

SONY

# Q1 FY2019 Consolidated Financial Results

(Three months ended June 30, 2019)

July 30, 2019

Sony Corporation

## Q1 FY2019 Consolidated Results

(Bln Yen, Mln US Dollars)

	Q1 FY18	Q1 FY19	Change	Q1 FY19 USD Amount*
Sales & operating revenue	1,953.6	<b>1,925.7</b>	-27.9 bln yen (-1%)	\$17,522
Operating income	195.0	<b>230.9</b>	+35.9 bln yen (+18%)	2,101
Income before income taxes	312.1	<b>231.0</b>	-81.1 bln yen (-26%)	2,102
Net income attributable to Sony Corporation's stockholders	226.4	<b>152.1</b>	-74.3 bln yen (-33%)	1,384
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	174.80 yen	<b>119.22 yen</b>	-55.58 yen	1.08 USD
Average rate				
1 US dollar	109.1 yen	<b>109.9 yen</b>		
1 Euro	130.1 yen	<b>123.5 yen</b>		

\* US dollar amounts have been translated from yen, for convenience only, using the average rate listed on this slide.

## Q1 FY2019 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Increase / (-) Decrease
Sales & operating revenue	<b>-27.9 bln yen</b> -1%	<ul style="list-style-type: none"> <li>· (-) Significant decrease in EP&amp;S segment sales</li> <li>· (+) Significant increase in I&amp;SS and Music segment sales</li> </ul> <p>On a constant currency basis*, sales decreased approximately 1%</p>
Operating income	<b>+35.9 bln yen</b> +18%	<ul style="list-style-type: none"> <li>· (+) Significant increase in I&amp;SS segment operating income</li> </ul>
Income tax expense	<b>-10.2 bln yen</b>  (Effective tax rate 24% → 28%)	—

\* For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Note on page 19.

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## Adjusted Operating Income (Q1)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q1 FY18	195.0 bln yen	<b>195.0 bln yen</b>	—
Q1 FY19	230.9 bln yen	<b>223.0 bln yen</b>	<ul style="list-style-type: none"> <li>■ Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)</li> </ul>
Change from FY18	+35.9 bln yen	<b>+28.0 bln yen</b> (+14%)	

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted operating income is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Income Before Income Taxes (Q1)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
Q1 FY18	312.1 bln yen	<b>199.3 bln yen</b>	<ul style="list-style-type: none"> <li>Unrealized and realized gains on shares of Spotify (+112.8 bln yen, net)</li> </ul>
Q1 FY19	231.0 bln yen	<b>223.1 bln yen</b>	<ul style="list-style-type: none"> <li>Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)</li> </ul>
Change from FY18	-81.1 bln yen	<b>+23.8 bln yen</b> (+12%)	

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted Income Before Income Taxes is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q1)

	Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders excludes the following items*
Q1 FY18	226.4 bln yen	<b>140.8 bln yen</b>	<ul style="list-style-type: none"> <li>Unrealized and realized gains on shares of Spotify (+112.8 bln yen, net)</li> <li>Tax adjustment with regard to the above (-27.2 bln yen)</li> </ul>
Q1 FY19	152.1 bln yen	<b>146.4 bln yen</b>	<ul style="list-style-type: none"> <li>Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)</li> <li>Tax adjustment with regard to the above (-2.2 bln yen)</li> </ul>
Change from FY18	-74.3 bln yen	<b>+5.6 bln yen</b> (+4%)	

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted Net Income Attributable to Sony Corporation's Stockholders is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q1)

**FY18**

(Bln Yen)

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
<b>Financial results</b>	<b>312.1</b>	<b>75.2</b>	<b>24.1%</b>	<b>226.4</b>
Adjusted items impacting effective tax rate	-	-	-	-
<b>Subtotal</b>	<b>312.1</b>	<b>75.2</b>	<b>24.1%</b>	<b>226.4</b>
Other adjusted items *	-112.8	-27.2	24.1%	-85.6
<b>Adjusted results</b>	<b>199.3</b>	<b>48.0</b>	<b>24.1%</b>	<b>140.8</b>

**FY19**

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
<b>Financial results</b>	<b>231.0</b>	<b>65.0</b>	<b>28.1%</b>	<b>152.1</b>
Adjusted items impacting effective tax rate	-	-	-	-
<b>Subtotal</b>	<b>231.0</b>	<b>65.0</b>	<b>28.1%</b>	<b>152.1</b>
Other adjusted items *	-7.9	-2.2	28.1%	-5.7
<b>Adjusted results</b>	<b>223.1</b>	<b>62.8</b>	<b>28.1%</b>	<b>146.4</b>

\* See page 5 for the detail of adjusted items.

Adjusted results are not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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## Q1 FY2019 Results by Segment [Reclassified]

(Bln Yen)

		Q1 FY18	Q1 FY19	Change	FX Impact
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	472.1	<b>457.5</b>	-14.6	-6.9
	Operating income	83.5	<b>73.8</b>	-9.6	-4.2
<b>Music</b>	Sales	181.5	<b>202.3</b>	+20.8	+0.8
	Operating income	32.1	<b>38.3</b>	+6.2	
<b>Pictures</b>	Sales	175.1	<b>186.1</b>	+11.0	+1.1
	Operating income	-7.6	<b>0.4</b>	+8.0	
<b>Electronics Products &amp; Solutions (EP&amp;S)</b>	Sales	568.2	<b>483.9</b>	-84.2	-9.4
	Operating income	32.7	<b>25.1</b>	-7.6	-6.9
<b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>	Sales	202.2	<b>230.7</b>	+28.4	+1.2
	Operating income	29.1	<b>49.5</b>	+20.4	+0.9
<b>Financial Services</b>	Revenue	335.2	<b>336.9</b>	+1.7	
	Operating income	40.6	<b>46.1</b>	+5.5	
<b>All Other</b>	Sales	82.9	<b>69.6</b>	-13.3	
	Operating income	0.3	<b>-2.6</b>	-2.9	
<b>Corporate and elimination</b>	Sales	-63.6	<b>-41.2</b>	+22.4	
	Operating income	-15.7	<b>0.4</b>	+16.0	
<b>Consolidated total</b>	Sales	1,953.6	<b>1,925.7</b>	-27.9	
	Operating income	195.0	<b>230.9</b>	+35.9	

In connection with Sony's realignment of its business segments from Q1 FY2019, the former Home Entertainment & Sound, Imaging Products & Solutions and Mobile Communications segments have been realigned as the Electronics Products & Solutions ("EP&S") segment. Certain figures in past fiscal years have been reclassified to conform to the presentation of FY2019. For details, please refer to F-10 of "Q1 FY2019 Financial Statements" (applies to all following pages).

The former Semiconductors segment has been renamed the Imaging & Sensing Solutions ("I&SS") segment effective from Q1 FY2019 (applies to all following pages).

Sales and Revenue in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).

Both Sales and Revenue include operating revenue and intersegment sales (applies to all following pages).

For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Notes on page 19 (applies to all following pages).

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## FY2019 Consolidated Results Forecast

(Bln Yen)

	FY18	FY19 April FCT	FY19 July FCT	Change from April FCT
Sales & operating revenue	8,665.7	8,800	<b>8,600</b>	-200 bln yen (-2%)
Operating income	894.2	810	<b>810</b>	-
Income before income taxes	1,011.6	770	<b>770</b>	-
Net income attributable to Sony Corporation's stockholders	916.3	500	<b>500</b>	-
Operating Cash Flow (Sony without Financial Services)	753.4	760	<b>760</b>	-
Average rate	Actual	Assumption	Assumption (Q2-Q4 FY19)	<b>Dividend per Share (Planned)</b>
1 US dollar	110.9 yen	Approx. 110 yen	Approx. 108 yen	<b>Interim</b> 20 yen
1 Euro	128.5 yen	Approx. 125 yen	Approx. 123 yen	<b>Year-end</b> Undecided

Consolidated Operating Cash Flow (Sony without Financial Services) is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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## FY2019 Results Forecast by Segment [Reclassified]

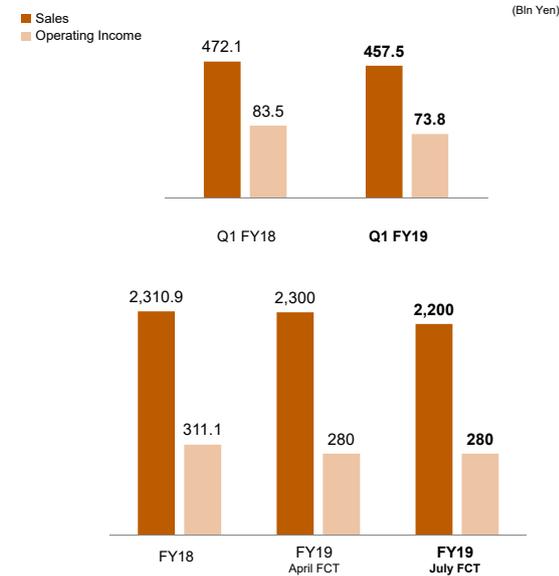
(Bln Yen)

		FY18	FY19 April FCT	FY19 July FCT	Change from April FCT
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	2,310.9	2,300	<b>2,200</b>	-100
	Operating income	311.1	280	<b>280</b>	-
<b>Music</b>	Sales	807.5	830	<b>830</b>	-
	Operating income	232.5	135	<b>135</b>	-
<b>Pictures</b>	Sales	986.9	1,080	<b>1,080</b>	-
	Operating income	54.6	65	<b>65</b>	-
<b>Electronics Products &amp; Solutions (EP&amp;S)</b>	Sales	2,320.6	2,240	<b>2,160</b>	-80
	Operating income	76.5	121	<b>121</b>	-
<b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>	Sales	879.3	990	<b>990</b>	-
	Operating income	143.9	145	<b>145</b>	-
<b>Financial Services</b>	Revenue	1,282.5	1,330	<b>1,330</b>	-
	Operating income	161.5	170	<b>170</b>	-
<b>All Other, Corporate and elimination</b>	Operating income	-85.8	-106	<b>-106</b>	-
<b>Consolidated total</b>	Sales	8,665.7	8,800	<b>8,600</b>	-200
	Operating income	894.2	810	<b>810</b>	-

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## Game & Network Services Segment

### Sales and Operating Income



#### Q1 FY2019 (year-on-year)

- Sales: 14.6 bln yen (3%) decrease (FX Impact: -6.9 bln yen)
  - (-) Decrease in contribution from first-party software titles
  - (-) Impact of foreign exchange rates
  - (-) Decrease in sales of non-first-party software titles
  - (+ Increase in PlayStation®4 (PS4™) hardware sales
  - (+ Increase in network services sales including sales for PlayStation®Plus (PS Plus)
- OI: 9.6 bln yen decrease (FX Impact: -4.2 bln yen)
  - (-) Decrease in contribution from highly-profitable first-party software titles
  - (-) Decrease in sales of non-first-party software titles
  - (-) Negative impact of foreign exchange rates
  - (+ Increase in PS4 hardware sales and improvement in profitability
  - (+ Increase in network services sales including sales for PS Plus

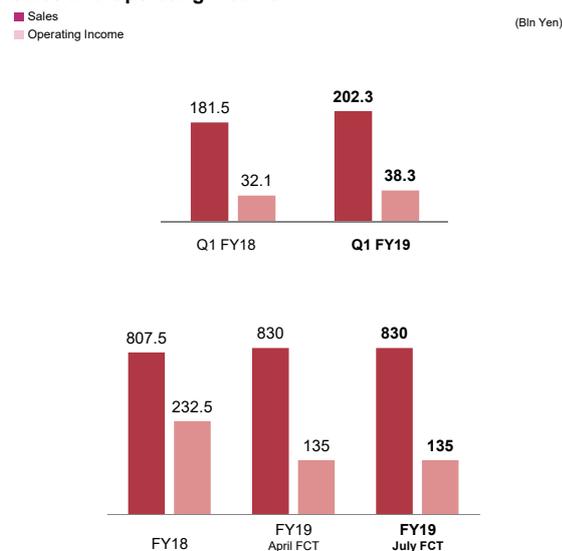
#### FY2019 Forecast (change from April forecast)

- Sales: 100 bln yen (4%) downward revision
  - (-) Lower-than-expected non-first-party software sales
  - (-) Lower-than-expected PS4 hardware unit sales
- OI: Remain unchanged from April forecast
  - (-) Lower than expected non-first-party software sales
  - (-) Lower-than-expected PS4 hardware sales
  - (+ Cost reductions
  - (+ Higher-than-expected sales for network services, including PS Plus

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## Music Segment

### Sales and Operating Income



#### Q1 FY2019 (year-on-year)

- Sales: 20.8 bln yen (11%) significant increase (FX Impact: +0.8 bln yen)
  - (+ Higher sales for Music Publishing resulting from the consolidation of EMI
  - (+ Higher sales for Recorded Music primarily due to an increase in streaming revenues
  - (-) Lower Visual Media and Platform sales primarily due to lower sales for *Fate/Grand Order*, a game application for mobile devices
- OI: 6.2 bln yen increase
  - (+ Absence of equity in net loss for EMI that was recorded in Q1 FY18
  - (+ Increase in sales

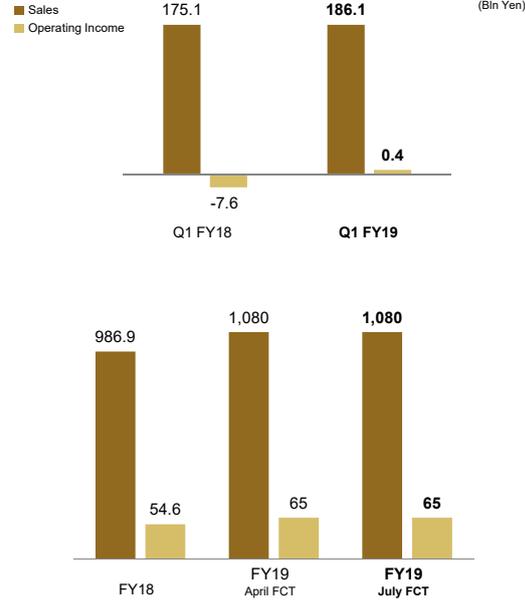
#### FY2019 Forecast

- Sales / OI: Remain unchanged from April forecast

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## Pictures Segment

### Sales and Operating Income



### Q1 FY2019 (year-on-year)

The following analysis is on a U.S. dollar basis

- Sales: 11.0 bln yen (6%) increase (U.S. dollar basis: +101 mil USD / +6%)
  - (+ Higher theatrical revenues as the current year benefited from the theatrical release of *Men in Black: International* and *Spider-Man: Far from Home*
  - (+ Higher television licensing revenues for catalog titles
- OI: 8.0 bln yen improvement
  - (+ Lower sports programming and marketing costs in India in Media Networks
  - (+ Higher home entertainment revenues at Funimation
  - (+ Improved operating results reflecting the benefit of the channel portfolio review that began in FY18 in Media Networks
  - (-) Higher theatrical marketing costs in support of the above-mentioned theatrical releases

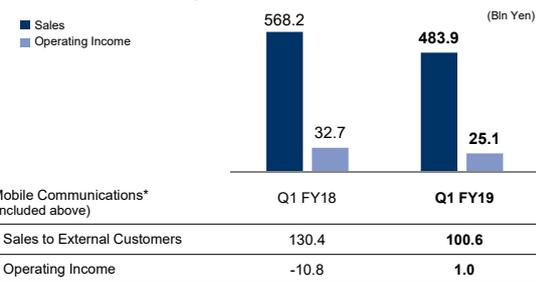
### FY2019 Forecast

- Sales / OI: Remain unchanged from April forecast

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## Electronics Products & Solutions

### Sales and Operating Income



Mobile Communications\*  
(included above)

Sales to External Customers	130.4	100.6
Operating Income	-10.8	1.0

### Q1 FY2019 (year-on-year)

- Sales: 84.2 bln yen (15%) significant decrease (FX Impact: -9.4 bln yen)
  - (-) Decrease in unit sales of televisions, smartphones and digital cameras
- OI: 7.6 bln yen decrease (FX Impact: -6.9 bln yen)
  - (-) Decrease in sales
  - (-) Negative impact of foreign exchange rates
  - (+ Reductions in operating costs mainly within Mobile Communications

### FY2019 Forecast (change from April forecast)

- Sales: 80 bln yen (4%) decrease
  - (-) Lower-than-expected unit sales for televisions and smartphones
- OI: Remain unchanged from April forecast
  - (-) Decrease in sales
  - (+ Reduction in operating costs

Mobile Communications\*  
(included above)

Sales to External Customers	487.3	410	380
Operating Income	-97.1	-47	-47

\* Mobile Communications includes the smartphone business and internet-related service business.

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## Imaging & Sensing Solutions Segment

### Sales and Operating Income

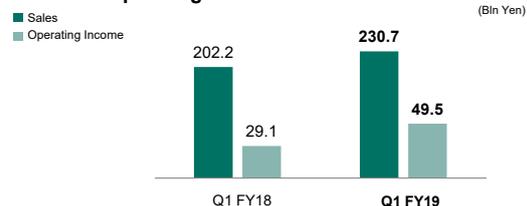


Image Sensors Sales	Q1 FY18	Q1 FY19
	161.5	194.9

### Q1 FY2019 (year-on-year)

- Sales: 28.4 bln yen (14%) significant increase (FX Impact: +1.2 bln yen)
  - (+) Significant increase in sales of image sensors for mobile products
- OI: 20.4 bln yen significant increase (FX Impact: +0.9 bln yen)
  - (+) Increase in sales
  - (-) Increase in depreciation and amortization expenses as well as research and development expenses

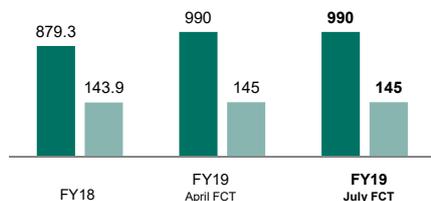


Image Sensors Sales	FY18	FY19 April FCT	FY19 July FCT
	711.4	840	840
Additions to long-lived assets for I&SS Segment	146.3	300	300
for Image Sensors (included above)	128.9	280	280

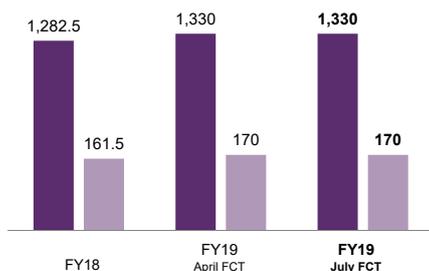
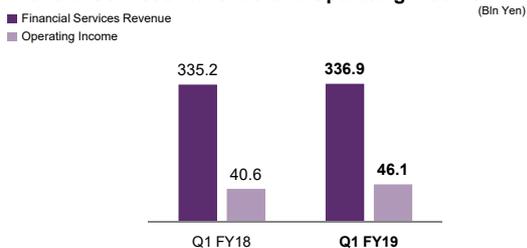
### FY2019 Forecast

- Sales / OI: Remain unchanged from April forecast

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## Financial Services Segment

### Financial Services Revenue and Operating Income



### Q1 FY2019 (year-on-year)

- Revenue: Essentially flat
  - (+) Increase in net gains from investment securities at Sony Bank
  - (+) Increase in net premiums written at Sony Assurance
  - (-) Decrease in revenue at Sony Life (2.1 bln yen decrease, revenue: 299.4 bln yen)
    - (-) Decrease in net gains on investments in the separate account
    - (+) Higher insurance premium revenue reflecting an increase in the policy amount in force
- OI: 5.5 bln yen increase
  - (+) Increase in OI at Sony Life (2.9 bln yen increase, OI: 39.4 bln yen)
    - (+) Improvement in foreign exchange gains and losses in U.S. dollar-denominated insurance
  - (+) Recording of a gain on the valuation of securities at Sony Bank

### FY2019 Forecast

- Revenue / OI : Remain unchanged from April forecast

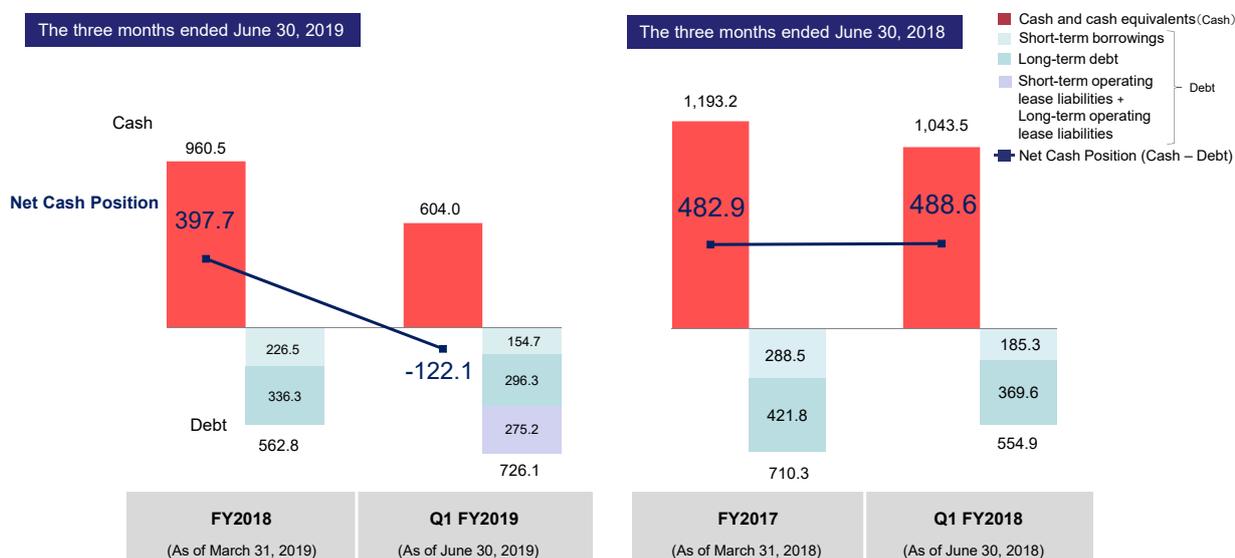
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## Cash, Debt Balance (Sony without Financial Services)

(Bln Yen)

The three months ended June 30, 2019

The three months ended June 30, 2018



Please refer to F-6 in "Q1 FY18 Financial Statements" and F-6 in "Q1 FY19 Financial Statements" for condensed balance sheets for Sony without Financial Services.

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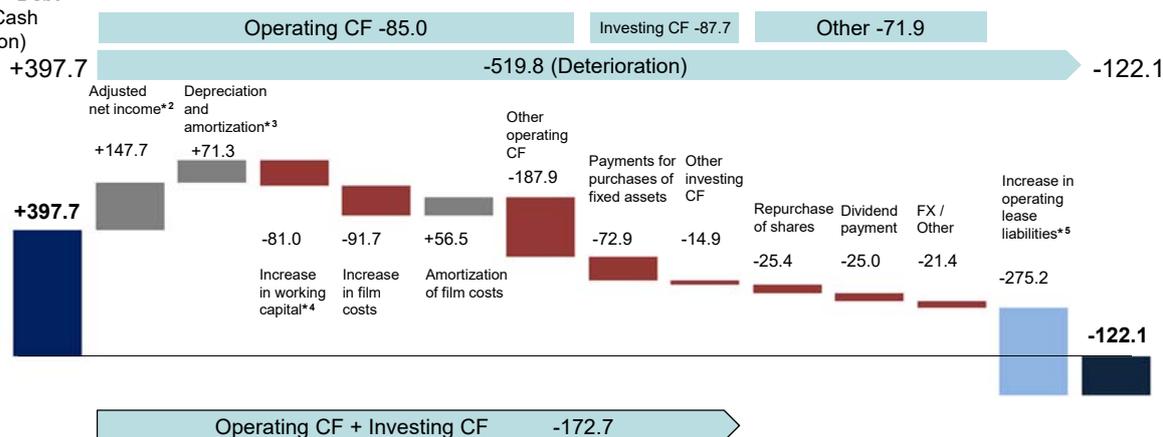
## Q1 FY2019 Cash Flow (CF) Analysis (Sony without Financial Services)

(Bln Yen)

As of March 31, 2019

As of June 30, 2019

Cash - Debt<sup>1</sup>  
(Net Cash Position)



<sup>1</sup> Please refer to page 16.

<sup>2</sup> This is the total of the following items contained in the "Q1 FY19 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-8 (Condensed Statements of Cash Flows for Sony without Financial Services).

<sup>3</sup> This is the item contained in the "Q1 FY19 Financial Statements": "Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs" on page F-8.

<sup>4</sup> This is the total of the following items contained in the "Q1 FY19 Financial Statements": "(Increase) decrease in notes, accounts receivable, trade and contract assets" + "(Increase) decrease in inventories" + "Increase (decrease) in notes and accounts payable, trade" on page F-8.

<sup>5</sup> This is the total of the following items contained in the "Q1 FY19 Financial Statements": "Short-term operating lease liabilities" + "Long-term operating lease liabilities" on page F-6 (Condensed balance sheets for Sony without Financial Services).

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## Q1 FY2018 Cash Flow (CF) Analysis (Sony without Financial Services)

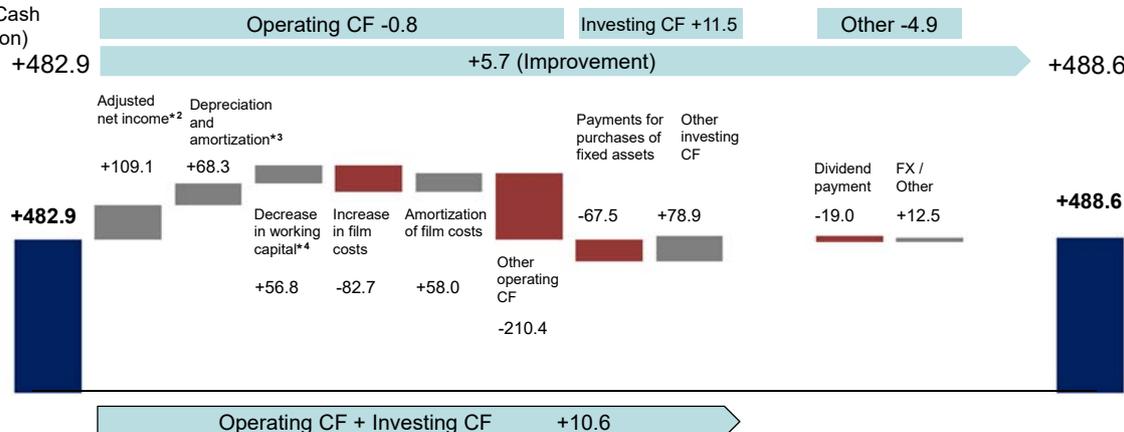
(Bln Yen)

As of March 31, 2018

As of June 30, 2018

Cash – Debt<sup>1</sup>

(Net Cash  
Position)



<sup>1</sup> Please refer to page 16.

<sup>2</sup> This is the total of the following items contained in the "Q1 FY19 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-8 (Condensed Statements of Cash Flows for Sony without Financial Services).

<sup>3</sup> This is the item contained in the "Q1 FY19 Financial Statements": "Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs" on page F-8.

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## Notes

### Sales on a Constant Currency Basis and the Impact of Foreign Exchange Rate Fluctuations

The descriptions of sales on a constant currency basis reflect sales calculated by applying the yen's monthly average exchange rates from the same period of the previous fiscal year to local currency-denominated monthly sales in the relevant period of the current fiscal year. For Sony Music Entertainment ("SME"), Sony/ATV Music Publishing ("Sony/ATV") and EMI Music Publishing ("EMI") in the Music segment, the constant currency amounts are calculated by applying the monthly average U.S. dollar / yen exchange rates after aggregation on a U.S. dollar basis.

Results for the Pictures segment are described on a U.S. dollar basis as the Pictures segment reflects the operations of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based operation that aggregates the results of its worldwide subsidiaries in U.S. dollars.

The impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's periodic weighted average exchange rate for the same period of the previous fiscal year from the relevant period of the current fiscal year to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. The I&SS segment enters into its own foreign exchange hedging transactions, and the impact of those transactions is included in the impact of foreign exchange rate fluctuations on operating income (loss) for that segment. Additionally, the impact of foreign exchange hedging transactions entered into by the Mobile Communications business during the previous fiscal year is included in the impact of foreign exchange rate fluctuations on operating income (loss) for the EP&S segment.

This information is not a substitute for Sony's consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

### Notes about Financial Performance of the Music, Pictures and Financial Services segments

On November 14, 2018, Sony acquired the entirety of the approximately 60% equity interest held by the investor consortium led by Mubadala Investment Company in EMI, resulting in EMI becoming a wholly-owned subsidiary of Sony. Financial results of EMI included in the Music segment for the fiscal year ended March 31, 2019 include equity earnings (loss) from April 1 through November 13, 2018 and sales and operating income (loss) from November 14, 2018 through March 31, 2019. Sales and operating income (loss) for the Music segment in the fiscal year ending March 31, 2020 include the financial results of EMI from April 1, 2019 onward.

The Music segment results include the yen-translated results of SME, Sony/ATV and EMI, all U.S.-based operations which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen.

The results presented in Pictures are a yen-translation of the results of SPE, a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results is specified as being on "a U.S. dollar basis."

The Financial Services segment results include Sony Financial Holdings Inc. ("SFH") and SFH's consolidated subsidiaries such as Sony Life Insurance Co., Ltd. ("Sony Life"), Sony Assurance Inc., and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFH and Sony Life disclose separately on a Japanese statutory basis.

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## Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.