Quarterly Financial Statements
for the Third Quarter Ended December 31, 2018
And
Outlook for the Fiscal Year Ending March 31, 2019

February 1, 2019
Sony Corporation

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All amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. (“U.S. GAAP”).

Sony Corporation and its consolidated subsidiaries are together referred to as “Sony”.

## Consolidated Statement of Financial Position

**Consolidated Balance Sheets**

### ASSETS

<table>
<thead>
<tr>
<th>March 31</th>
<th>December 31</th>
<th>Change from March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥1,586,329</td>
<td>¥1,480,816</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>1,176,601</td>
<td>1,199,327</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade and contract assets</td>
<td>1,061,442</td>
<td>1,390,671</td>
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<tr>
<td>Allowance for doubtful accounts</td>
<td>(48,663)</td>
<td>(24,597)</td>
</tr>
<tr>
<td>Inventories</td>
<td>692,937</td>
<td>676,051</td>
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<tr>
<td>Other receivables</td>
<td>190,706</td>
<td>240,516</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>516,744</td>
<td>518,748</td>
</tr>
<tr>
<td>Total current assets</td>
<td>5,176,096</td>
<td>5,481,532</td>
</tr>
<tr>
<td>Investments and advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliated companies</td>
<td>157,389</td>
<td>161,630</td>
</tr>
<tr>
<td>Securities investments and other</td>
<td>10,598,669</td>
<td>11,290,479</td>
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<tr>
<td>Property, plant and equipment:</td>
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<td></td>
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<tr>
<td>Land</td>
<td>84,358</td>
<td>84,382</td>
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<tr>
<td>Buildings</td>
<td>655,434</td>
<td>686,003</td>
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<tr>
<td>Machinery and equipment</td>
<td>1,798,722</td>
<td>1,859,793</td>
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<tr>
<td>Construction in progress</td>
<td>38,295</td>
<td>29,640</td>
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<tr>
<td>Less: Accumulated depreciation</td>
<td>1,837,339</td>
<td>1,902,028</td>
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<tr>
<td>Total property, plant and equipment</td>
<td>2,576,809</td>
<td>2,659,818</td>
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<td>Other assets:</td>
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<td></td>
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<tr>
<td>Intangibles, net</td>
<td>527,168</td>
<td>924,399</td>
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<tr>
<td>Goodwill</td>
<td>530,492</td>
<td>762,408</td>
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<tr>
<td>Deferred insurance acquisition costs</td>
<td>586,670</td>
<td>594,940</td>
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<td>Deferred income taxes</td>
<td>96,772</td>
<td>201,326</td>
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<tr>
<td>Other</td>
<td>325,167</td>
<td>333,208</td>
</tr>
<tr>
<td>Total assets</td>
<td>19,065,538</td>
<td>20,922,140</td>
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</tbody>
</table>

### LIABILITIES AND EQUITY

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>¥496,093</td>
<td>¥674,962</td>
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<tr>
<td>Current portion of long-term debt</td>
<td>225,522</td>
<td>167,326</td>
</tr>
<tr>
<td>Notes and accounts payable, trade</td>
<td>468,550</td>
<td>597,499</td>
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<tr>
<td>Accounts payable, other and accrued expenses</td>
<td>1,514,433</td>
<td>1,752,074</td>
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<tr>
<td>Accrued income and other taxes</td>
<td>145,905</td>
<td>208,652</td>
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<tr>
<td>Deposits from customers in the banking business</td>
<td>2,159,246</td>
<td>2,280,654</td>
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<td>Total liabilities</td>
<td>15,409,171</td>
<td>16,466,522</td>
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<tr>
<td>Redeemable noncontrolling interest</td>
<td>9,210</td>
<td>8,490</td>
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<tr>
<td>Equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sony Corporation’s stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>865,678</td>
<td>873,283</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,282,577</td>
<td>1,267,200</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,440,387</td>
<td>2,257,739</td>
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<tr>
<td>Accumulated other comprehensive income</td>
<td>(616,746)</td>
<td>(612,749)</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>(4,530)</td>
<td>(4,670)</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>679,791</td>
<td>666,325</td>
</tr>
<tr>
<td>Total equity</td>
<td>3,647,157</td>
<td>4,447,128</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>¥19,065,538</td>
<td>¥20,922,140</td>
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</table>
### Consolidated Statements of Income

#### Three months ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and operating revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥ 2,279,714</td>
<td>¥ 2,220,123</td>
<td>-¥ 59,591</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>371,498</td>
<td>161,630</td>
<td>-209,868</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>21,105</td>
<td>20,052</td>
<td>-1,053</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥ 2,672,317</td>
<td>¥ 2,401,805</td>
<td>-¥ 270,512</td>
</tr>
<tr>
<td><strong>Costs and expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,607,962</td>
<td>1,581,376</td>
<td>-¥ 26,586</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>415,532</td>
<td>430,025</td>
<td>+¥ 14,493</td>
</tr>
<tr>
<td>Financial services expenses</td>
<td>315,404</td>
<td>123,756</td>
<td>-191,648</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(13,119)</td>
<td>(112,809)</td>
<td>-99,690</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,325,779</td>
<td>2,022,348</td>
<td>-¥ 303,431</td>
</tr>
<tr>
<td><strong>Equity in net income (loss) of affiliated companies</strong></td>
<td>4,299</td>
<td>(2,469)</td>
<td>-6,768</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>350,837</td>
<td>376,988</td>
<td>+¥ 26,151</td>
</tr>
<tr>
<td><strong>Other income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>3,519</td>
<td>6,436</td>
<td>+¥ 2,917</td>
</tr>
<tr>
<td>Gain on sale of securities investments, net</td>
<td>833</td>
<td>-</td>
<td>-833</td>
</tr>
<tr>
<td>Foreign exchange gain, net</td>
<td>-</td>
<td>5,085</td>
<td>+¥ 5,085</td>
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<tr>
<td>Other</td>
<td>1,531</td>
<td>1,927</td>
<td>+¥396</td>
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<tr>
<td><strong>Total</strong></td>
<td>5,883</td>
<td>13,448</td>
<td>+¥ 7,565</td>
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<tr>
<td><strong>Other expenses:</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Interest</td>
<td>3,536</td>
<td>3,510</td>
<td>-¥ 26</td>
</tr>
<tr>
<td>Loss on devaluation of securities investments</td>
<td>1,324</td>
<td>-</td>
<td>-1,324</td>
</tr>
<tr>
<td>Loss on equity securities, net</td>
<td>-</td>
<td>44,777</td>
<td>+¥ 44,777</td>
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<tr>
<td>Foreign exchange loss, net</td>
<td>5,888</td>
<td>-</td>
<td>-5,888</td>
</tr>
<tr>
<td>Other</td>
<td>2,853</td>
<td>1,619</td>
<td>-1,234</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,601</td>
<td>49,906</td>
<td>+¥36,305</td>
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<tr>
<td><strong>Income before income taxes</strong></td>
<td>343,119</td>
<td>340,530</td>
<td>-¥ 2,580</td>
</tr>
<tr>
<td>Income taxes</td>
<td>28,234</td>
<td>(100,723)</td>
<td>-128,957</td>
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<tr>
<td><strong>Net income</strong></td>
<td>314,885</td>
<td>441,253</td>
<td>+¥126,368</td>
</tr>
<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>18,988</td>
<td>12,291</td>
<td>-6,697</td>
</tr>
<tr>
<td><strong>Net income attributable to Sony Corporation’s stockholders</strong></td>
<td>¥ 295,897</td>
<td>¥ 428,962</td>
<td>+¥133,065</td>
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</tbody>
</table>

**Per share data:**

Net income attributable to Sony Corporation’s stockholders

- Basic: ¥ 234.08 to ¥ 337.97, +¥ 103.89
- Diluted: ¥ 228.91 to ¥ 300.77, +¥ 71.86

### Consolidated Statements of Comprehensive Income

#### Three months ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>¥ 314,885</td>
<td>¥ 441,253</td>
<td>+¥126,368</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gains on securities</td>
<td>11,688</td>
<td>24,986</td>
<td>+¥ 13,298</td>
</tr>
<tr>
<td>Unrealized gains (losses) on derivative instruments</td>
<td>(79)</td>
<td>326</td>
<td>+¥ 247</td>
</tr>
<tr>
<td>Pension liability adjustment</td>
<td>2,365</td>
<td>2,342</td>
<td>-¥ 23</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>3,655</td>
<td>(36,160)</td>
<td>-39,815</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>332,514</td>
<td>432,747</td>
<td>+¥100,233</td>
</tr>
<tr>
<td>Less - Comprehensive income attributable to noncontrolling interests</td>
<td>21,603</td>
<td>20,634</td>
<td>-969</td>
</tr>
<tr>
<td><strong>Comprehensive income attributable to Sony Corporation’s stockholders</strong></td>
<td>¥ 310,911</td>
<td>¥ 412,113</td>
<td>+¥101,202</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Income

(Millions of yen, except per share amounts)

#### Nine months ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and operating revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥5,573,273</td>
<td>¥5,632,057</td>
<td>¥+58,784</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>950,292</td>
<td>846,363</td>
<td>-103,929</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>69,396</td>
<td>59,769</td>
<td>-9,627</td>
</tr>
<tr>
<td></td>
<td>6,592,961</td>
<td>6,538,189</td>
<td>¥-54,772</td>
</tr>
<tr>
<td><strong>Costs and expenses:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3,957,700</td>
<td>3,916,607</td>
<td>-41,093</td>
</tr>
<tr>
<td>Selling, general and admin</td>
<td>1,159,190</td>
<td>1,176,915</td>
<td>+17,725</td>
</tr>
<tr>
<td>Financial services expenses</td>
<td>810,967</td>
<td>728,246</td>
<td>-82,721</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(40,131)</td>
<td>(99,751)</td>
<td>+59,620</td>
</tr>
<tr>
<td></td>
<td>5,887,726</td>
<td>5,722,017</td>
<td>-165,709</td>
</tr>
<tr>
<td><strong>Equity in net income (loss) of affiliated companies</strong></td>
<td>7,441</td>
<td>(4,667)</td>
<td>-12,108</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>712,676</td>
<td>811,505</td>
<td>+98,829</td>
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<tr>
<td><strong>Other income:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>16,556</td>
<td>15,741</td>
<td>-815</td>
</tr>
<tr>
<td>Gain on sale of securities investments, net</td>
<td>1,479</td>
<td>-</td>
<td>-1,479</td>
</tr>
<tr>
<td>Gain on equity securities, net</td>
<td>—</td>
<td>79,937</td>
<td>+79,937</td>
</tr>
<tr>
<td>Foreign exchange gain, net</td>
<td>—</td>
<td>1,174</td>
<td>+1,174</td>
</tr>
<tr>
<td>Other</td>
<td>2,529</td>
<td>4,121</td>
<td>+1,592</td>
</tr>
<tr>
<td></td>
<td>20,564</td>
<td>100,973</td>
<td>+80,409</td>
</tr>
<tr>
<td><strong>Other expenses:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Interest expenses</td>
<td>10,782</td>
<td>10,704</td>
<td>-78</td>
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<tr>
<td>Loss on devaluation of securities investments</td>
<td>1,803</td>
<td>—</td>
<td>-1,803</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>25,154</td>
<td>—</td>
<td>-25,154</td>
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<tr>
<td>Other</td>
<td>4,923</td>
<td>2,760</td>
<td>-2,163</td>
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<tr>
<td></td>
<td>42,662</td>
<td>13,464</td>
<td>-29,198</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>690,578</td>
<td>899,014</td>
<td>+208,436</td>
</tr>
<tr>
<td>Income taxes</td>
<td>138,481</td>
<td>33,767</td>
<td>-104,714</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>552,097</td>
<td>865,247</td>
<td>+313,150</td>
</tr>
<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>44,477</td>
<td>36,837</td>
<td>-7,640</td>
</tr>
<tr>
<td><strong>Net income attributable to Sony Corporation’s stockholders</strong></td>
<td>¥507,620</td>
<td>¥828,410</td>
<td>¥+320,790</td>
</tr>
</tbody>
</table>

**Per share data:**

Net income attributable to Sony Corporation’s stockholders

<table>
<thead>
<tr>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥401.76</td>
<td>¥653.09</td>
</tr>
<tr>
<td>¥393.05</td>
<td>¥638.89</td>
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</table>

### Consolidated Statements of Comprehensive Income

(Millions of yen)

#### Nine months ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥552,097</td>
<td>¥865,247</td>
<td>+313,150</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gains on securities</td>
<td>7,030</td>
<td>3,920</td>
<td>-3,110</td>
</tr>
<tr>
<td>Unrealized gains on derivative instruments</td>
<td>150</td>
<td>1,241</td>
<td>+1,091</td>
</tr>
<tr>
<td>Pension liability adjustment</td>
<td>7,009</td>
<td>7,085</td>
<td>+76</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>33,742</td>
<td>4,305</td>
<td>-29,437</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>600,028</td>
<td>881,798</td>
<td>+281,770</td>
</tr>
<tr>
<td>Less - Comprehensive income attributable to noncontrolling interests</td>
<td>48,959</td>
<td>33,865</td>
<td>-15,094</td>
</tr>
<tr>
<td><strong>Comprehensive income attributable to Sony Corporation’s stockholders</strong></td>
<td>¥551,069</td>
<td>¥847,933</td>
<td>¥+296,864</td>
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</tbody>
</table>
## Consolidated Statements of Cash Flows

**Nine months ended December 31**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>¥ 552,097</td>
<td>¥ 865,247</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs</td>
<td>258,187</td>
<td>278,405</td>
</tr>
<tr>
<td>Amortization of film costs</td>
<td>259,709</td>
<td>232,138</td>
</tr>
<tr>
<td>Accrual for pension and severance costs, less payments</td>
<td>3,948</td>
<td>(5,601)</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(40,131)</td>
<td>(99,751)</td>
</tr>
<tr>
<td>(Gain) loss on securities investments, net (other than financial services business)</td>
<td>324</td>
<td>(80,130)</td>
</tr>
<tr>
<td>(Gain) loss on marketable securities and securities investments held in the financial services business, net</td>
<td>(109,675)</td>
<td>43,780</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(4,551)</td>
<td>(150,648)</td>
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<tr>
<td>Equity in net (income) loss of affiliated companies, net of dividends</td>
<td>(2,125)</td>
<td>7,628</td>
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<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
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<tr>
<td>Increase in notes, accounts receivable, trade and contract assets</td>
<td>(488,285)</td>
<td>(290,046)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(88,954)</td>
<td>7,252</td>
</tr>
<tr>
<td>Increase in film costs</td>
<td>(279,082)</td>
<td>(296,276)</td>
</tr>
<tr>
<td>Increase in notes and accounts payable, trade</td>
<td>90,484</td>
<td>124,026</td>
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<tr>
<td>Increase in accrued income and other taxes</td>
<td>70,983</td>
<td>67,644</td>
</tr>
<tr>
<td>Increase in future insurance policy benefits and other</td>
<td>424,084</td>
<td>290,626</td>
</tr>
<tr>
<td>Increase in deferred insurance acquisition costs</td>
<td>(65,248)</td>
<td>(68,092)</td>
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<tr>
<td>Increase in marketable securities held in the life insurance business</td>
<td>(64,727)</td>
<td>(43,780)</td>
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<tr>
<td>Increase in other current assets</td>
<td>189,524</td>
<td>167,892</td>
</tr>
<tr>
<td>Other</td>
<td>(21,572)</td>
<td>(98,203)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>659,357</td>
<td>901,364</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for purchases of fixed assets</td>
<td>(189,780)</td>
<td>(230,008)</td>
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<tr>
<td>Proceeds from sales of fixed assets</td>
<td>15,095</td>
<td>13,463</td>
</tr>
<tr>
<td>Payments for investments and advances by financial services business</td>
<td>(671,982)</td>
<td>(808,017)</td>
</tr>
<tr>
<td>Payments for investments and advances (other than financial services business)</td>
<td>(16,526)</td>
<td>(40,930)</td>
</tr>
<tr>
<td>Proceeds from sales or return of investments and collections of advances by financial services business</td>
<td>256,652</td>
<td>216,013</td>
</tr>
<tr>
<td>Proceeds from sales or return of investments and collections of advances (other than financial services business)</td>
<td>5,404</td>
<td>2,705</td>
</tr>
<tr>
<td>Payment for EMI Music Publishing acquisition, net of cash acquired</td>
<td>—</td>
<td>(244,197)</td>
</tr>
<tr>
<td>Proceeds from sales of businesses</td>
<td>44,624</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds related to sales of Spotify Technology S.A. Shares</td>
<td>(10,767)</td>
<td>(26,497)</td>
</tr>
<tr>
<td>Other</td>
<td>(21,572)</td>
<td>(98,203)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(567,280)</td>
<td>(1,035,001)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
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<td></td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt</td>
<td>92,833</td>
<td>70,958</td>
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<td>Payments of long-term debt</td>
<td>(20,570)</td>
<td>(378,047)</td>
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<tr>
<td>Increase in short-term borrowings, net</td>
<td>72,913</td>
<td>180,467</td>
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<tr>
<td>Increase in deposits from customers in the financial services business, net</td>
<td>154,374</td>
<td>205,990</td>
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<tr>
<td>Dividends paid</td>
<td>(27,750)</td>
<td>(38,081)</td>
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<tr>
<td>Payment for purchase of Nile Acquisition LLC shares from noncontrolling interests</td>
<td>—</td>
<td>(32,041)</td>
</tr>
<tr>
<td>Other</td>
<td>(6,612)</td>
<td>(33,420)</td>
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<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>265,188</td>
<td>(24,174)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents, including restricted</strong></td>
<td>10,179</td>
<td>49,499</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents, including restricted</strong></td>
<td>367,444</td>
<td>(108,312)</td>
</tr>
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<td><strong>Cash and cash equivalents, including restricted, at beginning of the fiscal year</strong></td>
<td>968,624</td>
<td>1,592,938</td>
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<tr>
<td><strong>Cash and cash equivalents, including restricted, at end of the period</strong></td>
<td>1,336,068</td>
<td>1,484,626</td>
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<tr>
<td>Less - restricted cash and cash equivalents, included in other current assets and other assets</td>
<td>7,143</td>
<td>3,810</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the period</strong></td>
<td>¥ 1,328,925</td>
<td>¥ 1,480,816</td>
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</tbody>
</table>
Notes to Consolidated Financial Statements

Business Segment Information

(Millions of yen)

Sales and operating revenue

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>Change</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>¥ 681,649</td>
<td>¥ 759,109</td>
<td>¥ +77,460</td>
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<tr>
<td>Intergroup</td>
<td>36,317</td>
<td>31,504</td>
<td>-4,813</td>
</tr>
<tr>
<td>Total</td>
<td>717,966</td>
<td>790,613</td>
<td>+72,647</td>
</tr>
<tr>
<td>Music</td>
<td></td>
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<td></td>
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<tr>
<td>Customers</td>
<td>214,267</td>
<td>205,287</td>
<td>-8,980</td>
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<tr>
<td>Intergroup</td>
<td>4,162</td>
<td>4,063</td>
<td>-99</td>
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<tr>
<td>Total</td>
<td>218,429</td>
<td>209,350</td>
<td>-9,079</td>
</tr>
<tr>
<td>Pictures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>260,050</td>
<td>276,340</td>
<td>+16,290</td>
</tr>
<tr>
<td>Intergroup</td>
<td>267</td>
<td>397</td>
<td>+130</td>
</tr>
<tr>
<td>Total</td>
<td>260,317</td>
<td>276,737</td>
<td>+16,420</td>
</tr>
<tr>
<td>Home Entertainment &amp; Sound</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>429,604</td>
<td>388,705</td>
<td>-40,899</td>
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<tr>
<td>Intergroup</td>
<td>243</td>
<td>119</td>
<td>-124</td>
</tr>
<tr>
<td>Total</td>
<td>429,847</td>
<td>388,824</td>
<td>-41,023</td>
</tr>
<tr>
<td>Imaging Products &amp; Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>179,112</td>
<td>185,636</td>
<td>+6,524</td>
</tr>
<tr>
<td>Intergroup</td>
<td>1,990</td>
<td>2,357</td>
<td>+367</td>
</tr>
<tr>
<td>Total</td>
<td>181,102</td>
<td>187,993</td>
<td>+6,891</td>
</tr>
<tr>
<td>Mobile Communications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>215,141</td>
<td>134,978</td>
<td>-80,163</td>
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<tr>
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<td>2,402</td>
<td>2,243</td>
<td>-159</td>
</tr>
<tr>
<td>Total</td>
<td>217,543</td>
<td>137,221</td>
<td>-80,322</td>
</tr>
<tr>
<td>Semiconductors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>218,303</td>
<td>201,469</td>
<td>-16,834</td>
</tr>
<tr>
<td>Intergroup</td>
<td>32,627</td>
<td>28,858</td>
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<tr>
<td>Total</td>
<td>250,930</td>
<td>230,327</td>
<td>-20,603</td>
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<tr>
<td>Financial Services</td>
<td></td>
<td></td>
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<td>Customers</td>
<td>371,498</td>
<td>161,630</td>
<td>-209,868</td>
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<td>1,956</td>
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</tr>
<tr>
<td>Total</td>
<td>373,271</td>
<td>163,586</td>
<td>-209,685</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>96,611</td>
<td>86,466</td>
<td>-10,145</td>
</tr>
<tr>
<td>Intergroup</td>
<td>11,971</td>
<td>14,885</td>
<td>+2,914</td>
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<tr>
<td>Total</td>
<td>108,582</td>
<td>101,351</td>
<td>-7,231</td>
</tr>
<tr>
<td>Corporate and elimination</td>
<td>(85,670)</td>
<td>(84,197)</td>
<td>+1,473</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>¥ 2,672,317</td>
<td>¥ 2,401,805</td>
<td>¥ -270,512</td>
</tr>
</tbody>
</table>

Game & Network Services (“G&NS”) intersegment amounts primarily consist of transactions with All Other. Semiconductors intersegment amounts primarily consist of transactions with the G&NS segment, the Imaging Products & Solutions (“IPS”) segment and the Mobile Communications (“MC”) segment. All Other intersegment amounts primarily consist of transactions with the G&NS segment, the Music segment and the Pictures segment. Corporate and elimination includes certain brand and patent royalty income.

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies. Corporate and elimination includes headquarters restructuring costs and certain other corporate expenses, including the amortization of certain intellectual property assets such as the cross-licensing of intangible assets acquired from Ericsson at the time of the Sony Mobile Communications acquisition, which are not allocated to segments.

Beginning from the first quarter of the fiscal year ending March 31, 2019, a change has been made to the calculation method used for allocating indirect expenses incurred by sales companies to the segments every quarter. As a result of this change, a year-on-year decrease in expenses, composed primarily of 6.1 billion yen in the Home Entertainment & Sound (“HE&S”) segment, is included for the three months ended December 31, 2018. However, because an increase in expenses totaling the same amount is included in Corporate and elimination, this change has no impact on consolidated operating income for the three months ended December 31, 2018. Additionally, because increases and decreases in expenses per quarter for each segment resulting from this change in the calculation method will be offset by the increases and decreases in expenses in other quarters for that segment throughout the current year, this change will also have no impact on operating income (loss) for each segment, or for Corporate and elimination, for the fiscal year ending March 31, 2019.

(F-5)


**Sales and operating revenue**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Game &amp; Network Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>1,418,955</td>
<td>1,744,843</td>
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<tr>
<td>Intergroup</td>
<td>80,277</td>
<td>67,936</td>
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<tr>
<td>Total</td>
<td>1,499,232</td>
<td>1,812,779</td>
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<tr>
<td><strong>Music</strong></td>
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<td></td>
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<tr>
<td>Customers</td>
<td>582,180</td>
<td>583,289</td>
<td>+1,109</td>
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<tr>
<td>Intergroup</td>
<td>11,387</td>
<td>11,388</td>
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</tr>
<tr>
<td>Total</td>
<td>593,567</td>
<td>594,677</td>
<td>+1,110</td>
</tr>
<tr>
<td><strong>Pictures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>709,458</td>
<td>691,588</td>
<td>-17,870</td>
</tr>
<tr>
<td>Intergroup</td>
<td>673</td>
<td>1,101</td>
<td>+428</td>
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<tr>
<td>Total</td>
<td>716,131</td>
<td>692,689</td>
<td>-17,442</td>
</tr>
<tr>
<td><strong>Home Entertainment &amp; Sound</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Customers</td>
<td>986,839</td>
<td>935,158</td>
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<tr>
<td>Intergroup</td>
<td>808</td>
<td>691</td>
<td>-117</td>
</tr>
<tr>
<td>Total</td>
<td>987,647</td>
<td>935,849</td>
<td>-51,798</td>
</tr>
<tr>
<td><strong>Imaging Products &amp; Solutions</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>488,399</td>
<td>509,742</td>
<td>+21,343</td>
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<tr>
<td>Intergroup</td>
<td>5,058</td>
<td>6,344</td>
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</tr>
<tr>
<td>Total</td>
<td>493,457</td>
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<tr>
<td><strong>Mobile Communications</strong></td>
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<tr>
<td>Customers</td>
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<td>380,218</td>
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<td>Intergroup</td>
<td>6,746</td>
<td>7,331</td>
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<tr>
<td>Total</td>
<td>570,771</td>
<td>387,549</td>
<td>-183,222</td>
</tr>
<tr>
<td><strong>Semiconductors</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
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<td>601,066</td>
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<tr>
<td>Intergroup</td>
<td>99,165</td>
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</tr>
<tr>
<td>Total</td>
<td>683,554</td>
<td>687,012</td>
<td>+3,458</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>950,292</td>
<td>846,363</td>
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<tr>
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<td>5,363</td>
<td>5,881</td>
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</tr>
<tr>
<td>Total</td>
<td>955,655</td>
<td>852,244</td>
<td>-103,411</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
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<tr>
<td>Intergroup</td>
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<tr>
<td>Total</td>
<td>330,642</td>
<td>273,393</td>
<td>-57,249</td>
</tr>
<tr>
<td><strong>Corporate and elimination</strong></td>
<td>(231,695)</td>
<td>(214,089)</td>
<td>+17,606</td>
</tr>
<tr>
<td><strong>Consolidated total</strong></td>
<td>(4,392,961)</td>
<td>(6,528,189)</td>
<td>-54,772</td>
</tr>
</tbody>
</table>

G&NS intersegment amounts primarily consist of transactions with All Other.
Semiconductors intersegment amounts primarily consist of transactions with the G&NS segment, the IP&S segment and the MC segment.
All Other intersegment amounts primarily consist of transactions with the G&NS segment, the Music segment and the Pictures segment.
Corporate and elimination includes certain brand and patent royalty income.

**Operating income (loss)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td>157,847</td>
<td>247,154</td>
<td>+89,307</td>
</tr>
<tr>
<td>Music</td>
<td>96,878</td>
<td>210,701</td>
<td>+113,823</td>
</tr>
<tr>
<td>Pictures</td>
<td>8,688</td>
<td>27,522</td>
<td>+18,834</td>
</tr>
<tr>
<td>Home Entertainment &amp; Sound</td>
<td>93,183</td>
<td>89,322</td>
<td>-3,861</td>
</tr>
<tr>
<td>Imaging Products &amp; Solutions</td>
<td>68,056</td>
<td>82,131</td>
<td>+14,075</td>
</tr>
<tr>
<td>Mobile Communications</td>
<td>16,964</td>
<td>(56,074)</td>
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</tr>
<tr>
<td>Semiconductors</td>
<td>165,370</td>
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</tr>
<tr>
<td>Financial Services</td>
<td>139,109</td>
<td>117,635</td>
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<tr>
<td>All Other</td>
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</tr>
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<td>Corporate and elimination</td>
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</tr>
<tr>
<td>Consolidated total</td>
<td>712,676</td>
<td>811,525</td>
<td>+98,849</td>
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</tbody>
</table>

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.
Corporate and elimination includes headquarters restructuring costs and certain other corporate expenses, including the amortization of certain intellectual property assets such as the cross-licensing of intangible assets acquired from Ericsson at the time of the Sony Mobile Communications acquisition, which are not allocated to segments.

Beginning from the first quarter of the fiscal year ending March 31, 2019, a change has been made to the calculation method used for allocating indirect expenses incurred by sales companies to the segments every quarter. As a result of this change, a year-on-year decrease in expenses, composed primarily of 3.1 billion yen in the HE&S segment, is included for the nine months ended December 31, 2018. However, because an increase in expenses totaling the same amount is included in Corporate and elimination, this change has no impact on consolidated operating income for the nine months ended December 31, 2018. Additionally, because increases and decreases in expenses per quarter for each segment resulting from this change in the calculation method will be offset by the increases and decreases in expenses in other quarters for that segment throughout the current year, this change will also have no impact on operating income (loss) for each segment, or for Corporate and elimination, for the fiscal year ending March 31, 2019.
The following tables include a breakdown of sales and operating revenue to external customers for certain segments shown in the Business Segment Information on page F-5 and F-6. Sony management views each segment as a single operating segment. However, Sony believes that the breakdown of sales and operating revenue to external customers for the segments in these tables is useful to investors in understanding sales by product category.

<table>
<thead>
<tr>
<th>Sales and operating revenue (to external customers)</th>
<th>Three months ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Game &amp; Network Services</td>
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</tr>
<tr>
<td>Network</td>
<td>¥300,407</td>
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<td>Hardware and Others</td>
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<tr>
<td>Total</td>
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<tr>
<td>Music</td>
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<tr>
<td>Recorded Music</td>
<td>128,239</td>
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<tr>
<td>Music Publishing</td>
<td>18,334</td>
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<tr>
<td>Visual Media and Platform</td>
<td>67,694</td>
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<tr>
<td>Total</td>
<td>214,267</td>
</tr>
<tr>
<td>Pictures</td>
<td></td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>106,931</td>
</tr>
<tr>
<td>Television Productions</td>
<td>82,227</td>
</tr>
<tr>
<td>Media Networks</td>
<td>70,892</td>
</tr>
<tr>
<td>Total</td>
<td>260,050</td>
</tr>
<tr>
<td>Home Entertainment &amp; Sound</td>
<td></td>
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<tr>
<td>Televisions</td>
<td>301,476</td>
</tr>
<tr>
<td>Audio and Video</td>
<td>127,303</td>
</tr>
<tr>
<td>Other</td>
<td>825</td>
</tr>
<tr>
<td>Total</td>
<td>429,604</td>
</tr>
<tr>
<td>Imaging Products &amp; Solutions</td>
<td></td>
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<tr>
<td>Still and Video Cameras</td>
<td>121,156</td>
</tr>
<tr>
<td>Other</td>
<td>57,956</td>
</tr>
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<td>Total</td>
<td>179,112</td>
</tr>
<tr>
<td>Mobile Communications</td>
<td>215,141</td>
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<td>Semiconductors</td>
<td>218,303</td>
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<td>Financial Services</td>
<td>371,498</td>
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<td>All Other</td>
<td>96,611</td>
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<td>Corporate</td>
<td>6,082</td>
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<td>Consolidated total</td>
<td>¥2,672,317</td>
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</table>
### (Sales to Customers by Product Category)

#### Sales and operating revenue (to external customers)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Game &amp; Network Services</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Network</td>
<td>¥ 718,695</td>
<td>¥ 1,068,354</td>
<td>¥ 349,659</td>
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<tr>
<td>Hardware and Others</td>
<td>700,260</td>
<td>676,489</td>
<td>-23,771</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,418,955</td>
<td>1,744,843</td>
<td>325,888</td>
</tr>
<tr>
<td><strong>Music</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded Music</td>
<td>337,238</td>
<td>322,552</td>
<td>-14,686</td>
</tr>
<tr>
<td>Music Publishing</td>
<td>54,693</td>
<td>71,274</td>
<td>16,581</td>
</tr>
<tr>
<td>Visual Media and Platform</td>
<td>190,249</td>
<td>189,463</td>
<td>-786</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>582,180</td>
<td>583,289</td>
<td>1,109</td>
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<tr>
<td><strong>Pictures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>302,005</td>
<td>318,221</td>
<td>16,216</td>
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<tr>
<td>Television Productions</td>
<td>201,514</td>
<td>178,323</td>
<td>-23,191</td>
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<tr>
<td>Media Networks</td>
<td>205,939</td>
<td>195,044</td>
<td>-10,895</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>709,458</td>
<td>691,588</td>
<td>-17,870</td>
</tr>
<tr>
<td><strong>Home Entertainment &amp; Sound</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Televisions</td>
<td>700,403</td>
<td>642,513</td>
<td>-57,890</td>
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<tr>
<td>Audio and Video</td>
<td>284,664</td>
<td>290,271</td>
<td>5,607</td>
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<tr>
<td>Other</td>
<td>1,772</td>
<td>2,374</td>
<td>+602</td>
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<tr>
<td><strong>Total</strong></td>
<td>986,839</td>
<td>935,158</td>
<td>-51,681</td>
</tr>
<tr>
<td><strong>Imaging Products &amp; Solutions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Still and Video Cameras</td>
<td>326,362</td>
<td>339,057</td>
<td>+12,695</td>
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<tr>
<td>Other</td>
<td>162,037</td>
<td>170,685</td>
<td>+8,648</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>488,399</td>
<td>509,742</td>
<td>+21,343</td>
</tr>
<tr>
<td><strong>Mobile Communications</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>564,025</td>
<td>380,218</td>
<td>-183,807</td>
</tr>
<tr>
<td><strong>Semiconductors</strong></td>
<td>584,389</td>
<td>601,066</td>
<td>+16,677</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td>950,292</td>
<td>846,363</td>
<td>-103,929</td>
</tr>
<tr>
<td></td>
<td>286,307</td>
<td>238,139</td>
<td>-48,168</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>22,117</td>
<td>7,783</td>
<td>-14,334</td>
</tr>
<tr>
<td><strong>Consolidated total</strong></td>
<td>¥ 6,592,961</td>
<td>¥ 6,538,189</td>
<td>-54,772</td>
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</tbody>
</table>

In the G&NS segment, Network includes network services relating to game, video and music content provided by Sony Interactive Entertainment; Hardware and Others includes home and portable game consoles, packaged software and peripheral devices. In the Music segment, Recorded Music includes the distribution of physical and digital recorded music and revenue derived from artists’ live performances; Music Publishing includes the management and licensing of the words and music of songs; Visual Media and Platform includes the production and distribution of animation titles, including game applications based on the animation titles, and various service offerings for music and visual products. In the Pictures segment, Motion Pictures includes the worldwide production, acquisition and distribution of motion pictures and direct-to-video content; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks worldwide. In the HE&S segment, Televisions includes LCD and OLED televisions; Audio and Video includes Blu-ray disc players and recorders, home audio, headphones and memory-based portable audio devices. In the IP&S segment, Still and Video Cameras includes interchangeable lens cameras, compact digital cameras, consumer video cameras and video cameras for broadcast; Other includes display products such as projectors and medical equipment.
The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services. These presentations are not in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which is used by Sony to prepare its consolidated financial statements. However, because the Financial Services segment is different in nature from Sony’s other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony’s consolidated financial statements.

Transactions between the Financial Services segment and Sony without the Financial Services segment, including noncontrolling interests, are included in those respective presentations, then eliminated in the consolidated figures shown below.

### Condensed Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>March 31 2018</th>
<th>December 31 2018</th>
<th>March 31 2018</th>
<th>December 31 2018</th>
<th>March 31 2018</th>
<th>December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 393,133</td>
<td>¥ 469,969</td>
<td>¥ 1,193,196</td>
<td>¥ 1,010,847</td>
<td>¥ 1,586,329</td>
<td>¥ 1,480,816</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>1,176,601</td>
<td>1,199,327</td>
<td></td>
<td>1,176,601</td>
<td>1,199,327</td>
<td></td>
</tr>
<tr>
<td>Notes and accounts receivable, trade and contract assets</td>
<td>15,612</td>
<td>16,467</td>
<td>1,003,558</td>
<td>1,354,803</td>
<td>1,012,779</td>
<td>1,366,074</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
<td>692,937</td>
<td>676,051</td>
<td>692,937</td>
<td>676,051</td>
</tr>
<tr>
<td>Other receivables</td>
<td>60,819</td>
<td>66,106</td>
<td>130,393</td>
<td>174,559</td>
<td>190,706</td>
<td>240,516</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>137,539</td>
<td>151,188</td>
<td>379,893</td>
<td>366,248</td>
<td>516,744</td>
<td>518,748</td>
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<tr>
<td>Total current assets</td>
<td>1,783,704</td>
<td>1,905,057</td>
<td>3,399,977</td>
<td>3,582,508</td>
<td>3,176,096</td>
<td>5,481,532</td>
</tr>
<tr>
<td>Film costs</td>
<td></td>
<td></td>
<td>327,645</td>
<td>414,428</td>
<td>327,645</td>
<td>414,428</td>
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<tr>
<td>Investments and advances</td>
<td>10,560,933</td>
<td>11,182,422</td>
<td>272,545</td>
<td>325,576</td>
<td>10,756,058</td>
<td>11,452,109</td>
</tr>
<tr>
<td>Investments in Financial Services, at cost</td>
<td></td>
<td></td>
<td>133,514</td>
<td>153,968</td>
<td>96,772</td>
<td>201,326</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>22,424</td>
<td>23,101</td>
<td>715,760</td>
<td>733,403</td>
<td>739,470</td>
<td>757,790</td>
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<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles, net</td>
<td>34,622</td>
<td>37,877</td>
<td>492,546</td>
<td>886,522</td>
<td>527,168</td>
<td>924,399</td>
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<td>Goodwill</td>
<td>7,225</td>
<td>7,225</td>
<td>523,267</td>
<td>755,183</td>
<td>530,492</td>
<td>762,408</td>
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<td>Deferred insurance acquisition costs</td>
<td>586,670</td>
<td>594,940</td>
<td></td>
<td>586,670</td>
<td>594,940</td>
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<tr>
<td>Deferred income taxes</td>
<td>1,684</td>
<td>3,491</td>
<td>95,088</td>
<td>197,835</td>
<td>96,772</td>
<td>201,326</td>
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<tr>
<td>Other</td>
<td>33,267</td>
<td>32,455</td>
<td>295,650</td>
<td>304,491</td>
<td>325,167</td>
<td>333,208</td>
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<td>Total assets</td>
<td>663,408</td>
<td>675,908</td>
<td>1,406,551</td>
<td>2,144,031</td>
<td>2,066,289</td>
<td>2,816,281</td>
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<td><strong>LIABILITIES AND EQUITY</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity of Sony without Financial Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥ 13,030,529</td>
<td>¥ 13,786,568</td>
<td>¥ 6,255,992</td>
<td>¥ 7,353,914</td>
<td>¥ 19,065,538</td>
<td>¥ 20,922,140</td>
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<td><strong>EQUITY</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>¥ 13,030,529</td>
<td>¥ 13,786,568</td>
<td>¥ 6,255,992</td>
<td>¥ 7,353,914</td>
<td>¥ 19,065,538</td>
<td>¥ 20,922,140</td>
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</tbody>
</table>
### Condensed Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>Financial Services</th>
<th>Sony without Financial Services</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>¥373,271</td>
<td>¥163,586</td>
<td>¥371,498</td>
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<tr>
<td>Net sales and operating revenue</td>
<td>—</td>
<td>2,302,607</td>
<td>¥2,241,980</td>
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<tr>
<td></td>
<td>373,271</td>
<td>¥163,586</td>
<td>2,302,607</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>—</td>
<td>—</td>
<td>1,611,178</td>
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<td>Selling, general and administrative expenses</td>
<td>317,177</td>
<td>125,712</td>
<td>414,105</td>
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<tr>
<td>Other operating (income) expense, net</td>
<td>58</td>
<td>12</td>
<td>(13,177)</td>
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<tr>
<td></td>
<td>317,235</td>
<td>125,724</td>
<td>2,012,106</td>
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<td>Equity in net income (loss) of affiliated companies</td>
<td>251</td>
<td>32</td>
<td>4,048</td>
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<tr>
<td>Operating income</td>
<td>56,287</td>
<td>37,894</td>
<td>339,094</td>
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<tr>
<td>Other income (expenses), net</td>
<td>—</td>
<td>(19)</td>
<td>(7,718)</td>
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<tr>
<td>Income before income taxes</td>
<td>56,287</td>
<td>37,875</td>
<td>302,655</td>
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<tr>
<td>Income taxes</td>
<td>16,224</td>
<td>10,576</td>
<td>12,008</td>
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<td>Net Income</td>
<td>40,063</td>
<td>27,299</td>
<td>413,955</td>
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<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>55</td>
<td>71</td>
<td>4,138</td>
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<tr>
<td>Net income of Financial Services</td>
<td>¥40,008</td>
<td>¥27,228</td>
<td>¥117,065</td>
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<td>Net income of Sony without Financial Services</td>
<td>¥ —</td>
<td>¥ —</td>
<td>¥270,685</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation's stockholders</td>
<td>¥ —</td>
<td>¥ —</td>
<td>¥295,897</td>
</tr>
</tbody>
</table>

### Nine months ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Financial Services</th>
<th>Sony without Financial Services</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>¥955,655</td>
<td>¥852,244</td>
<td>¥950,292</td>
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<tr>
<td>Net sales and operating revenue</td>
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<td>¥5,647,653</td>
<td>¥5,697,566</td>
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<tr>
<td></td>
<td>955,655</td>
<td>852,244</td>
<td>5,647,653</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>—</td>
<td>—</td>
<td>3,966,400</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>816,330</td>
<td>734,128</td>
<td>1,155,475</td>
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<tr>
<td>Other operating (income) expense, net</td>
<td>34</td>
<td>51</td>
<td>(40,165)</td>
</tr>
<tr>
<td></td>
<td>816,364</td>
<td>734,179</td>
<td>5,081,710</td>
</tr>
<tr>
<td>Equity in net income (loss) of affiliated companies</td>
<td>(182)</td>
<td>(430)</td>
<td>7,623</td>
</tr>
<tr>
<td>Operating income</td>
<td>139,109</td>
<td>117,635</td>
<td>693,870</td>
</tr>
<tr>
<td>Other income (expenses), net</td>
<td>—</td>
<td>(55)</td>
<td>(7,025)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>139,109</td>
<td>117,580</td>
<td>564,541</td>
</tr>
<tr>
<td>Income taxes</td>
<td>40,050</td>
<td>32,506</td>
<td>98,430</td>
</tr>
<tr>
<td>Net Income</td>
<td>99,059</td>
<td>85,074</td>
<td>468,111</td>
</tr>
<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>139</td>
<td>184</td>
<td>7,753</td>
</tr>
<tr>
<td>Net income of Financial Services</td>
<td>¥98,920</td>
<td>¥84,890</td>
<td>¥295,897</td>
</tr>
<tr>
<td>Net income of Sony without Financial Services</td>
<td>¥ —</td>
<td>¥ —</td>
<td>¥270,685</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation's stockholders</td>
<td>¥ —</td>
<td>¥ —</td>
<td>¥295,897</td>
</tr>
</tbody>
</table>
### Condensed Statements of Cash Flows

**Net increase (loss)** | **Sony without** | **Consolidated**
---|---|---
Cash flows from operating activities:
Net income (loss) | ¥ 99,059 | ¥ 85,074 | ¥ 468,111 | ¥ 796,615 | ¥ 552,097 | ¥ 865,247
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:
Depreciation and amortization, including amortization of
debt rental acquisition costs and contract costs | 47,887 | 68,011 | 210,300 | 232,138 | 259,709 | 258,187 | 278,405
Amortization of film costs | — | — | 259,709 | 232,138 | 259,709 | 258,187 | 278,405
Other operating (income) expense, net | 33 | 5 | (40,165) | (99,802) | (40,131) | (99,751) |
(Gain) loss on marketable securities and
dealerships investments, net | (109,675) | 43,780 | 324 | (80,130) | (109,351) | (36,350) |
Changes in assets and liabilities:
(Increase) decrease in notes, accounts receivable, trade
and contract assets | (3,165) | (855) | (484,877) | (287,995) | (488,285) | (290,046) |
(Increase) decrease in inventories | — | — | (88,954) | 7,252 | (88,954) | 7,252 |
(Increase) decrease in film costs | — | — | (279,082) | (296,276) | (279,082) | (296,276) |
Increase (decrease) in notes and accounts
payable, trade | — | — | 90,484 | 124,026 | 90,484 | 124,026 |
Increase (decrease) in future insurance policy
earnings and other | 424,064 | 290,626 | — | — | 424,084 | 290,626 |
(Increase) decrease in deferred insurance
acquisition costs | (65,248) | (68,092) | — | — | (65,248) | (68,092) |
(Increase) decrease in marketable securities held
in the life insurance business | (64,727) | (68,579) | — | — | (64,727) | (68,579) |
Other | (32,631) | (37,890) | 241,998 | (603) | 210,574 | (37,236) |
Net cash provided by (used in) operating activities | 295,617 | 312,726 | 377,848 | 605,019 | 659,357 | 901,364 |
Cash flows from investing activities:
Payments for purchases of fixed assets | (10,553) | (13,849) | (179,240) | (216,169) | (189,780) | (230,008) |
Payments for investments and advances | (671,982) | (808,017) | (16,456) | (40,930) | (688,508) | (848,947) |
Proceeds from sales or return of investments and
collections of advances | 257,582 | 216,013 | 5,404 | 85,172 | 262,056 | 301,185 |
Other | 157 | 246 | 48,801 | (257,479) | 48,952 | (257,231) |
Net cash provided by (used in) investing activities | (424,796) | (605,607) | (141,491) | (429,406) | (567,230) | (1,035,001) |
Cash flows from financing activities:
Increase (decrease) in borrowings, net | 157,271 | 189,714 | (12,094) | (316,339) | 145,176 | (126,622) |
Increase (decrease) in deposits from customers, net | 154,374 | 205,990 | — | — | 154,374 | 205,990 |
Dividends paid | (23,921) | (26,100) | (27,750) | (38,081) | (27,750) | (38,081) |
Other | 457 | 113 | 1,750 | (55,840) | (6,612) | (65,461) |
Net cash provided by (used in) financing activities | 288,181 | 369,717 | (38,094) | (410,260) | 265,188 | (24,174) |
Effect of exchange rate changes on cash and cash equivalents | — | — | 10,179 | 49,499 | 10,179 | 49,499 |
Net increase (decrease) in cash and cash equivalents, including restricted | 159,002 | 76,836 | 208,442 | (185,148) | 367,444 | (108,312) |
Cash and cash equivalents, including restricted, at beginning of the fiscal year | 268,382 | 393,133 | 700,242 | 1,199,805 | 968,624 | 1,592,938 |
Cash and cash equivalents, including restricted, at end of the period | 427,384 | 469,969 | 908,684 | 1,014,657 | 1,336,068 | 1,484,626 |
Less - restricted cash and cash equivalents, included in other current assets and other assets | — | — | 7,143 | 3,810 | 7,143 | 3,810 |
Cash and cash equivalents at end of the period | ¥ 427,384 | ¥ 469,969 | ¥ 901,541 | ¥ 1,010,847 | ¥ 1,338,925 | ¥ 1,480,816 |
**Going Concern Assumption**

Not Applicable

**Significant Changes in Shareholders’ Equity**

Not Applicable

**Accounting Policies and Other Information**

(Recently adopted accounting pronouncements)

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 addressing revenue recognition which superseded the previous revenue recognition requirements, including most industry-specific guidance. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Sony adopted the updated guidance from fiscal year beginning April 1, 2018 on a modified retrospective method. Under this method, Sony applied the new guidance to all open contracts existing as of April 1, 2018, recognizing in beginning retained earnings an adjustment for the cumulative effect of the change.

Although the adoption of this new guidance did not have a material impact on Sony’s results of operations and financial position, there are several areas where Sony’s revenue recognition changed as compared with historical U.S. GAAP. The more significant of these areas are as follows:

In the Pictures segment, (1) licensing revenue associated with certain renewals or extensions of existing agreements for motion pictures and television programming is recognized at a later point in time, which is when the licensee can use and benefit from the content, instead of when the agreement is renewed or extended, and (2) licensing revenue associated with minimum guarantees for symbolic intellectual property (e.g., brands, trademarks and logos) is recognized over the license term instead of at the inception of the license term.

In the MC segment, the incremental costs of obtaining contracts for the internet-related service business are recognized as assets and amortized to expense over the contract period.

In addition, the ASU changed the presentation of certain items in the consolidated financial statements, such as sales returns, with no impact to the timing of the recognition of revenue or expense.

Recognition and measurement of financial assets and financial liabilities

In January 2016, the FASB issued ASU 2016-01 amending various aspects of the recognition, measurement, presentation, and disclosure requirements for financial instruments. The changes mainly relate to the requirement to measure equity investments in unconsolidated subsidiaries, other than those accounted for under the equity method of accounting, at fair value with changes in fair value recognized in earnings. However, this ASU permits entities to elect to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This ASU is effective for Sony as of April 1, 2018. As a result of the adoption of this ASU, Sony reclassified 15,526 million yen in the unrealized gains and losses, net of tax, on equity securities previously classified as available-for-sale, from accumulated other comprehensive income to retained earnings. In addition, changes in value due to the revaluation of equity securities held in the Financial Services segment at the end of the period are recorded in financial services revenue, and changes in value due to the revaluation of equity securities held in all segments other than the Financial Services segment are recorded in gain on equity securities, net in the consolidated statement of income.
Intra-entity transfers of assets other than inventory

In October 2016, the FASB issued ASU 2016-16, which amends the accounting for income taxes. This update requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Under historical U.S. GAAP, the income tax consequences for asset transfers other than inventory could not be recognized until the asset was sold to a third party. This ASU is required to be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. This ASU is effective for Sony as of April 1, 2018. The adoption of this ASU did not have a material impact on Sony’s results of operations and financial position.

Changes to the opening balances resulting from the adoption of the above new guidance were as follows:

<table>
<thead>
<tr>
<th>Yen in millions</th>
<th>March 31, 2018</th>
<th>Impact of Adoption</th>
<th>April 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts and sales returns *</td>
<td>(48,663)</td>
<td>25,114</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>692,937</td>
<td>(12,404)</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>190,706</td>
<td>9,628</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>516,744</td>
<td>(48,663)</td>
<td>25,114</td>
</tr>
<tr>
<td>Film costs</td>
<td>327,645</td>
<td>7,647</td>
<td>-</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>96,772</td>
<td>(25,114)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>325,167</td>
<td>1,068</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>19,065,538</td>
<td>22,214</td>
<td>-</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable, other and accrued expenses</td>
<td>1,514,433</td>
<td>(16,798)</td>
<td>15,526</td>
</tr>
<tr>
<td>Other *</td>
<td>610,792</td>
<td>31,777</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>449,863</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>278,338</td>
<td>10,525</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>15,409,171</td>
<td>39,012</td>
<td>-</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,440,387</td>
<td>(16,798)</td>
<td>15,526</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(616,746)</td>
<td>-</td>
<td>(15,526)</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>679,791</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>3,647,157</td>
<td>(16,798)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>19,065,538</td>
<td>22,214</td>
<td>-</td>
</tr>
</tbody>
</table>

* Under the new guidance, Sony presents sales returns as a liability instead of as a contra-asset allowance. Accordingly, Sony changed the presentation from “Allowance for doubtful accounts and sales returns” to “Allowance for doubtful accounts” on the consolidated balance sheet.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18, which requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents in the statement of cash flows. This ASU also requires entities to disclose how the statement of cash flows that includes restricted cash and restricted cash equivalents with cash and cash equivalents reconciles to the balance sheet. This ASU is effective for Sony as of April 1, 2018. This ASU is required to be applied on a retrospective basis. The adoption of this ASU did not have a material impact on Sony’s results of operations and financial position.
Presentation of net periodic pension and postretirement benefit costs
In March 2017, the FASB issued ASU 2017-07, which requires separate presentation of service costs and other components of net benefit costs. The service costs will only be presented with other employee compensation costs in operating income or capitalized, while the other components of net benefit costs will be presented outside of operating income, and will not be eligible for capitalization. This ASU is effective for Sony as of April 1, 2018. This ASU is required to be applied on a retrospective basis for the presentation of service costs and other components of net benefit costs, and on a prospective basis for the capitalization of only the service costs component of net benefit costs. The adoption of this ASU did not have a material impact on Sony’s results of operations and financial position.

(Number of Consolidated Subsidiaries and Affiliated Companies)
As of December 31, 2018, Sony had 1,554 consolidated subsidiaries (including variable interest entities) and 130 affiliated companies accounted for under the equity method.

(Weighted-average Number of Outstanding Shares Used for the Computation of EPS of Common Stock)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended December 31</th>
<th>Nine months ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Basic</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>— Diluted</td>
<td>2017</td>
<td>2018</td>
</tr>
</tbody>
</table>

The dilutive effect in the weighted-average number of outstanding shares for the three and nine months ended December 31, 2017 and 2018 primarily resulted from convertible bonds which were issued in July 2015.

(Segmentation)
The G&NS segment includes network services businesses, the manufacture and sales of home gaming products and production and sales of software. The Music segment includes the Recorded Music, Music Publishing and Visual Media and Platform businesses. The Pictures segment includes the Motion Pictures, Television Productions and Media Networks businesses. The HE&S segment includes Televisions as well as Audio and Video businesses. The IP&S segment includes the Still and Video Cameras business. The MC segment includes the manufacture and sales of mobile phones and Internet-related service businesses. The Semiconductors segment includes the image sensors business. The Financial Services segment primarily represents individual life insurance and non-life insurance businesses in the Japanese market and a bank business in Japan. All Other consists of various operating activities, including the overseas disc manufacturing and recording media businesses. Sony’s products and services are generally unique to a single operating segment.

(Accounting Methods Used Specifically for Interim Consolidated Financial Statements)

Income Taxes -
Sony estimates the annual effective tax rate (“ETR”) derived from a projected annual net income before taxes and calculates the interim period income tax provision based on the year-to-date income tax provision computed by applying the ETR to the year-to-date net income before taxes at the end of each interim period. The income tax provision based on the ETR reflects anticipated income tax credits and net operating loss carryforwards; however, it excludes the income tax provision related to significant unusual or infrequent transactions. Such income tax provision is separately reported from the provision based on the ETR in the interim period in which it occurs.
(Reclassifications)
Certain reclassifications of the financial statements and accompanying footnotes for the three and nine months ended December 31, 2017 have been made to conform to the presentation for the three and nine months ended December 31, 2018.

(Spotify Technology S.A. Shares)
On April 3, 2018, Spotify Technology S.A. (“Spotify”) was publicly listed for trading on the New York Stock Exchange. Sony owned 5.707% of Spotify’s shares at the time of the public listing.
During the nine months ended December 31, 2018, Sony sold a portion of the shares for aggregate consideration of 82,616 million yen (768 million U.S. dollars) in cash proceeds. The sale of shares, offset by costs to be paid to its artists and distributed labels and other transaction costs which directly related to the gains recognized from the Spotify shares, resulted in a net pre-tax realized gain of 54,179 million yen (504 million U.S. dollars) recorded in gain on equity securities, net in the consolidated statement of income. The payments to its artists and distributed labels are included within other in the investing activities section of the consolidated statement of cash flows.
The remaining shares retained as of December 31, 2018 have a gross fair value of 64,558 million yen (582 million U.S. dollars), and resulted in a pre-tax unrealized gain, net of costs to be paid to its artists and distributed labels and other costs which directly related to the gains recognized from the Spotify shares, of 38,363 million yen (365 million U.S. dollars) recorded in gain on equity securities, net in the consolidated statement of income.

(Reversal of valuation allowances of Sony Americas Holding Inc. and its U.S. consolidated tax filing group)
Sony provides a valuation allowance for its deferred tax assets, which includes net operating losses, temporary differences and tax credits, when it is more likely than not that some portion, or all, of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the relevant tax jurisdiction. As of December 31, 2018, Sony Americas Holding Inc. and its U.S. consolidated tax filing group has continued its profitable trend, primarily as a result of the G&NS segment and the Music segment. Based on an assessment of the available positive and negative evidence, in particular recent profit history and forecasted profitability, in the quarter ended December 31, 2018, Sony reversed the valuation allowances recorded against a significant portion of the deferred tax assets in the U.S., primarily, net operating losses, temporary differences and certain tax credits, and recorded a tax benefit of 154,201 million yen. Valuation allowances continue to be recorded on the remaining U.S. deferred tax assets, primarily foreign tax credits, due to restrictions on the use of such assets and their relatively short remaining carryforward periods.

(Acquisition of EMI Music Publishing)
On November 14, 2018, Sony Corporation of America, Sony’s wholly-owned subsidiary, completed the acquisition of the entirety of the approximately 60% equity interest held by the investor consortium led by the Mubadala Investment Company in DH Publishing, L.P. (“EMI”), which owned and managed EMI Music Publishing, for the equity purchase price of 257,168 million yen (2,269 million U.S. dollars), which includes payments related to warrants and management equity plans. Sony paid all the consideration in cash upon the acquisition. As a result of this acquisition, EMI has become a wholly-owned subsidiary of Sony. This acquisition aims to allow Sony to build upon its music publishing library by providing the company with full ownership of the EMI music publishing catalog which was being administered by Sony’s wholly-owned music publishing subsidiary, Sony/ATV Music Publishing. Sony’s consolidated income statements for both the three and nine months ended December 31, 2018 include revenue and operating income of 10,451 million yen (93 million U.S. dollars) and 1,910 million yen (17 million U.S. dollars), respectively, attributable to EMI since the date of acquisition.
Prior to the acquisition, Sony’s interest in EMI was accounted for under the equity method of accounting. As a result of Sony obtaining a controlling interest in EMI, Sony consolidated EMI using the acquisition method of accounting and recorded the fair value of the identifiable assets, liabilities assumed and residual goodwill of EMI. Sony remeasured the approximately 40% equity interest in EMI that Sony already owned prior to the acquisition at a fair value of 141,141 million yen (1,245 million U.S. dollars) which resulted in the recognition of a non-cash gain of 116,939 million yen (1,032 million U.S. dollars) recorded in other operating income, net for the three months ended December 31, 2018. Sony did not record any tax expense or deferred tax liability corresponding to this gain. Sony also assumed EMI’s existing interest-bearing debt of 148,621 million yen (1,311 million U.S. dollars) as a result of this acquisition, of which 108,942 million yen (961 million U.S. dollars) was repaid immediately from Sony’s existing cash.
The following table summarizes the fair values assigned to the assets and liabilities of EMI that were recorded in the Music segment. The purchase price allocation as of the date of the acquisition is based on a preliminary valuation and is subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available. The primary areas of the purchase price allocation that are not yet finalized are related to the identifiable intangible assets, income taxes and residual goodwill.

| Intangibles mainly consists of music publishing catalogues with weighted average amortization periods of 34 years. Goodwill represents unidentifiable intangible assets, such as future growth from new revenue streams, synergies with existing Sony assets and businesses and an assembled workforce, and is calculated as the excess of the purchase price over the estimated fair value of the tangible and intangible assets acquired and is not deductible for tax purposes. The goodwill recorded in connection with this acquisition is included in the Music segment.

The following supplemental pro forma financial information presents the combined results of operations of Sony and EMI as though the acquisition had occurred as of the beginning of the fiscal year ended March 31, 2018:

<table>
<thead>
<tr>
<th>Yen in millions, Yen per share amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine months ended December 31</td>
</tr>
<tr>
<td>Net sales</td>
</tr>
<tr>
<td>Operating income</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
</tr>
<tr>
<td>Per share data:</td>
</tr>
<tr>
<td>— Basic EPS</td>
</tr>
<tr>
<td>— Diluted EPS</td>
</tr>
</tbody>
</table>

The supplemental pro forma financial information is based on estimates and assumptions, which Sony believes are reasonable and is not intended to represent or be indicative of what Sony’s consolidated net income attributable to Sony Corporation’s stockholders would have been had the acquisition been completed at the beginning of the fiscal year ended March 31, 2018 and should not be taken as indicative of Sony’s future consolidated net income attributable to Sony Corporation’s stockholders. The supplemental pro forma financial information includes the elimination of equity in net income and consolidation of EMI, the adjustment of the gain from the remeasurement of the previously owned equity interest, incremental intangible asset amortization, net of the related tax effects and the adjustments of expenses incurred in relation to warrants and management equity plans.
Outlook for the Fiscal Year Ending March 31, 2019

The forecast for consolidated results for the fiscal year ending March 31, 2019, as announced on October 30, 2018, has been revised as follows:

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>March 31, 2018 Results</th>
<th>October Forecast</th>
<th>February Forecast</th>
<th>Change from October Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>¥8,544.0</td>
<td>¥8,700</td>
<td>¥8,500</td>
<td>-¥200 billion -2.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>734.9</td>
<td>870</td>
<td>870</td>
<td>-</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>699.0</td>
<td>975</td>
<td>950</td>
<td>-¥25 billion -2.6%</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>490.8</td>
<td>705</td>
<td>835</td>
<td>+¥130 billion +18.4%</td>
</tr>
</tbody>
</table>

Assumed foreign exchange rates are the following:

<table>
<thead>
<tr>
<th>Assumed foreign exchange rates for the three months ending March 31, 2019</th>
<th>Assumed foreign exchange rates for the fiscal year ending March 31, 2019 at the time of the October forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 U.S. dollar approximately 111 yen</td>
<td>approximately 112 yen</td>
</tr>
<tr>
<td>1 Euro approximately 127 yen</td>
<td>approximately 132 yen</td>
</tr>
</tbody>
</table>

Consolidated sales and operating revenue (“sales”) for the fiscal year ending March 31, 2019 are expected to be lower than the October forecast mainly due to lower-than-expected sales in the Financial Services segment, the Semiconductors segment, the Mobile Communications (“MC”) segment and the Imaging Products & Solutions (“IP&S”) segment.

Consolidated operating income is expected to remain unchanged from the October forecast. Although a decrease in operating income is expected in the Financial Services and Semiconductors segments, this decrease was previously included in the allocation for contingencies incorporated into the October forecast for All Other, Corporate and elimination. Therefore, the impact of this expected decrease in operating income has been offset by the reduction in allocations for contingencies incorporated into the February forecast.

Restructuring charges for the Sony Group are expected to be approximately 27 billion yen in the fiscal year ending March 31, 2019, which remains unchanged from the October forecast, compared to 22.4 billion yen in the fiscal year ended March 31, 2018. Restructuring charges are recorded as an operating expense included in the forecast for operating income.

Income before income taxes is expected to be 950 billion yen, which is lower than the October forecast. This expected decrease is primarily due to a higher-than-expected loss on equity securities, net, for the fiscal year compared with the October forecast, resulting from a higher-than-expected loss during the current quarter.

Net income attributable to Sony Corporation’s stockholders is expected to be higher than the October forecast, despite the above-mentioned expected decrease in income before income taxes, due to the reversal of valuation allowances against a significant portion of deferred tax assets in the U.S. consolidated tax group in the three months ended December 31, 2018, resulting in a tax benefit being recorded during the current quarter.

The forecast for each business segment for the fiscal year ending March 31, 2019 has been revised as follows:

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>March 31, 2018 Results</th>
<th>October Forecast</th>
<th>February Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services (G&amp;NS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>¥1,943.8</td>
<td>¥2,350</td>
<td>¥2,350</td>
</tr>
<tr>
<td>Operating income</td>
<td>177.5</td>
<td>310</td>
<td>310</td>
</tr>
<tr>
<td>Music</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>800.0</td>
<td>820</td>
<td>820</td>
</tr>
<tr>
<td>Segment</td>
<td>Operating income</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td><strong>Pictures</strong></td>
<td>127.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>1,011.1</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Operating income</td>
<td>41.1</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>Home Entertainment &amp; Sound (HE&amp;S)</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>1,222.7</td>
<td>1,150</td>
<td>1,150</td>
</tr>
<tr>
<td>Operating income</td>
<td>85.8</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td><strong>Imaging Products &amp; Solutions (IP&amp;S)</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>655.9</td>
<td>680</td>
<td>670</td>
</tr>
<tr>
<td>Operating income</td>
<td>74.9</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td><strong>Mobile Communications (MC)</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>723.7</td>
<td>510</td>
<td>490</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(27.6)</td>
<td>(95)</td>
<td>(95)</td>
</tr>
<tr>
<td><strong>Semiconductors</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>850.0</td>
<td>910</td>
<td>870</td>
</tr>
<tr>
<td>Operating income</td>
<td>164.0</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>1,228.4</td>
<td>1,270</td>
<td>1,180</td>
</tr>
<tr>
<td>Operating income</td>
<td>178.9</td>
<td>170</td>
<td>160</td>
</tr>
<tr>
<td><strong>All Other, Corporate and elimination</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating loss</td>
<td>(87.6)</td>
<td>(102)</td>
<td>(82)</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td>230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>8,544.0</td>
<td>8,700</td>
<td>8,500</td>
</tr>
<tr>
<td>Operating income</td>
<td>734.9</td>
<td>870</td>
<td>870</td>
</tr>
</tbody>
</table>

**Imaging Products & Solutions**
Sales are expected to be lower than the October forecast primarily due to an expected decrease in compact digital camera unit sales. The forecast for operating income remains unchanged from the October forecast despite the above-mentioned decrease in sales, due to an expected improvement in product mix reflecting a shift to high value-added models, as well as expected reductions in operating costs.

**Mobile Communications**
Sales are expected to be lower than the October forecast due to a downward revision of smartphone unit sales mainly in Japan, Europe and East Asia. The forecast for operating loss remains unchanged from the October forecast despite the above-mentioned downward revision in sales, mainly due to expected further reductions in operating costs.

**Semiconductors**
Both sales and operating income are expected to be lower than the October forecast primarily due to lower-than-expected unit sales of image sensors for mobile products and for factory automation and surveillance cameras, partially offset by an expected improvement in the product mix of image sensors for mobile products.

**Financial Services**
Financial Services revenue is expected to be lower than the October forecast primarily due to a deterioration in investment performance in the separate accounts at Sony Life Insurance Co. Ltd. (“Sony Life”). Operating income is expected to be lower than the October forecast primarily due to the recording of a loss on the valuation of investment securities in the general account at Sony Life, as well as the recording of a loss on the valuation of securities at Sony Bank Inc. (“Sony Bank”).

The effects of future gains and losses on investments held by the Financial Services segment due to market fluctuations have not been incorporated within the above forecast as it is difficult for Sony to predict market trends in the future. Accordingly, future market fluctuations could further impact the current forecast.

The forecasts for sales and operating income for the G&NS, Music, Pictures and HE&S segments remain unchanged from the October forecast.

The above forecast is based on management’s current expectations and is subject to uncertainties and changes in circumstances. Actual results may differ materially from those included in this forecast due to a variety of factors. See “Cautionary Statement” below.
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 DH Publishing, L.P. (“EMI”), which owned and managed EMI Music Publishing, resulting in EMI becoming a wholly-owned subsidiary of Sony. Financial results of EMI included in the Music segment include Sony’s equity earnings (loss) in EMI from April 1 through November 13, 2018 and sales and operating income (loss) of EMI from November 14, 2018 through December 31, 2018, as well as a non-cash gain recorded as a result of the remeasurement to fair value of the approximately 40% equity interest in EMI that Sony owned prior to the acquisition.

The Music segment results include the yen-translation of results of Sony Music Entertainment, Sony/ATV Music Publishing and the above-mentioned 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 Sony Pictures Entertainment Inc., a U.S.-based operation that aggregates the results of its worldwide subsidiaries 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., Sony Assurance Inc. and Sony Bank. 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.

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.