

SONY

## Q2 FY2017 Consolidated Financial Results

(Three months ended September 30, 2017)

October 31, 2017

Sony Corporation

### Q2 FY2017 Consolidated Results

	Q2 FY16	Q2 FY17	Change	(Bln Yen)
Sales & operating revenue	1,688.9	<b>2,062.5</b>	+22.1%	
Operating income	45.7	<b>204.2</b>	+346.4%	
Income before income taxes	40.5	<b>198.6</b>	+390.0%	
Net income attributable to Sony Corporation's stockholders	4.8	<b>130.9</b>	+2,602.4%	
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	3.76 yen	<b>101.35 yen</b>	+2,595.5%	
Restructuring charges <sup>*1</sup>	32.6	<b>1.6</b>	-95.1%	
Additions to long-lived assets <sup>*2</sup>	69.3	<b>75.8</b>	+9.4%	
Depreciation and amortization <sup>*3</sup>	87.5	<b>86.7</b>	-0.9%	
Research and development expenses	106.2	<b>108.8</b>	+2.5%	
Average rate				
1 US dollar	102.4 yen	<b>111.0 yen</b>		
1 Euro	114.3 yen	<b>130.4 yen</b>		

\*1 Restructuring charges are included in operating income as operating expenses (applies to all following pages)

\*2 Does not include the increase in intangible assets resulting from acquisitions (applies to all following pages)

\*3 Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages)

## Operating Income Excluding One-time Items\* (Q2)

	Operating Income	Operating Income Excluding One-time Items	One-time Items*
<b>Q2 FY16</b>	45.7 bln yen	<b>88.6 bln yen</b>	<ul style="list-style-type: none"> <li>■ Impact of the 2016 Kumamoto Earthquakes (-13.7 bln yen)</li> <li>■ Insurance recoveries related to the 2016 Kumamoto Earthquakes (+7.2 bln yen)</li> <li>■ Impairment charge against long-lived assets resulting from the termination of development and manufacturing of high-functionality camera modules (-3.6 bln yen)</li> <li>■ Impairment charge related to the transfer of the battery business (-32.8 bln yen)</li> </ul>
<b>Q2 FY17</b>	204.2 bln yen	<b>204.2 bln yen</b>	—
<b>Change from FY16</b>	+158.5 bln yen	<b>+115.6 bln yen</b> (+130.5%)	

\*The above monetary amounts have been separately disclosed in the "Consolidated Financial Results" and the "Handout" for the relevant quarters.

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## 1H FY2017 Consolidated Results

	1H FY16	1H FY17	Change
Sales & operating revenue	3,302.1	<b>3,920.6</b>	+18.7%
Operating income	101.9	<b>361.8</b>	+255.0%
Income before income taxes	97.5	<b>347.5</b>	+256.2%
Net income attributable to Sony Corporation's stockholders	26.0	<b>211.7</b>	+714.1%
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	20.20 yen	<b>164.06 yen</b>	+712.2%
Restructuring charges	34.3	<b>4.0</b>	-88.3%
Additions to long-lived assets	135.3	<b>143.2</b>	+5.8%
Depreciation and amortization	181.1	<b>170.0</b>	-6.1%
Research and development expenses	216.3	<b>210.6</b>	-2.7%
Average rate			
1 US dollar	105.3 yen	<b>111.1 yen</b>	
1 Euro	118.2 yen	<b>126.3 yen</b>	

(Bln Yen)

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## Operating Income Excluding One-time Items\* (1H)

	Operating Income	Operating Income Excluding One-time Items	One-time Items*
1H FY16	101.9 bln yen	198.0 bln yen	<ul style="list-style-type: none"> <li>Impact of the 2016 Kumamoto Earthquakes (-47.9 bln yen)</li> <li>Insurance recoveries related to the 2016 Kumamoto Earthquakes (+8.5 bln yen)</li> <li>Impairment charge against long-lived assets resulting from the termination of development and manufacturing of high-functionality camera modules (-23.9 bln yen)</li> <li>Impairment charge related to the transfer of the battery business (-32.8 bln yen)</li> </ul>
1H FY17	361.8 bln yen	325.0 bln yen	<ul style="list-style-type: none"> <li>Gain resulting from the sale of an equity interest in a manufacturing subsidiary in the camera modules business (+27.5 bln yen)</li> <li>Insurance recoveries related to the 2016 Kumamoto Earthquakes (+9.3 bln yen)</li> </ul>
Change from FY16	+259.9 bln yen	+127.0 bln yen (+64.1%)	

\*The above monetary amounts have been separately disclosed in the "Consolidated Financial Results" and the "Handout" for the relevant quarters.

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## Q2 FY2017 Results by Segment [Reclassified]

(Bln Yen)

		Q2 FY16	Q2 FY17	Change	FX Impact
Mobile Communications (MC)	Sales	168.8	172.0	+3.3	+8.9
	Operating income	3.7	-2.5	-6.2	-1.2
Game & Network Services (G&NS)	Sales	319.9	433.2	+113.3	+33.8
	Operating income	19.0	54.8	+35.8	+3.1
Imaging Products & Solutions (IP&S)	Sales	135.4	156.7	+21.3	+11.3
	Operating income	14.9	18.9	+4.0	+5.2
Home Entertainment & Sound (HE&S)	Sales	234.9	300.9	+66.1	+26.1
	Operating income	17.6	24.4	+6.8	+7.0
Semiconductors	Sales	193.7	228.4	+34.6	+15.0
	Operating income	-4.2	49.4	+53.6	+9.0
Pictures	Sales	192.1	244.0	+51.9	+18.9
	Operating income	3.2	7.7	+4.5	
Music	Sales	150.2	206.6	+56.4	+8.2
	Operating income	16.5	32.5	+16.0	
Financial Services	Revenue	260.5	279.2	+18.7	
	Operating income	33.6	36.6	+3.0	
All Other	Sales	101.4	112.8	+11.5	
	Operating income	-32.6	-0.0	+32.6	
Corporate and elimination	Sales	-67.9	-71.3	-3.4	
	Operating income	-25.9	-17.5	+8.4	
Consolidated total	Sales	1,688.9	2,062.5	+373.6	
	Operating income	45.7	204.2	+158.5	

· Due to Sony's realignment of its business segments in Q1 FY2017, certain figures in FY16 have been reclassified to conform to the presentation of FY17 (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 definition of FX Impact, please see P. 8 of "Consolidated Financial Results for the Second Quarter Ended September 30, 2017" (applies to all following pages)

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## 1H FY2017 Results by Segment [Reclassified]

(Bln Yen)

		1H FY16	1H FY17	Change	FX Impact
<b>Mobile Communications (MC)</b>	Sales	354.7	353.2	-1.5	+10.0
	Operating income	4.1	1.2	-3.0	+0.2
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	650.3	781.3	+131.0	+37.8
	Operating income	63.0	72.5	+9.5	+0.8
<b>Imaging Products &amp; Solutions (IP&amp;S)</b>	Sales	257.6	312.4	+54.8	+12.7
	Operating income	22.4	42.1	+19.7	+5.2
<b>Home Entertainment &amp; Sound (HE&amp;S)</b>	Sales	470.8	557.8	+87.0	+30.2
	Operating income	37.8	47.0	+9.2	+7.2
<b>Semiconductors</b>	Sales	338.2	432.6	+94.4	+19.3
	Operating income	-47.7	104.8	+152.5	+11.5
<b>Pictures</b>	Sales	375.4	449.8	+74.4	+24.3
	Operating income	-7.4	-1.8	+5.6	
<b>Music</b>	Sales	292.1	375.1	+83.0	+10.8
	Operating income	32.4	57.5	+25.1	
<b>Financial Services</b>	Revenue	493.2	582.4	+89.2	
	Operating income	82.1	82.8	+0.7	
<b>All Other</b>	Sales	202.1	222.1	+19.9	
	Operating income	-39.6	-8.3	+31.3	
<b>Corporate and elimination</b>	Sales	-132.3	-146.0	-13.7	
	Operating income	-45.1	-36.0	+9.2	
<b>Consolidated total</b>	Sales	3,302.1	3,920.6	+618.5	
	Operating income	101.9	361.8	+259.9	

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## FY2017 Consolidated Results Forecast

(Bln Yen)

	FY16	FY17 August Forecast	FY17 October Forecast	Change from August Forecast
Sales & operating revenue	7,603.3	8,300	8,500	+2.4%
Operating income	288.7	500	630	+26.0%
Income before income taxes	251.6	470	600	+27.7%
Net income attributable to Sony Corporation's stockholders	73.3	255	380	+49.0%
Restructuring charges	60.2	15	15	-
Additions to long-lived assets	272.2	330	330	-
Depreciation and amortization	327.0	355	355	-
Research and development expenses	447.5	450	450	-
				<b>Dividend per Share</b>
Foreign exchange rates	Actual	Assumption (Q2-Q4 FY17)	Assumption (2H FY17)	<b>Interim</b> 12.50 yen
1 US dollar	108.4 yen	Approx. 110 yen	Approx. 112 yen	<b>Year-end (Planned)</b> 12.50 yen
1 Euro	118.8 yen	Approx. 120 yen	Approx. 130 yen	<b>Full year (Planned)</b> 25 yen

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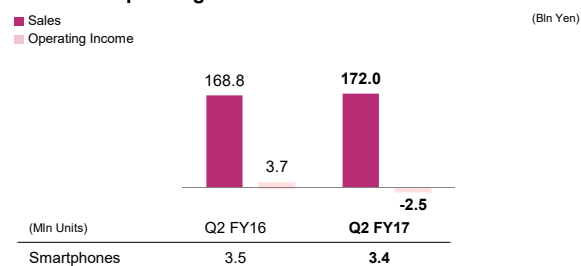
## FY2017 Results Forecast by Segment [Reclassified]

		FY16	FY17 August Forecast	FY17 October Forecast	Change from August Forecast
<b>Mobile Communications (MC)</b>	Sales	759.1	820	<b>780</b>	-40
	Operating income	10.2	5	<b>5</b>	-
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	1,649.8	1,980	<b>2,000</b>	+20
	Operating income	135.6	180	<b>180</b>	-
<b>Imaging Products &amp; Solutions (IP&amp;S)</b>	Sales	579.6	650	<b>650</b>	-
	Operating income	47.3	72	<b>72</b>	-
<b>Home Entertainment &amp; Sound (HE&amp;S)</b>	Sales	1,039.0	1,170	<b>1,200</b>	+30
	Operating income	58.5	58	<b>76</b>	+18
<b>Semiconductors</b>	Sales	773.1	860	<b>880</b>	+20
	Operating income	-7.8	130	<b>150</b>	+20
<b>Pictures</b>	Sales	903.1	1,020	<b>1,020</b>	-
	Operating income	-80.5	39	<b>39</b>	-
<b>Music</b>	Sales	647.7	630	<b>730</b>	+100
	Operating income	75.8	75	<b>94</b>	+19
<b>Financial Services</b>	Revenue	1,087.5	1,170	<b>1,170</b>	-
	Operating income	166.4	170	<b>170</b>	-
<b>All Other, Corporate and elimination</b>	Operating Income	-116.7	-229	<b>-156</b>	+73
<b>Consolidated total</b>	Revenue	7,603.3	8,300	<b>8,500</b>	+200
	Operating income	288.7	500	<b>630</b>	+130

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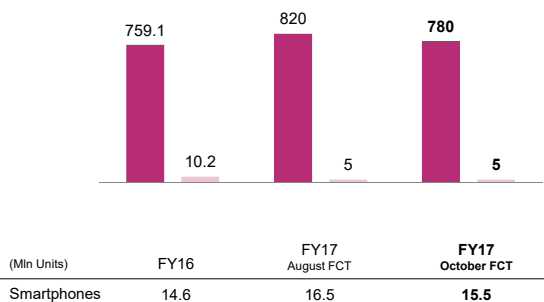
## Mobile Communications Segment

### Sales and Operating Income



### Q2 FY2017 (year-on-year)

- Sales: Essentially flat (3.3 bln yen / 1.9% increase) (FX Impact: +8.9 bln yen)
  - (+) Impact of foreign exchange rates
  - (+) Increase in sales of the fixed line communications business
  - (-) Decrease in unit sales of smartphones
- OI: 6.2 bln yen deterioration (FX Impact: -1.2 bln yen)
  - (-) Change in the geographic mix of smartphone sales
  - (-) Increase in the price of key components
  - (-) Negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs
  - (+) Reductions in operating costs and marketing expenses



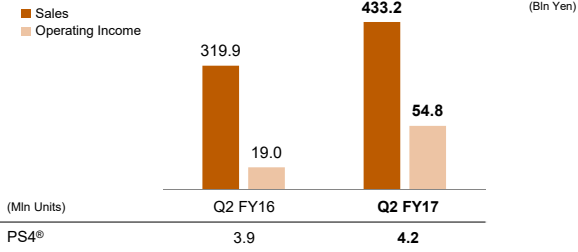
### FY2017 Forecast (change from August forecast)

- Sales: 40 bln yen (4.9%) downward revision
  - (-) Decrease in smartphone unit sales
- OI: Remains unchanged from August forecast
  - (-) Decrease in smartphone unit sales
  - (-) Increase in the price of key components
  - (+) Reductions in operating costs

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## Game & Network Services Segment

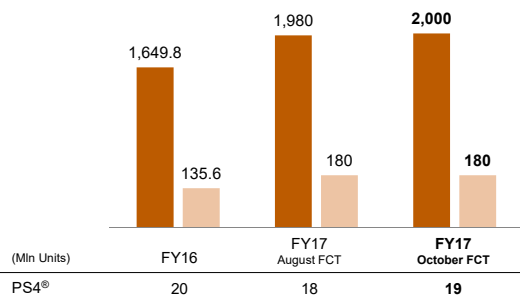
### Sales and Operating Income



### Q2 FY2017 (year-on-year)

- Sales: 113.3 bln yen (35.4%) significant increase (FX Impact: +33.8 bln yen)
  - (+): Increase in PS4 software sales including sales through the network
  - (+): Impact of foreign exchange rates
  - (+): Increase in PS4 hardware sales
- OI: 35.8 bln yen significant increase (FX Impact: +3.1 bln yen)
  - (+): Increase in sales
  - (-): Increase in selling, general and administrative expenses

Operating income includes a favorable adjustment of 5.1 billion yen that resulted from the recognition of internal royalties in the current quarter, rather than in the first quarter of the fiscal year ending March 31, 2018.

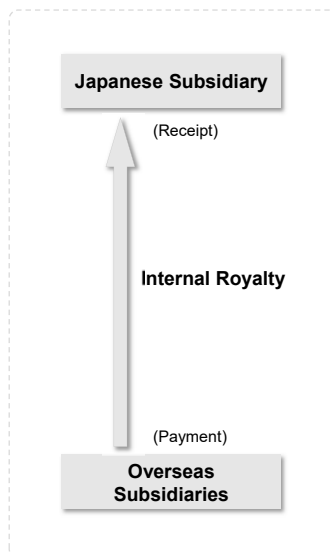


### FY2017 Forecast (change from August forecast)

- Sales: 20 bln yen (1.0%) upward revision
  - (+): Increase in PS4 hardware sales
  - (+): Increase in network sales
- OI: Remains unchanged from the August forecast
  - (+): Increase in sales
  - (+): Positive impact of foreign exchange rates
  - (-): Stronger promotions for the holiday season

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## Game & Network Services Segment



### Previous Timing of Royalty Recognition

	(Month)											
	Q1		Q2			Q3			Q4			
Japanese Subsidiary (Income)	4	5	6	7	8	9	10	11	12	1	2	3
Overseas Subsidiaries (Cost)	4	5	6	7	8	9	10	11	12	1	2	3

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## Game & Network Services Segment

(Bln Yen)

	FY16					FY17	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
<b>Operating Income as disclosed</b>	<b>44.0</b>	<b>19.0</b>	<b>50.0</b>	<b>22.5</b>	<b>135.6</b>	<b>17.7</b>	<b>54.8</b>
Adjustment related to recognition of internal royalties	+3.5	+3.0	-0.7	-5.8	±0	+5.1	-5.1
<b>Operating Income after adjustment of internal royalties</b>	<b>47.5</b>	<b>22.0</b>	<b>49.4</b>	<b>16.7</b>	<b>135.6</b>	<b>22.9</b>	<b>49.6</b>

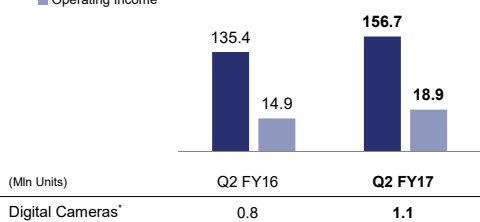
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## Imaging Products & Solutions Segment

### Sales and Operating Income

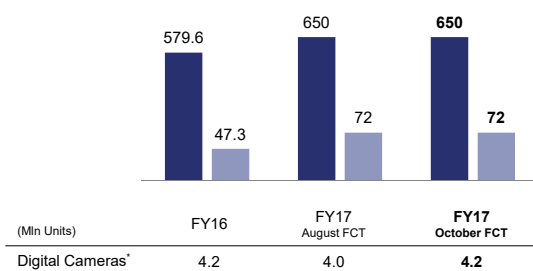
■ Sales  
■ Operating Income

(Bln Yen)



### Q2 FY2017 (year-on-year)

- Sales: 21.3 bln yen (15.8%) significant increase (FX Impact: +11.3 bln yen)
  - (+) Impact of foreign exchange rates
  - (+) Absence of the impact from the 2016 Kumamoto Earthquakes in Q2 FY16
- OI: 4.0 bln yen increase (FX Impact: +5.2 bln yen)
  - (+) Positive impact of foreign exchange rates
  - (+) Increase in sales
  - (-) Increase in selling, general and administrative expenses



### FY2017 Forecast

- Sales / OI: Remain unchanged from August forecast

\* Includes compact digital cameras and interchangeable single-lens cameras / Excludes interchangeable lenses

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## Imaging Products & Solutions Segment Operating Income Excluding One-time Items\*

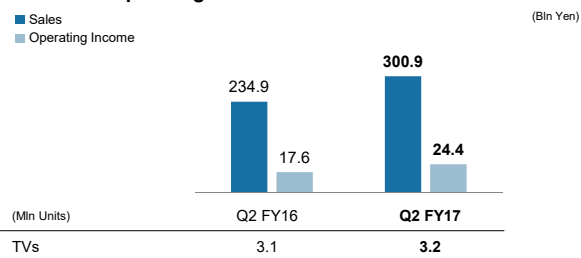
	Operating Income	Operating Income Excluding One-time Items*	One-time Items*
Q2 FY16	14.9 bln yen	17.9 bln yen	■ Impact of the 2016 Kumamoto Earthquakes (-3.0 bln yen)
Q2 FY17	18.9 bln yen	18.9 bln yen	—
Change from FY16	+4.0 bln yen	+1.0 bln yen	

\*The above monetary amounts have been separately disclosed in the "Consolidated Financial Results" and the "Handout" for the relevant quarters.

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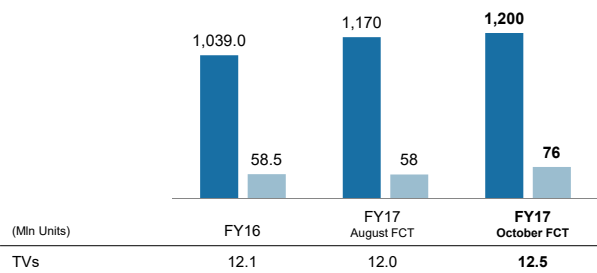
## Home Entertainment & Sound Segment

### Sales and Operating Income



### Q2 FY2017 (year-on-year)

- Sales: 66.1 bln yen (28.1%) significant increase (FX impact: +26.1 bln yen)
  - (+) Improvement in the product mix of televisions reflecting a shift to high value-added models
  - (+) Impact of foreign exchange rates
- OI: 6.8 bln yen significant increase (FX Impact: +7.0 bln yen)
  - (+) Increase in sales
  - (+) Positive impact of foreign exchange rates
  - (-) Increase in the price of key components
  - (-) Increase in marketing costs



### FY2017 Forecast (change from August forecast)

- Sales: 30 bln yen (2.6%) upward revision
  - (+) Increase in television unit sales
- OI: 18 bln yen upward revision
  - (+) Decrease in the price of key components
  - (+) Increase in sales

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## Semiconductors Segment

### Sales and Operating Income

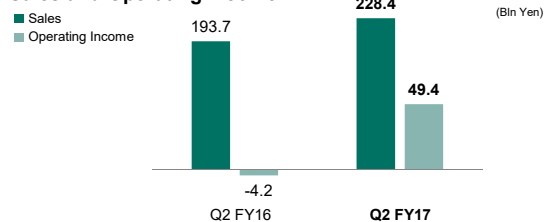


Image Sensors* Sales	133.1	176.8
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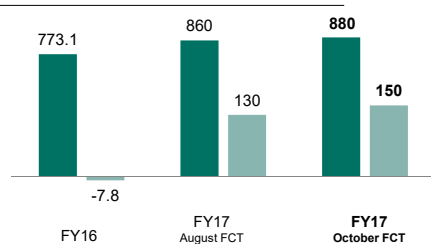


Image Sensors* Sales	548.6	660	680
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Additions to long-lived assets for Semiconductors Segment	84.0	130	130
for Image Sensors* (included above)	45.0	110	110

### Q2 FY2017 (year-on-year)

- Sales: 34.6 bln yen (17.9%) significant increase (FX Impact: +15.0 bln yen)
  - (+): Significant increase in sales of image sensors
  - (+): Significant increase in unit sales of image sensors for mobile products
  - (+): Absence of the impact of a decrease in image sensor production due to the 2016 Kumamoto Earthquakes in Q2 FY16
  - (-): Significant decrease in sales of camera modules, a business which was downsized
- OI: 53.6 bln yen significant improvement (FX Impact: +9.0 bln yen)
  - (+): Increase in sales
  - (+): Absence of 9.4 bln yen in inventory write-downs of certain image sensors for mobile products in Q2 FY16
  - (+): Positive impact of foreign exchange rates

### FY2017 Forecast (change from August forecast)

- Sales: 20 bln yen (2.3%) upward revision
  - (+): Higher-than-expected unit sales of image sensors for mobile products
- OI: 20 bln yen upward revision
  - (+): Increase in sales of image sensors

\*Category changes  
Image sensors with sensing capabilities previously included in Other are now integrated into the Image Sensors category.

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## Semiconductors Segment Operating Income Excluding One-time Items\*

	Operating Income	Operating Income Excluding One-time Items	One-time Items*
Q2 FY16	-4.2 bln yen	2.1 bln yen	<ul style="list-style-type: none"> <li>■ Impact of the 2016 Kumamoto Earthquakes (-9.9 bln yen)</li> <li>■ Insurance recoveries related to the 2016 Kumamoto Earthquakes (+7.2 bln yen)</li> <li>■ Impairment charge against long-lived assets resulting from the termination of development and manufacturing of high-functionality camera modules (-3.6 bln yen)</li> </ul>
Q2 FY17	49.4 bln yen	49.4 bln yen	—
Change from FY16	+53.6 bln yen	+47.3 bln yen	

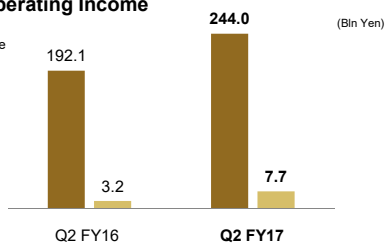
\*The above monetary amounts have been separately disclosed in the "Consolidated Financial Results" and the "Handout" for the relevant quarters.

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## Pictures Segment

### Sales and Operating Income

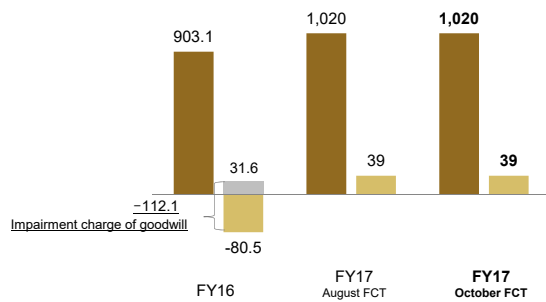
■ Sales  
■ Operating Income



### Q2 FY2017 (year-on-year)

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

- Sales: 51.9 bln yen (27.0%) significant increase (U.S. dollar basis: +319 mil USD / +17%)
  - (+) Significant increase in theatrical revenues due to the strong worldwide theatrical performance of *Spider-Man: Homecoming*
  - (+) Increase in sales for Media Networks in India
  - (+) Higher advertising and subscription revenues from TEN Sports Network and from SPE's other networks in India
- OI: 4.5 bln yen increase
  - (+) Increase in sales
  - (-) Higher programming and marketing expenses for Media Networks



### FY2017 Forecast

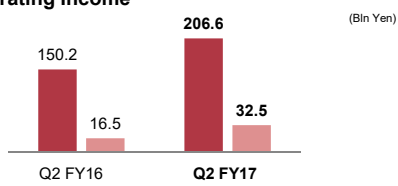
- Sales / OI: Remain unchanged from August forecast

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## Music Segment

### Sales and Operating Income

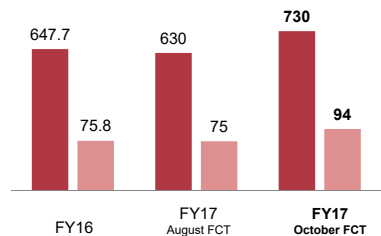
■ Sales  
■ Operating Income



### Q2 FY2017 (year-on-year)

- Sales: 56.4 bln yen (37.5%) significant increase (FX Impact: +8.2 bln yen)
  - (+) Increase in Visual Media and Platform sales due to the continued strong performance of *Fate/Grand Order*, a game application for mobile devices
  - (+) Increase in Recorded Music sales due to an increase in digital streaming revenues
- OI: 16.0 bln yen increase
  - (+) Increase in Visual Media and Platform sales
  - (+) Increase in Recorded Music sales

Recorded Music Category Revenue	89.8	109.2
Streaming* Revenue (included above)	31.5	53.0



### FY2017 Forecast (change from August forecast)

- Sales: 100 bln yen (15.9%) upward revision
  - (+) Higher-than-expected Visual Media and Platform sales
  - (+) Higher-than-expected Recorded Music sales
- OI: 19 bln yen upward revision
  - (+) Higher-than-expected Visual Media and Platform sales
  - (+) Higher-than-expected Recorded Music sales

Recorded Music Category Revenue	388.9	-	-
Streaming* Revenue (included above)	140.6	-	-

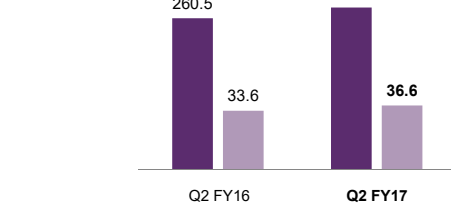
\* Streaming includes digital audio, digital video and digital radio, and includes revenue from both subscription and ad-supported services.

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## Financial Services Segment

### Financial Services Revenue and Operating Income

(Bln Yen)

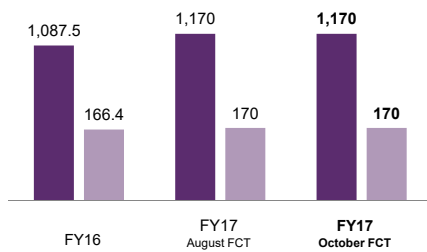


### Q2 FY2017 (year-on-year)

- Revenue: 18.7 bln yen (7.2%) increase
  - (+) Increase in revenue at Sony Life (15.1 bln yen increase, revenue: 246.0 bln yen)
  - (+) Higher insurance premiums revenue reflecting an increase in the policy amount in force
  - (+) Improvement in investment performance in the separate account mainly due to favorable financial market conditions
- OI: 3.0 bln yen increase
  - (+) Decline in the loss ratio for automobile insurance at Sony Assurance
  - (+) Increase in OI at Sony Life (1.2 bln yen increase, OI: 32.2 bln yen)
  - (+) Increase in insurance premiums revenue

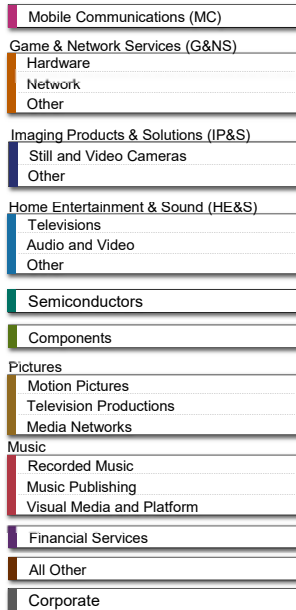
### FY2017 Forecast

- Revenue / OI: Remain unchanged from August forecast

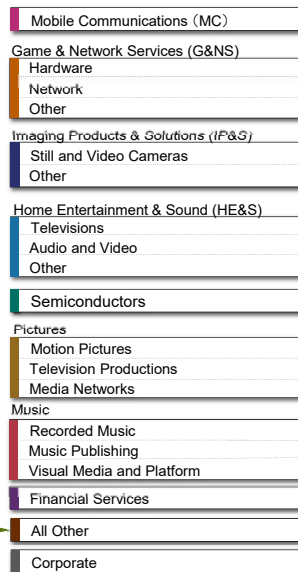


## Segment and Category Realignment

FY2016



FY2017



### Realignments

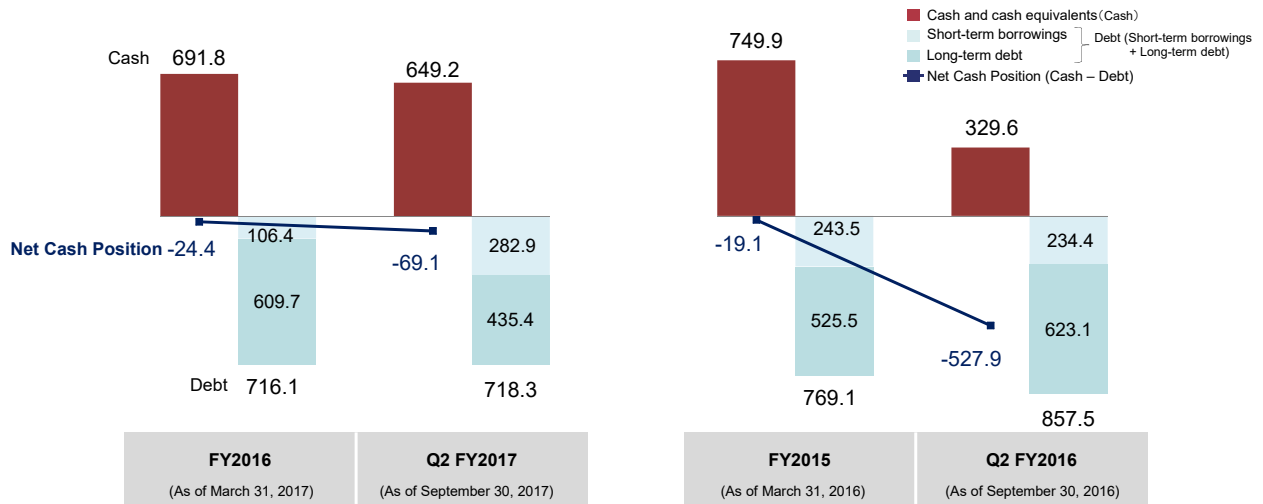
Sony realigned its business segments from the first quarter of the fiscal year ending March 31, 2018. As a result of this realignment, the operation of the former Components segment is now included in All Other. In connection with this realignment, the sales and operating revenue and operating income (loss) of each segment for the comparable period have been reclassified to conform to the current presentation.

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

(Billion yen)

The six months ended September 30, 2017

The six months ended September 30, 2016

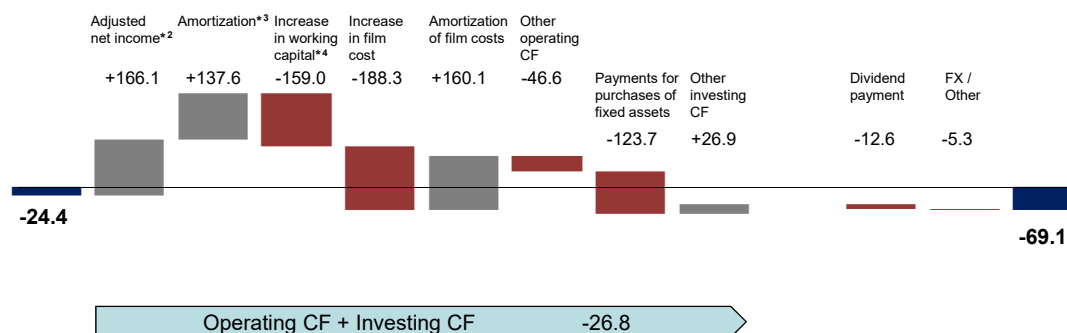


Please refer to F-14 in "Consolidated Financial Results for the Second Quarter Ended September 30, 2016" and F-13 in "Consolidated Financial Results for the Second Quarter Ended September 30, 2017" for condensed balance sheets for Sony without Financial Services.

## Q2 FY2017 Cash Flow (CF) Analysis (Sony without Financial Services)

(Billion yen)

As of March 31, 2017				As of September 30, 2017
Cash – Debt <sup>*1</sup> (Net Cash Position)	Operating CF +70.0	Investing CF -96.8	Other -17.9	
-24.4	-44.7 (Deterioration)			-69.1



<sup>\*1</sup> Please refer to P.22

<sup>\*2</sup> Net income (loss) + Other operating expense (income), net + loss (gain) on sale or devaluation of securities investments, net [Operating CF of Sony without Financial Services]

<sup>\*3</sup> Depreciation and amortization [Operating CF of Sony without Financial Services]

<sup>\*4</sup> (Increase) decrease in notes and accounts receivable, trade + (Increase) decrease of inventories + Increase (decrease) in notes and accounts payable, trade [Operating CF of Sony without Financial Services]

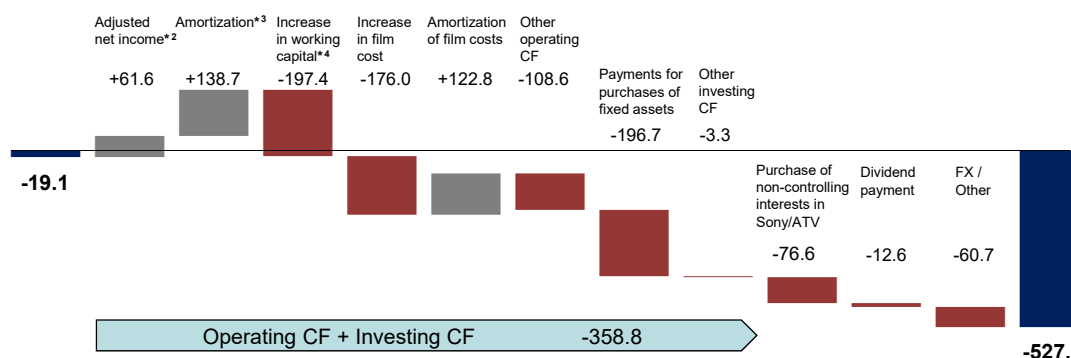
Please refer to F-16 for a Condensed Statements of Cash Flows for Sony without Financial Services in "Consolidated Financial Results for the Second quarter Ended September 30, 2017".

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## Q2 FY2016 Cash Flow (CF) Analysis (Sony without Financial Services)

(Billion yen)

As of March 31, 2016				As of September 30, 2016
Cash – Debt <sup>*1</sup> (Net Cash Position)	Operating CF -158.7	Investing CF -200.1	Other -149.9	
-19.1	-508.7 (Deterioration)			-527.9



<sup>\*1</sup> Please refer to P.22

<sup>\*2</sup> Net income (loss) + Other operating (income) expense, net + (Gain) loss on sale or devaluation of securities investments, net [Operating CF of Sony without Financial Services]

<sup>\*3</sup> Depreciation and amortization [Operating CF of Sony without Financial Services]

<sup>\*4</sup> (Increase) decrease in notes and accounts receivable, trade + (Increase) decrease of inventories + Increase (decrease) in notes and accounts payable, trade [Operating CF of Sony without Financial Services]

Please refer to F-16 for a Condensed Statements of Cash Flows for Sony without Financial Services in "Consolidated Financial Results for the Second quarter Ended September 30, 2017".

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## Cautionary Statement

Statements made in this presentation 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) 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;
- (ii) 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 and liabilities are denominated;
- (iii) 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;
- (iv) Sony's ability and timing to recoup large-scale investments required for technology development and production capacity;
- (v) Sony's ability to implement successful business restructuring and transformation efforts under changing market and regulatory conditions;
- (vi) changes in laws, regulations and government policies in the markets in which Sony operates, including those related to taxation and corporate social responsibility;
- (vii) 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;
- (viii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses);
- (ix) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (x) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments;
- (xi) significant volatility and disruption in the global financial markets or a ratings downgrade;
- (xii) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xiii) 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, supply and distribution of its products, and its other business operations;
- (xiv) the outcome of pending and/or future legal and/or regulatory proceedings;
- (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) 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;
- (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, potential business disruptions or financial losses; and
- (xviii) risks related to catastrophic disasters or similar events.

Risks and uncertainties also include the impact of any future events with material adverse impact.