

SONY

Q2 FY2019 Consolidated Financial Results

(Three months ended September 30, 2019)

October 30, 2019

Sony Corporation

Q2 FY2019 Consolidated Results

(Bln Yen)

	Q2 FY18	Q2 FY19	Change
Sales & operating revenue	2,182.8	2,122.3	-60.5 bln yen (-3%)
Operating income	239.5	279.0	+39.4 bln yen (+16%)
Income before income taxes	246.4	262.1	+15.7 bln yen (+6%)
Net income attributable to Sony Corporation's stockholders	173.0	187.9	+14.9 bln yen (+9%)
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	133.43 yen	148.59 yen	+15.16 yen
Average rate			
1 US dollar	111.5 yen	107.4 yen	
1 Euro	129.7 yen	119.3 yen	

Q2 FY2019 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Increase / (-) Decrease
Sales & operating revenue	-60.5 bln yen -3 %	·(-) Significant decreases in G&NS and EP&S segment sales ·(+) Significant increase in I&SS segment sales ·(+) Increases in Music and Pictures segment sales On a constant currency basis*, sales were essentially flat year-on-year
Operating income	+39.4 bln yen +16 %	·(+) Significant increases in operating income in the I&SS and EP&S segments
Net effect of other income and expenses	23.7 bln yen deterioration (6.9 bln yen income → 16.9 bln yen expense)	·(-) Deterioration in gain (loss) on equity securities, net
Income tax expense	+2.7 bln yen (Effective tax rate 24%→24%)	

* See page 23 for information about the impact of foreign exchange rate fluctuations on sales and operating income (loss) (applies to all following pages).

2

Adjusted Operating Income (Q2)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q2 FY18	239.5 bln yen	255.7 bln yen	<ul style="list-style-type: none"> ■ Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen)
Q2 FY19	279.0 bln yen	279.0 bln yen	
Change from FY18	+39.4 bln yen	+23.2 bln yen (+9%)	

* 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.

3

Adjusted Income Before Income Taxes (Q2)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
Q2 FY18	246.4 bln yen	262.6 bln yen	<ul style="list-style-type: none"> Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen)
Q2 FY19	262.1 bln yen	262.1 bln yen	
Change from FY18	+15.7 bln yen	-0.5 bln yen (-0%)	

* 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.

4

Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q2)

	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 ¹
Q2 FY18	173.0 bln yen	185.3 bln yen	<ul style="list-style-type: none"> Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen) Tax adjustment with regard to the above (+3.9 bln yen)
Q2 FY19	187.9 bln yen	175.2 bln yen	<ul style="list-style-type: none"> Reduction in tax expense resulting from the sale of Olympus Corporation shares² (+12.7 bln yen)
Change from FY18	+14.9 bln yen	-10.1 bln yen (-5%)	

¹ These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

² Tax benefit resulting from the actual tax expense related to the gain on the sale of Olympus Corporation shares being lower than the deferred tax liabilities recorded for the unrealized gain resulting from the revaluation of those shares.

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.

5

Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q2)

(Bln Yen)

FY18

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	246.4	59.3	24.1%	173.0
Adjusted items impacting effective tax rate	-	-	-	-
Subtotal	246.4	59.3	24.1%	173.0
Other adjusted items *	+16.2	+3.9	24.1%	+12.3
Adjusted results	262.6	63.2	24.1%	185.3

FY19

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	262.1	61.9	23.6%	187.9
Adjusted items impacting effective tax rate				
Reduction in tax expense resulting from the sale of Olympus Corporation shares	-	+12.7	-	-12.7
Subtotal	262.1	74.6	28.5%	175.2
Other adjusted items *	-	-	-	-
Adjusted results	262.1	74.6	28.5%	175.2

* See page 5 for details regarding 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.

6

Q2 FY2019 Results by Segment [Reclassified]

(Bln Yen)

		Q2 FY18	Q2 FY19	Change	FX Impact
Game & Network Services (G&NS)	Sales	550.1	454.4	-95.7	-21.7
	Operating income	90.6	65.0	-25.6	-4.6
Music	Sales	203.9	219.3	+15.4	-5.0
	Operating income	31.5	37.5	+6.0	
Pictures	Sales	240.9	260.6	+19.7	-10.0
	Operating income	23.5	39.3	+15.8	
Electronics Products & Solutions (EP&S)	Sales	556.0	493.5	-62.5	-20.5
	Operating income	16.5	41.4	+24.9	-8.2
Imaging & Sensing Solutions (I&SS)	Sales	254.4	310.7	+56.3	-10.9
	Operating income	47.9	76.4	+28.5	-8.0
Financial Services	Revenue	353.5	377.2	+23.7	
	Operating income	39.2	38.8	-0.4	
All Other	Sales	89.1	68.9	-20.2	
	Operating income	5.0	2.4	-2.6	
Corporate and elimination	Sales	-65.0	-62.3	+2.7	
	Operating income	-14.7	-21.8	-7.1	
Consolidated total	Sales	2,182.8	2,122.3	-60.5	
	Operating income	239.5	279.0	+39.4	

- Due to Sony's realignment of its business segments in Q1 FY2019, certain figures in past fiscal years have been reclassified to conform to the presentation of FY2019 (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 26 (applies to all following pages).

7

1H FY2019 Consolidated Results

(Bln Yen)

	1H FY18	1H FY19	Change
Sales & operating revenue	4,136.4	4,048.0	-88.4 bln yen (-2%)
Operating income	434.5	509.9	+75.4 bln yen (+17%)
Income before income taxes	558.5	493.1	-65.4 bln yen (-12%)
Net income attributable to Sony Corporation's stockholders	399.4	340.0	-59.4 bln yen (-15%)
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	308.17 yen	267.65 yen	-40.52 yen
Average rate			
1 US dollar	110.3 yen	108.6 yen	
1 Euro	129.9 yen	121.4 yen	

8

Adjusted Operating Income (1H)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
1H FY18	434.5 bln yen	450.7 bln yen	<ul style="list-style-type: none"> Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen)
1H FY19	509.9 bln yen	502.0 bln yen	<ul style="list-style-type: none"> Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)
Change from FY18	+75.4 bln yen	+51.2 bln yen (+11%)	

* 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.

9

Adjusted Income Before Income Taxes (1H)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
1H FY18	558.5 bln yen	456.9 bln yen	<ul style="list-style-type: none"> Unrealized and realized gains on shares of Spotify (+117.8 bln yen, net) Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen)
1H FY19	493.1 bln yen	485.2 bln yen	<ul style="list-style-type: none"> Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)
Change from FY18	-65.4 bln yen	+28.3 bln yen (+6%)	

* 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.

10

Adjusted Net Income Attributable to Sony Corporation's Stockholders (1H)

	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 ¹
1H FY18	399.4 bln yen	322.3 bln yen	<ul style="list-style-type: none"> Unrealized and realized gains on shares of Spotify (+117.8 bln yen, net) Impairment charge against long-lived assets in the EP&S segment (-16.2 bln yen) Tax adjustment with regard to the above (-24.5 bln yen)
1H FY19	340.0 bln yen	321.6 bln yen	<ul style="list-style-type: none"> Reduction in tax expense resulting from the sale of Olympus Corporation shares² (+12.7 bln yen) Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen) Tax adjustment with regard to the above patent royalty revenue (-2.2 bln yen)
Change from FY18	-59.4 bln yen	-0.7 bln yen (-0%)	

¹ These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

² Tax benefit resulting from the actual tax expense related to the gain on the sale of Olympus Corporation shares being lower than the deferred tax liabilities recorded for the unrealized gain resulting from the revaluation of those shares.

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.

11

Adjusted Net Income Attributable to Sony Corporation's Stockholders (1H)

(Bln Yen)

FY18

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	558.5	134.5	24.1%	399.4
Adjusted items impacting effective tax rate	-	-	-	-
Subtotal	558.5	134.5	24.1%	399.4
Other adjusted items *	-101.6	-24.5	24.1%	-77.1
Adjusted results	456.9	110.0	24.1%	322.3

FY19

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	493.1	126.9	25.7%	340.0
Adjusted items impacting effective tax rate				
Reduction in tax expense resulting from the sale of Olympus Corporation shares	-	+12.7	-	-12.7
Subtotal	493.1	139.6	28.3%	327.3
Other adjusted items *	-7.9	-2.2	28.3%	-5.7
Adjusted results	485.2	137.4	28.3%	321.6

* See page 11 for details regarding 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.

12

1H FY2019 Results by Segment [Reclassified]

(Bln Yen)

		1H FY18	1H FY19	Change	FX Impact
Game & Network Services (G&NS)	Sales	1,022.2	911.9	-110.3	-28.6
	Operating income	174.1	138.8	-35.3	-8.8
Music	Sales	385.3	421.5	+36.2	-4.1
	Operating income	63.6	75.8	+12.2	
Pictures	Sales	416.0	446.7	+30.7	-8.9
	Operating income	15.9	39.7	+23.8	
Electronics Products & Solutions (EP&S)	Sales	1,124.1	977.4	-146.7	-29.9
	Operating income	49.2	66.5	+17.3	-15.1
Imaging & Sensing Solutions (I&SS)	Sales	456.7	541.4	+84.7	-9.7
	Operating income	77.1	125.9	+48.8	-7.1
Financial Services	Revenue	688.7	714.1	+25.5	
	Operating income	79.7	84.9	+5.1	
All Other	Sales	172.0	138.5	-33.6	
	Operating income	5.3	-0.2	-5.5	
Corporate and elimination	Sales	-128.6	-103.5	+25.1	
	Operating income	-30.4	-21.4	+9.0	
Consolidated total	Sales	4,136.4	4,048.0	-88.4	
	Operating income	434.5	509.9	+75.4	

13

FY2019 Consolidated Results Forecast

(Bln Yen)

	FY18	FY19 July FCT	FY19 October FCT	Change from July FCT
Sales & operating revenue	8,665.7	8,600	8,400	-200 bln yen (-2%)
Operating income	894.2	810	840	+30 bln yen (+4%)
Income before income taxes	1,011.6	770	800	+30 bln yen (+4%)
Net income attributable to Sony Corporation's stockholders	916.3	500	540	+40 bln yen (+8%)
Operating Cash Flow* (Sony without Financial Services)	753.4	760	760	-
Average rate	Actual	Assumption (Q2-Q4 FY19)	Assumption (2H FY19)	Dividend per Share
1 US dollar	110.9 yen	Approx. 108 yen	Approx. 108 yen	Interim 20 yen
1 Euro	128.5 yen	Approx. 123 yen	Approx. 118 yen	Year-end Undecided

* 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.

14

FY2019 Consolidated Results Forecast

	Change from July FCT	Contributing Factors (+) Increase / (-) Decrease
Sales & operating revenue	-200 bln yen -2 %	<ul style="list-style-type: none"> · (-) Lower-than-expected sales in the G&NS, EP&S and Pictures segments · (+) Higher-than-expected sales in the I&SS and Music segments
Operating income	+30 bln yen +4 %	<ul style="list-style-type: none"> · (+) Expected increase in operating income primarily in the I&SS segment · (+) Expected decrease in operating loss in All Other, Corporate and elimination · (-) Expected decreases in operating income in the G&NS and EP&S segments
Net income attributable to Sony Corporation's stockholders	+40 bln yen +8 %	<ul style="list-style-type: none"> · (+) Expected increase in income before income taxes · (+) Lower-than-expected effective tax rates compared to the July forecast

15

FY2019 Results Forecast by Segment [Reclassified]

(Bln Yen)

		FY18	FY19 July FCT	FY19 October FCT	Change from July FCT
Game & Network Services (G&NS)	Sales	2,310.9	2,200	2,000	-200
	Operating income	311.1	280	240	-40
Music	Sales	807.5	830	850	+20
	Operating income	232.5	135	140	+5
Pictures	Sales	986.9	1,080	1,030	-50
	Operating income	54.6	65	70	+5
Electronics Products & Solutions (EP&S)	Sales	2,320.6	2,160	2,110	-50
	Operating income	76.5	121	111	-10
Imaging & Sensing Solutions (I&SS)	Sales	879.3	990	1,040	+50
	Operating income	143.9	145	200	+55
Financial Services	Revenue	1,282.5	1,330	1,330	-
	Operating income	161.5	170	170	-
All Other, Corporate and elimination	Operating income	-85.8	-106	-91	+15
Consolidated total	Sales	8,665.7	8,600	8,400	-200
	Operating income	894.2	810	840	+30

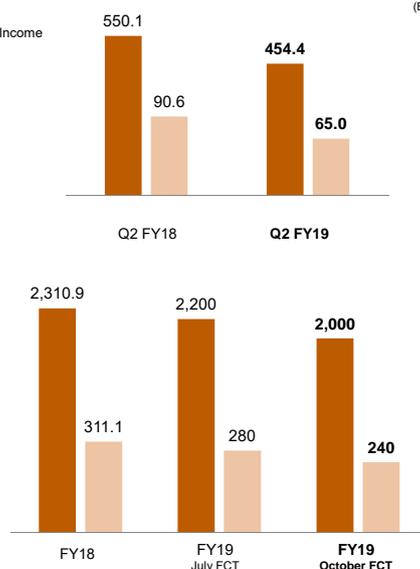
16

Game & Network Services Segment

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



Q2 FY2019 (year-on-year)

■ Sales: 95.7 bln yen (17%) significant decrease (FX Impact: -21.7 bln yen)

- (-) Decrease in game software sales
- (-) Decrease in PlayStation®4 (PS4™) hardware sales
- (-) Impact of foreign exchange rates
- (+) Increase in sales for PlayStation®Plus (PS Plus)

■ OI: 25.6 bln yen significant decrease (FX Impact: -4.6 bln yen)

- (-) Decrease in game software sales
- (-) Decrease in PS4 hardware sales
- (-) Negative impact of foreign exchange rates
- (+) Cost reductions
- (+) Increase in sales for PS Plus

FY2019 Forecast (change from July forecast)

■ Sales: 200 bln yen (9%) downward revision

- (-) Lower-than-expected software sales including the impact of a change in the launch date of a first-party title
- (-) Lower-than-expected PS4 hardware unit sales
- (-) Impact of foreign exchange rates

■ OI: 40 bln yen downward revision

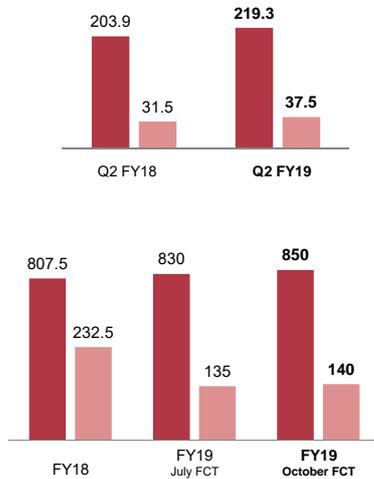
- (-) Lower-than-expected software sales including the impact of a change in the launch date of a first-party title
- (-) Negative impact of foreign exchange rates
- (+) Cost reductions
- (+) Higher-than-expected sales for PS Plus

17

Music Segment

Sales and Operating Income

■ Sales
■ Operating Income
(Bln Yen)



Q2 FY2019 (year-on-year)

- Sales: 15.4 bln yen (8%) increase (FX Impact: -5.0 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 sales for Visual Media and Platform primarily due to lower sales for *Fate/Grand Order*, a game application for mobile devices
- OI: 6.0 bln yen increase
 - (+) Increase in sales

FY2019 Forecast (change from July forecast)

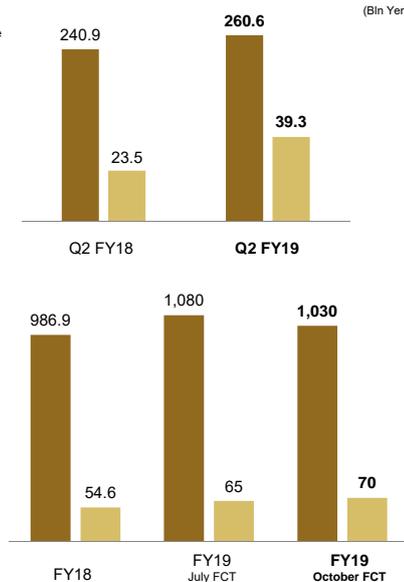
- Sales: 20 bln yen (2%) upward revision
 - (+) Higher sales for Recorded Music and Music Publishing due to an expected increase in streaming revenues
- OI: 5 bln yen upward revision
 - (+) Increase in sales

18

Pictures Segment

Sales and Operating Income

■ Sales
■ Operating Income
(Bln Yen)



Q2 FY2019 (year-on-year)

- The following analysis is on a U.S. dollar basis*
- Sales: 19.7 bln yen (8%) increase (U.S. dollar basis: +267 mil USD / +12%)
 - (+) Higher worldwide theatrical revenues in Motion Pictures as the current quarter benefited from *Spider-Man: Far from Home* and *Once Upon a Time ... in Hollywood*
 - (-) Lower licensing revenues for U.S. television catalog in Television Productions
 - (-) Lower advertising and subscription revenues across various channels in Media Networks
 - OI: 15.8 bln yen significant increase
 - (+) Higher worldwide theatrical revenues
 - (+) Benefit of the channel portfolio review that began in FY18 in Media Networks
 - (-) Lower revenues and higher development expenses in Television Productions

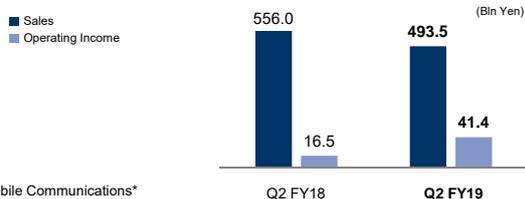
FY2019 Forecast (change from July forecast)

- Sales: 50 bln yen (5%) downward revision
 - (-) Delay in the timing of theatrical releases in Motion Pictures
 - (-) Lower advertising and subscription revenues in Media Networks primarily due to the above-mentioned portfolio review
- OI: 5 bln yen upward revision
 - (+) Expected decrease in marketing costs resulting from the above-mentioned theatrical release date delays in Motion Pictures
 - (+) Increase operating income in Media Networks
 - (+) Higher operating results in India
 - (+) Benefit of the above-mentioned portfolio review

19

Electronics Products & Solutions Segment

Sales and Operating Income



Mobile Communications*
(included above)

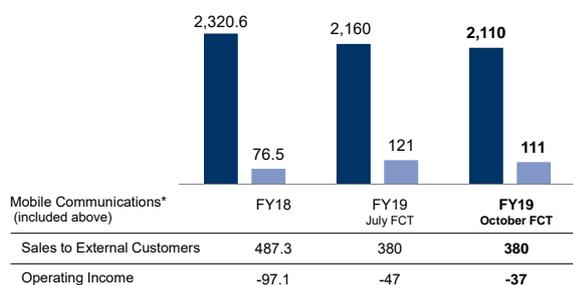
Sales to External Customers	114.9	77.7
Operating Income	-29.8	0.6

Q2 FY2019 (year-on-year)

- Sales: 62.5 bln yen (11%) significant decrease (FX Impact: -20.5 bln yen)
 - (-) Decrease in smartphone and television unit sales
 - (-) Impact of foreign exchange rates
- OI: 24.9 bln yen significant increase (FX Impact: -8.2 bln yen)
 - (+) Reductions in operating costs mainly within Mobile Communications
 - (+) Absence of the impairment charge against long-lived assets in Mobile Communications in FY18 2Q (16.2 bln yen)
 - (-) Decrease in sales
 - (-) Negative impact of foreign exchange rates

FY2019 Forecast (change from July forecast)

- Sales: 50 bln yen (2%) downward revision
 - (-) Lower-than-expected unit sales for televisions
 - (-) Impact of foreign exchange rates
- OI: 10 bln yen downward revision
 - (-) Negative impact of foreign exchange rates
 - (-) Decrease in sales
 - (+) Reduction in operating costs



Mobile Communications*
(included above)

Sales to External Customers	487.3	380	380
Operating Income	-97.1	-47	-37

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

20

Imaging & Sensing Solutions Segment

Sales and Operating Income

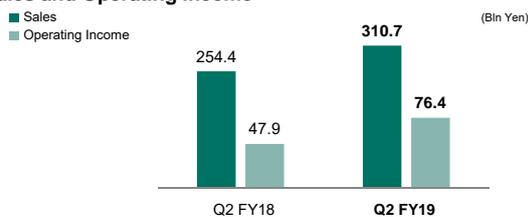


Image Sensors Sales	205.8	274.8
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Q2 FY2019 (year-on-year)

- Sales: 56.3 bln yen (22%) significant increase (FX Impact: -10.9 bln yen)
 - (+) Significant increase in sales of image sensors for mobile products
 - (+) Increase in unit sales
 - (+) Improvement in product mix
 - (-) Impact of foreign exchange rates
- OI: 28.5 bln yen significant increase (FX Impact: -8.0 bln yen)
 - (+) Increase in sales of image sensors for mobile products
 - (-) Increase in research and development expenses as well as in depreciation and amortization expenses
 - (-) Negative impact of foreign exchange rates

FY2019 Forecast (change from July forecast)

- Sales: 50 bln yen (5%) upward revision
 - (+) Higher-than-expected sales of image sensors for mobile products
 - (+) Improvement in product mix
 - (+) Higher-than-expected unit sales
- OI: 55 bln yen upward revision
 - (+) Increase in sales of image sensors for mobile products

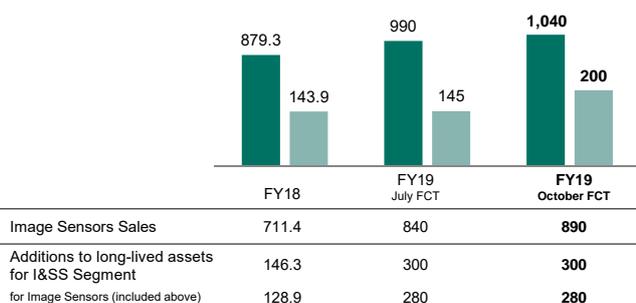
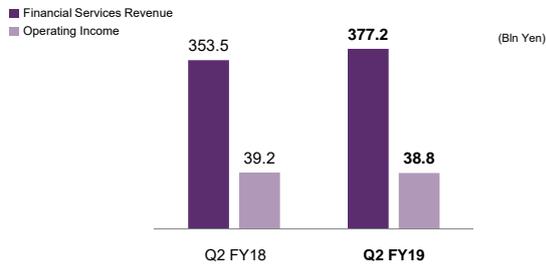


Image Sensors Sales	711.4	840	890
Additions to long-lived assets for I&SS Segment	146.3	300	300
for Image Sensors (included above)	128.9	280	280

21

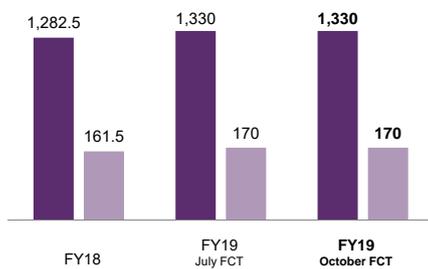
Financial Services Segment

Financial Services Revenue and Operating Income



Q2 FY2019 (year-on-year)

- Revenue: 23.7 bln yen (7%) increase
 - (+) Increase in revenue at Sony Life (21.9 bln yen increase, revenue: 339.7 bln yen)
 - (+) Increase in premiums from single premium insurance
 - (-) Decrease in net gains on investments in the separate accounts
- OI: Essentially flat
 - (+) Sony Life (0.3 bln yen increase, OI: 34.6 bln yen)
 - (+) Improvement in net gains and losses for variable life insurance resulting from market fluctuations
 - (-) Increase in insurance payments



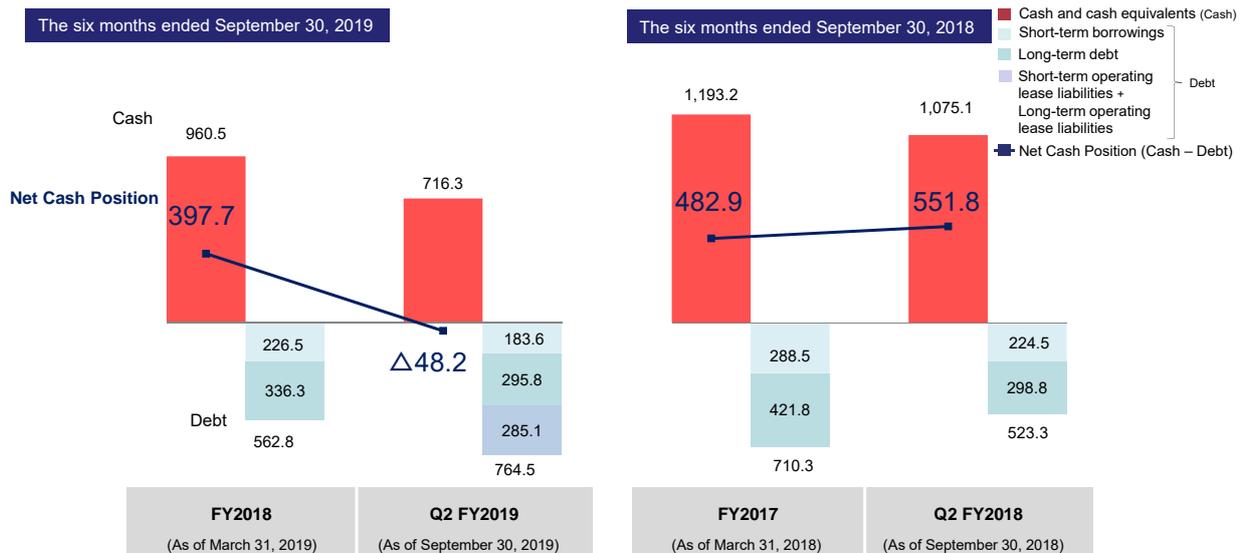
FY2019 Forecast

- Revenue / OI : Remain unchanged from July forecast

22

Cash, Debt Balance (Sony without Financial Services)

(Bln Yen)



Please refer to F-9 in "Q2 FY18 Financial Statements" and F-9 in "Q2 FY19 Financial Statements" for condensed balance sheets for Sony without Financial Services.

23

Q2 FY2019 Cash Flow (CF) Analysis (Sony without Financial Services)

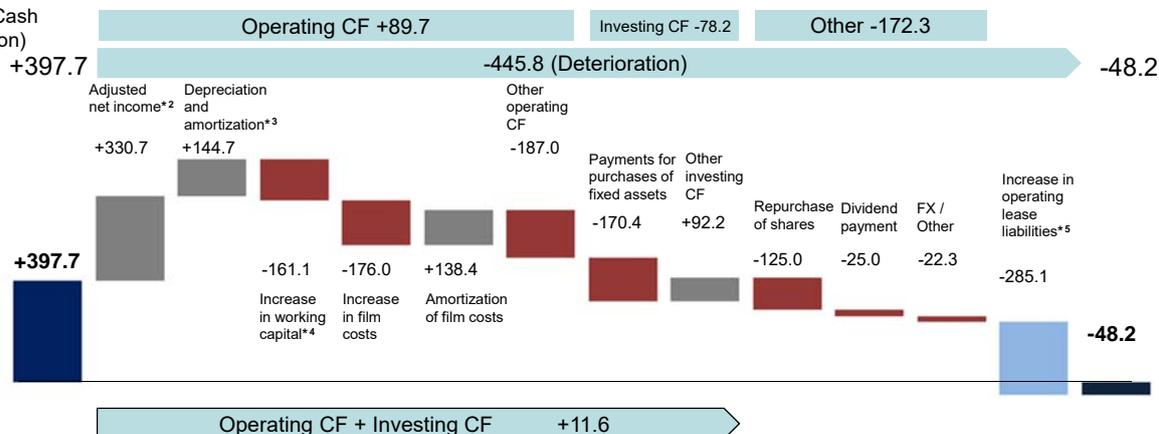
(Bln Yen)

As of March 31, 2019

As of September 30, 2019

Cash – Debt¹

(Net Cash Position)



¹ Please refer to page 23.

² This is the total of the following items contained in "Q2 FY19 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-11 (Condensed Statements of Cash Flows for Sony without Financial Services).

³ This is the item contained in "Q2 FY19 Financial Statements": "Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs" on page F-11.

⁴ This is the total of the following items contained in "Q2 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-11.

⁵ This is the total of the following items contained in "Q2 FY19 Financial Statements": "Short-term operating lease liabilities" + "Long-term operating lease liabilities" on page F-9 (Condensed balance sheets for Sony without Financial Services).

24

Q2 FY2018 Cash Flow (CF) Analysis (Sony without Financial Services)

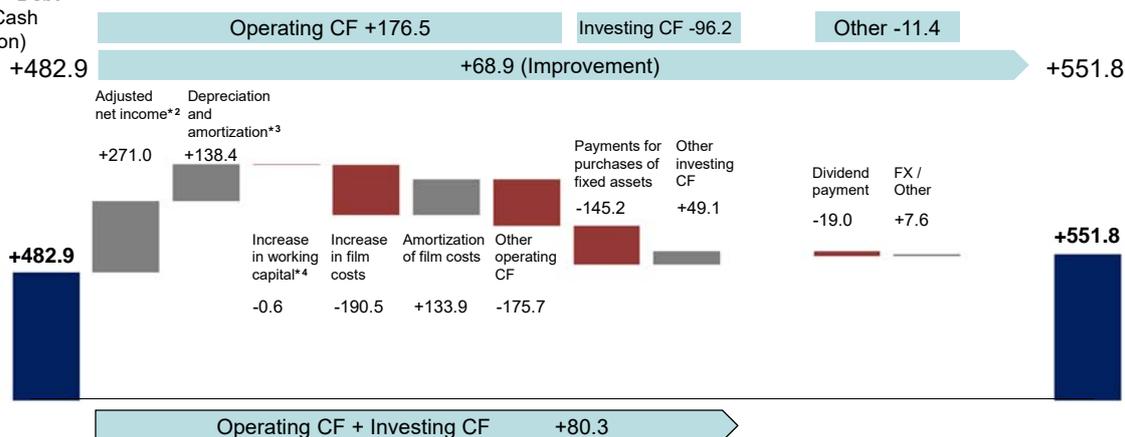
(Bln Yen)

As of March 31, 2018

As of September 30, 2018

Cash – Debt¹

(Net Cash Position)



¹ Please refer to page 23.

² This is the total of the following items contained in "Q2 FY19 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-11 (Condensed Statements of Cash Flows for Sony without Financial Services).

³ This is the item contained in "Q2 FY19 Financial Statements": "Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs" on page F-11.

⁴ This is the total of the following items contained in "Q2 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-11.

25

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.

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. Because of this, the description of the year-on-year change in sales for the Pictures segment represents the change on a U.S. dollar basis.

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 Assurance Inc., and Sony Bank Inc. The results of SFH and its consolidated subsidiaries discussed in the Financial Services segment differ from the results that these companies disclose separately on a Japanese statutory basis.

26

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.

27