a credit facility with SGTS, which is reviewed and updated annually to ensure sufficient liquidity to meet all obligations and business requirements. Regular cashflow forecasts are reviewed by management, and the latest forecast shows a positive cash inflow to the company over the coming year. In addition, 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.

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6 Intangible fixed assets

	Software €m	Goodwill €m	Total €m
Balance as at 1 April 2023			
Historical costs	27.0	30.6	57.6
Cumulative impairment losses and amortisation	(16.1)	(24.5)	(40.6)
Book value	10.9	6.1	17.0
Movements			
Investments	7.3	—	7.3
Transfer to tangible fixed assets	—	—	—
Disposals	(0.8)	—	(0.8)
Amortisation	(3.8)	(3.1)	(6.9)
Amortisation on disposals	0.4	—	0.4
Currency exchange adjustment	—	—	—
	3.1	(3.1)	—
Balance as at 31 March 2024			
Historical costs	33.5	30.6	64.1
Cumulative impairment losses and amortisation	(19.5)	(27.6)	(47.1)
Book value	14.0	3.0	17.0
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 2024 €m	31 Mar 2023 €m
Software	13.8	10.9

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7 Tangible fixed assets

	Land €m	Buildings €m	Plant and equipment €m	Other fixed assets €m	Assets under construction and prepayments €m	Total €m
Balance as at 1 April 2023						
Historical costs	16.1	103.2	113.4	3.1	—	235.8
Cumulative impairment losses and depreciation	—	(76.8)	(89.2)	(1.9)	—	(167.9)
Book value	16.1	26.4	24.2	1.2	—	67.9
Movements						
Investments	—	0.2	10.7	0.2	—	11.1
Transfer of category	—	—	—	—	—	—
Disposals	—	(0.1)	(47.8)	(0.1)	—	(48.0)
Depreciation	—	(2.8)	(7.0)	(0.5)	—	(10.3)
Depreciation on disposals	—	—	47.6	—	—	47.6
Currency exchange adjustment	—	0.8	(1.1)	—	—	(0.3)
	—	(1.9)	2.4	(0.4)	—	0.1
Balance as at 31 March 2024						
Historical costs	16.1	104.2	76.5	3.2	—	200.0
Cumulative impairment losses and depreciation	—	(79.7)	(49.9)	(2.4)	—	(132.0)
Book value	16.1	24.5	26.6	0.8	—	68.0
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 2024 €m	31 Mar 2023 €m
Buildings	11.3	10.8
Plant and equipment	31.9	45.7
Other	1.2	0.9
	44.4	57.4

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8 Financial fixed assets

	Investments €m	Deferred tax assets €m	Total €m
Balance as at 1 April 2023	16.6	156.9	173.5
Movements			
Additions	—	—	—
Reductions	(0.1)	(12.7)	(12.8)
Balance as at 31 March 2024	16.5	144.2	160.7

SEU has interests in the following investments:

Name	Registered office	Share of issued capital	Value of participation €m
Hawk-Eye Innovations Limited	Weybridge, United Kingdom	100%	16.4
Pulse Innovations Limited	Weybridge, United Kingdom	100%	-
E-Saturnus SA/NV	Leuven, Belgium	100%	-
Screlec SA	Issy-les-Moulineaux, France	17%	0.1
Ecopilhas Lda	Lisbon, Portugal	17%	-
InfoTip Service GmbH	Bochum, Germany	8%	-
gfu consumer & home electronics GmbH	Frankfurt/Main, Germany	7%	-
Warm ApS 1,85%	Copenhagen, Denmark	2%	-
ERP Italia SCARL	Cernusco sul Naviglio (MI), Italy	1%	-
KitAR Limited	London, United Kingdom	1%	-
IDUN Technologies AG	Opfikon, Switzerland	1%	-
Atlant 3D Limited	London, United Kingdom	1%	-
Augmented Robotics UG	Berlin, Germany	1%	-
Katoid Technology SL	Barcelona, Spain	1%	-
Ecopar SA	Paris, France	0%	-

During the year, the company made the following changes in investments:

Sony Supply-Chain Solutions (Europe) B.V was merged with the Sony Europe BV and the net assets, valued at less than €0.1 million, were merged into SEU.

Sony (U.K.) Pension Trust Limited, a dormant company with zero net assets, was closed.

IGR GmBH was dissolved, and shares in SkillAugment LdA were exchanged for shares in KitAR Limited.

Management has reviewed the latest financial statements for the investments and confirmed that there are no impairment indicators.

Deferred tax assets include an amount of €12.0 million (2023: €12.6 million) relating to short term timing differences, which is expected to reverse within one year of the balance sheet date

9 Inventories

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	31 Mar 2024 €m	31 Mar 2023 €m
Raw materials and consumables	24.7	35.0
Work in progress	0.8	1.1
Finished goods and goods for resale	200.9	253.2
	226.4	289.3

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 €253.0 million (2023: €324.4 million) at the balance sheet date.

10 Receivables

	31 Mar 2024		31 Mar 2023	
	Total €m	Remaining term > 1 year €m	Total €m	Remaining term > 1 year €m
Trade debtors	383.5	—	365.3	—
Receivables from group companies	399.4	—	420.3	—
Taxes and social security contributions	42.7	—	27.4	—
Other receivables and accrued income	15.5	0.1	15.8	0.4
	841.1	0.1	828.8	0.4

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 2024 €m	31 Mar 2023 €m
Trade debtors	391.0	373.0
Less: provision for bad debt	(7.5)	(7.7)
	383.5	365.3

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 €261.1 million (2023: €192.5 million) of unsecured short-term intercompany cash positions, on which interest is calculated based on daily floating rates by SGTS. The interest rate applied is the Interbank Offered Rate (Overnight or Shortest Term Available) +SGTS credit spread+0.25bp. The remaining balance is unsecured, interest fee and predominantly on 60 days terms.

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10. Receivables (continued)

10.3 Taxes and social security contributions

	31 Mar 2024 €m	31 Mar 2023 €m
Turnover tax	18.6	19.9
Corporate income tax	24.1	7.5
	42.7	27.4

10.4 Other receivables and accrued income

	31 Mar 2024 €m	31 Mar 2023 €m
Accrued income	0.4	2.2
Prepaid expenses	8.2	7.6
Security deposits	0.8	1.0
Other receivables	6.1	5.0
	15.5	15.8

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 31 March 2022 and 1 April 2022	0.0	2,314.9	19.1	(3,213.8)
Movements				
Result for the financial year	—	—	—	10.9
Other movements	—	—	1.4	20.2
Balance as at 31 March 2023 and 1 April 2023	0.0	2,314.9	20.5	(3,182.7)
Movements				
Result for the financial year	—	—	--	(11.1)
Other movements	--	—	5.3	(4.7)
Balance as at 31 March 2024	0.0	2,314.9	25.8	(3,198.5)

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12. Equity (continued)

The 'other movements' in Other reserves include a credit of €5.8 million for remeasurement of the defined benefit pension liability, offset by a charge of -€1.1 million of deferred tax movement on the defined benefit pension liability .

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 2024 financial year in the amount of -€11.1 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 2024

16 Provisions

	Pension provision	Restructuring provision	Warranty provision	Other	Total
	€m	€m	€m	€m	€m
Balance as at 1 April 2023	159.6	43.6	55.4	1.3	259.9
Additions	5.1	18.4	94.9	5.5	123.9
Release	—	(1.9)	(7.0)	(0.9)	(9.8)
Utilisation	—	(27.3)	(96.7)	(4.4)	(128.4)
Balance as at 31 March 2024	164.7	32.8	46.6	1.5	245.6

Included in the above provisions are the following amounts which can be classified as non-current (longer than one year): pension €164.7 million (2023: €159.6 million), warranty €9.7 million (2023: €15.6 million). None of the restructuring or other provisions are classified as non-current (longer than one year).

16.1 Pension provision

The company operates 4 defined benefit pension schemes in branches throughout Europe: the Sony Belgium (0159) Retirement Plan, the Sony Belgium (5933) Retirement 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 2024 the value included within pension liabilities relating to the indemnification of the SDL pension commitments is €105.4 million (2023: €105.8 million).

The Sony Belgium 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 Germany Pension scheme is unfunded and 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 €8.9 million (2023: €1.2 million) to the defined benefit schemes. The contributions by the company during the year ending 31 March 2025 are expected to be €9.1 million.

A full actuarial valuation has been prepared for each scheme at 31 March 2024 by the company's independent actuary. Provisions are recognised for underfunded commitments to employees at the balance sheet date.

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16. Provisions (continued)

16.1 Pension provision (continued)

Net defined benefit liability (asset) recognized in the balance sheet	31 Mar 2024	31 Mar 2023
	€m	€m
Present value of defined benefit obligation	194.3	188.4
Fair value of plan assets	29.6	28.8
Net (deficit)	(164.7)	(159.6)
(Liability) recognised in the balance sheet		
Net defined benefit asset	—	—
Net defined benefit liability	164.7	159.6
	(164.7)	(159.6)

Change in Defined Benefit Obligation	2024	2023
	€m	€m
Defined benefit obligation at the beginning of the period	188.4	1,137.3
Employer's current service cost	2.8	3.8
Interest cost on defined benefit obligation	6.0	8.9
Liabilities extinguished on settlements	—	(692.6)
Actuarial loss/(gain) due to change in financial assumptions	3.7	(233.9)
Actuarial loss/(gain) due to experience	2.1	(5.4)
Past service (credit)/cost	(0.1)	(2.7)
Plan participant contributions	1.1	0.6
Benefits paid from the scheme	(3.3)	(11.4)
Benefits paid direct by employer	(6.6)	(6.3)
Currency loss/(gain)	0.2	(9.9)
Defined benefit obligation at the end of the period	194.3	188.4

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

	2024	2023
Discount rate	3.24 %	3.24 %
Life expectancy at 65 of member currently aged 65 (years)		
Male	20.6	19.0
Female	23.9	22.0
Life expectancy at 65 of member currently aged 40 (years)		
Male	23.2	21.8
Female	26.1	24.4

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16. Provisions (continued)

16.1 Pension provision (continued)

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

	2024	2023
	€m	€m
Increase of 0.25% in discount rate	(6.6)	(6.2)
Decrease of 0.25% in discount rate	6.9	6.5
Increase of 0.25% in inflation (and related items)	5.2	4.5
Decrease of 0.25% in inflation (and related items)	(5.1)	(4.4)
Increase of 0.5% in discount rate	(12.9)	(12.2)
Decrease of 0.5% in discount rate	14.0	13.2
Increase of 0.5% in inflation (and related items)	10.6	9.1
Decrease of 0.5% in inflation (and related items)	(10.0)	(8.7)

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.

Change in Plan Assets

	2024	2023
	€m	€m
Fair value of plan assets at the beginning of the period	28.8	969.5
Interest income on plan assets	0.7	6.0
Return on plan assets excluding interest income	(0.2)	(206.6)
Assets distributed on settlements	—	(717.4)
Employer contributions	8.9	(1.2)
Plan participant contributions	1.1	0.6
Benefits paid from the scheme	(3.3)	(11.4)
Benefits paid direct by employer	(6.6)	—
Administration expenses paid from the scheme	—	(0.5)
Currency gain/(loss)	0.2	(10.2)
Fair value of plan assets at the end of the period	29.6	28.8

Fair value of Plan Assets

	31 Mar 2023	Market Price in Active Market	
	€m	€m Quoted	€m Unquoted
Cash and cash equivalents (including net current liabilities)	1.2	—	1.2
Equity instruments	9.4	—	9.4
Debt instruments	1.9	—	1.9
Real estate	5.8	—	5.8
Derivatives	—	—	—
Investment funds	—	—	—
Assets held by insurance companies	9.0	—	9.0
Other	1.5	—	1.5
Total	28.8	—	28.8

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16. Provisions (continued)

16.1 Pension provision (continued)

Fair value of Plan Assets	31 Mar 2024	Market Price in Active Market	
	€m	€m Quoted	€m Unquoted
Cash and cash equivalents (including net current liabilities)	1.6	—	1.6
Equity instruments	10.5	—	10.5
Debt instruments	1.8	—	1.8
Real estate	5.2	—	5.2
Derivatives	—	—	—
Investment funds	—	—	—
Assets held by insurance companies	8.9	—	8.9
Other	1.6	—	1.6
Total	29.6	—	29.6

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.

16.2 Other provisions

The other provisions held at 31 March 2024 relate to the estimated liability of the company relating to disposal of products under the Waste Electrical & Electronic Equipment (WEEE) directive and liabilities considered probable under pending litigation activity.

17 Non-current liabilities

	Severance accruals	Asset retirement obligations	Other	Total
	€m	€m	€m	€m
Balance as at 1 April 2023	2.8	1.1	0.5	4.4
Additions	0.5	—	0.3	0.8
Release	—	(0.1)	—	(0.1)
Payments	(0.8)	—	—	(0.8)
Balance as at 31 March 2024	2.5	1.0	0.8	4.3

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18 Current liabilities

	31 Mar 2024	31 Mar 2023
	€m	€m
Debts to suppliers and trade creditors	21.7	35.5
Amounts payable to group companies	1,514.9	1,511.5
Tax and social insurance	23.1	19.6
Other liabilities, accruals and deferred income	363.3	393.9
	1,923.0	1,960.5

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 €904.5 million (2023: €722.5 million), running from 3 July 2023 to 28 June 2024 with an interest rate of 4.11%, which forms part of an overall €1,350 million credit facility provided to the company by SGTS. The remaining balance is unsecured, interest free, and predominantly on 60-day payment terms.

18.2 Tax and social insurance

	31 Mar 2024	31 Mar 2023
	€m	€m
Turnover tax	19.2	12.6
Wage tax and social security charges	3.7	3.5
Corporation Tax	—	2.9
Other taxes	0.2	0.6
	23.1	19.6

18.3 Other liabilities, accruals and deferred income

	31 Mar 2024	31 Mar 2023
	€m	€m
Other liabilities	67.2	78.1
Accrued expenses	271.4	297.9
Deferred income	24.7	17.9
	363.3	393.9

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

The company may be the subject of litigation cases and claims that according to legal advice are considered improbable to result in a loss, and as a result no liability would be recorded for these items. At year end, the maximum potential unrecorded loss is estimated to be €0.5 million (2023: €0.0 million).

The company has numerous short term lease contracts for the rental of office buildings and company cars, which are classified as operating lease agreements. The total obligations under operating leases at the end of the reporting period are as follows:

	31 Mar 2024 Land	31 Mar 2024 Buildings	31 Mar 2024 Cars	31 Mar 2024 Total
	€m	€m	€m	€m
Within 1 year	0.5	12.2	5.3	18.0
Between 1 - 5 years	2.2	14.8	5.8	22.8
After 5 years	46.3	0.9	—	47.2
	49.0	27.9	11.1	88.0

	31 Mar 2023 Land	31 Mar 2023 Buildings	31 Mar 2023 Cars	31 Mar 2023 Total
	€m	€m	€m	€m
Within 1 year	0.5	11.8	5.7	18.0
Between 1 - 5 years	2.2	23.0	5.7	30.9
After 5 years	47.0	1.0	—	48.0
	49.7	35.8	11.4	96.9

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

	2024	2023
	€m	€m
Minimum lease payments	18.3	19.3
Sub-lease revenue	(1.4)	(5.7)
	16.9	13.6

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20 Net Turnover

Analysis by country:

	2024 €m	2023 €m
The Netherlands	149.0	153.0
Rest of World	2,940.2	3,171.4
	3,089.2	3,324.4

Analysis by category:

	2024 €m	2023 €m
Consumer category	2,199.4	2,503.6
Professional category	424.8	519.8
Other	465.0	301.0
	3,089.2	3,324.4

Analysis by class of revenue:

	2024 €m	2023 €m
Sale of goods	3,070.0	3,308.8
Provision of services	6.6	8.2
Long term contracts	17.1	14.6
Payment discounts	(4.5)	(7.2)
	3,089.2	3,324.4

21 Wages and salaries

	2024 €m	2023 €m
Wages and salaries	287.8	317.5
Social security charges	66.4	67.0
Pension contributions	14.6	36.7
	368.8	421.2

The breakdown of pension contributions is:

Cost of defined benefit plans	2.8	25.8
Cost of defined contribution plans	11.8	10.9
	14.6	36.7

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

	2024 €m	2023 €m
Amortisation of intangible assets	6.9	7.2
Depreciation of tangible fixed assets	10.3	10.9
	17.2	18.1

23 Audit fees

	2024 €m	2023 €m
Audit of the financial statements	1.6	1.5

The fees above relate to all financial statement audit procedures for the Company and its consolidated group entities and are managed and settled centrally via PricewaterhouseCoopers LLP. There are no fees incurred with PricewaterhouseCoopers for any non-audit related services.

The fees relating to the audit of the financial statements consist of €0.9 million for the current year, and a balance of €0.7 million for the 2023 financial year.

24 Directors' remuneration

	2024 €m	2023 €m
Current directors	5.6	2.2

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 participating in a defined contribution scheme. The contributions paid by the company during the year to 31 March 2024 are less than €0.1 million. No director is currently participating in a defined benefit scheme. No director has exercised share options or received any shares in the company under a long-term incentive scheme.

25 Financial income and expense

	2024 €m	2023 €m
Interest and similar income	11.9	4.9
Dividends received	20.1	10.7
Interest and similar expenses	(52.6)	(18.4)
Exchange differences	(4.9)	(3.0)
	(25.5)	(5.8)

Under 'Interest and similar income' and 'Interest and similar expenses', amounts of €11.8 million (2023: €4.8 million) of income and -€46.9 million (2023: -€15.7 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.

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26 Tax on result

The tax on the result, amounting to -€33.1 million, can be specified as follows:

	2024 €m	2023 €m
Result before tax	22.0	2.3
Deferred corporation tax	(13.8)	21.7
Corporate income tax current financial year	(19.3)	(13.1)
Tax on result	(33.1)	8.6
Effective tax rate	150%	-374%
Applicable tax rate	25%	19%

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

Expenses not deductible for tax purposes	(14.4)	(2.2)
Income not taxable for tax purposes	7.1	6.1
Transfer pricing adjustments	(11.8)	(2.9)
Effects of overseas taxes	(19.5)	(1.9)
Adjustments in respect of previous years	12.3	4.8
Tax rate changes	(1.3)	5.1

The company falls within the scope of the Minimum Tax Act 2024 (Pillar 2), which became effective on December 31, 2023, in the Netherlands, France, Hungary, Ireland, Italy, Norway, Romania, Slovakia, Slovenia, Sweden, Switzerland, and the United Kingdom. The company is currently assessing its exposure to the Pillar Two legislation. For the financial year ended March 31, 2024, Sony Europe BV has an effective tax rate for accounting purposes of 150%. We acknowledge that this rate may differ from the Pillar ETR under the Globe rules. However, since the average effective tax rate for accounting purposes is significantly above 15%, we expect that the company will not be exposed to paying Pillar Two income taxes in the Netherlands.

This position will be subject to review once the Pillar review has been conducted for the entire Sony group. Any top up tax attributable to this period will be disclosed in the subsequent years' financial statements as a prior year adjustment.

27 Average number of employees

The average number of persons employed during the year was 2,821 (2023:2,952), of which 2,731 were employed outside the Netherlands (2023:2,847).

Average headcount by functional role:	2024 No.	2023 No.
Consumer	1,046	1,107
B2B	310	297
Engineering, Manufacturing & Other	1,081	1,020
Business Support	972	1,040
Recharges	(588)	(512)
	2,821	2,952

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28 Subsequent Events

In April 2024, SEU announced a plan to transform Sony Europe B.V. into a Sales & Marketing focused organisation with effect from 1 April 2025. The existing Sales & Marketing functions will remain in Sony Europe B.V., under the existing management structure. At the same time, a new UK registered Sony entity, Sony Europe Limited, will become the immediate parent company of Sony Europe B.V and its subsidiaries. This new company will also house our central and local Corporate and Business Support functions, the Sports Entertainment Business Unit, Sony Semiconductor Solutions Europe and our R&D centres. Related to this reorganisation, SEU received a capital contribution of €935 million from Sony Overseas Holding B.V. on 27 June 2024 in exchange for 1 new share issued. The credit facility provided to the company by SGTS, which is reviewed annually, has been renewed for a reduced amount of €400 million from July 2024, following the capital contribution, and the fixed rate loan from SGTS (see note 18.1) has been repaid on 28 June 2024.

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Sony Europe B.V.
Notes to the financial statements
Year ended 31 March 2024

Weybridge, UK
Signed by the Board of Directors
17 July 2024

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M. Takiguchi

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B. Ezechiels

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Sony Europe B.V.
Other Information
Year ended 31 March 2024

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.

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Sony Europe B.V.
Other Information
Year ended 31 March 2024

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

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Sony Europe B.V.
Independent auditor's report
Year ended 31 March 2024

Independent auditor's report

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

Report on the audit of the financial statements 2023/2024

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 2024, 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 2023/2024 of Sony Europe B.V., Hoofddorp.

The financial statements comprise:

- the balance sheet as at 31 March 2024;
- 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.

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Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Sony Europe B.V. and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as the internal audit department and human resources whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Identified fraud risks	*Our audit work and observations*
Risk of fraud through management override of controls *As in all of our audits, we address the risk of management override of controls. This includes evaluating whether there is evidence of bias by management that may represent a risk of material misstatement due to fraud. In this context, we paid particular attention to the significant estimates and judgements made by management.*	Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls in the processes of generating and processing journal entries and forming estimates. This includes assessing access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.

Identified fraud risks	Our audit work and observations
The key opportunity for management manipulation is within the manual elements of the control environment, such as journal entries. *Management may perceive pressure to manipulate accounting estimates that require significant judgement in order to improve results. Additionally, inappropriate accounting policies and treatments may be adopted to achieve the desired outcomes.*	In testing journal entries, we have made a selection of journal entries on the basis of the risk criteria and performed audit procedures on them, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence. We evaluated key estimates and judgements for bias by management, including retrospective reviews of prior year's estimates. As a result of the procedures above, we did not identify any specific indications of fraud or suspicion of fraud in respect of management override of controls.
Risk of fraud in revenue recognition *We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. As the revenue transactions are high volume and low value with little judgement involved, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate manual journals.*	Where relevant to our audit, we have evaluated the design of the relevant IT systems and the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures. Through data analysis, we tested unexpected journal entries that did not follow expected business processes. Our audit procedures included inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence testing the occurrence of the related revenue. We did not identify any specific indications of fraud or suspicion of fraud in respect of revenue recognition.

Audit approach going concern

As disclosed in section 'Going concern' on page 10 of the financial statements, the board of directors identified the following events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risk): net current liability position and identified the following plan to mitigate this: the board of directors obtained a letter of support from the ultimate parent company.

Our procedures regarding the evaluation of the appropriateness of the board of directors' use of the going-concern basis of accounting, including the board of directors' plans to address the identified going-concern risk, included, amongst others:

- considering whether the board of directors' going-concern risk assessment includes all relevant information of which we are aware as a result of our audit, such as cash flow forecast, letter of support and results of inquiries from the board of directors' future plans;
- inquiring with the management regarding the board of directors' most important assumptions underlying their going-concern assessment and liquidity forecast and evaluate the adequacy thereof based on underlying contracts, purchase orders, finance agreements;

- evaluating the board of directors' current budget including cash flows for at least twelve months from the date of preparation of the financial statements taking into account current developments and all relevant information of which we are aware as a result of our audit;
- assessing whether the parent company's financial support is enforceable by examining the underlying letter of support, including determining whether the letter of support has been approved at the appropriate level within the parent company;
- considering whether the parent company has the ability to fulfil its commitments from the letter of support when/if called upon to do so based on the audited financial statements of the parent company and through discussions with the parent company's auditor;
- assessing whether in section 'Going concern' on page 10 of the financial statements, the board of directors has adequately disclosed the going-concern risk(s) and the board of directors' plans to deal with these.

Based on our procedures performed, we concluded that the board of directors' use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. We found the disclosure in section 'Going Concern' on page 10 of the financial statements to be adequate.

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

We have read the other information. Based on our knowledge and 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.

In preparing 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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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, 17 July 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.J. Brouwer RA

pwc

Appendix to our auditor's report on the financial statements 2023/2024 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.