SONY

Q2 FY2019 Consolidated Financial Results

(Three months ended September 30, 2019)

October 30, 2019

Sony Corporation

Please be aware that, in the following remarks, statements made 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. These statements are based on management’s assumptions in light of the information currently available to it, and, therefore, you should not place undue reliance on them.

Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. For additional information as to risks and uncertainties, as well as other factors that could cause actual results to differ, please refer to today's press release, which can be accessed by visiting www.sony.net/IR.

- **Q2 FY2019 Consolidated Financial Results and FY2019 Consolidated Results Forecast**
- **Segments Outlook**

- Today I would like to explain two topics.

Q2 FY2019 Consolidated Results

(Bln Yen)

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

- FY19 Q2 consolidated sales decreased 3% compared to the previous fiscal year ("year-on-year") to 2 trillion 122.3 billion yen, primarily due to the impact of exchange rates, and operating income increased 39.4 billion yen year-on-year to 279.0 billion yen.
- Net income attributable to Sony Corporation's stockholders increased 14.9 billion yen year-on-year to 187.9 billion yen.

FY2019 Consolidated Results Forecast

(Bln Yen)

	FY18	FY19 July FCT	FY19 October FCT	Change from July FCT
Sales & operating revenue	8,665.7	8,600	8,400	-200 bln yen (-2%)
Operating income	894.2	810	840	+30 bln yen (+4%)
Income before income taxes	1,011.6	770	800	+30 bln yen (+4%)
Net income attributable to Sony Corporation's stockholders	916.3	500	540	+40 bln yen (+8%)
Operating Cash Flow* (Sony without Financial Services)	753.4	760	**760**	-

Average rate	Actual	Assumption (Q2-Q4 FY19)	Assumption (2H FY19)
1 US dollar	110.9 yen	Approx. 108 yen	Approx. 108 yen
1 Euro	128.5 yen	Approx. 123 yen	Approx. 118 yen

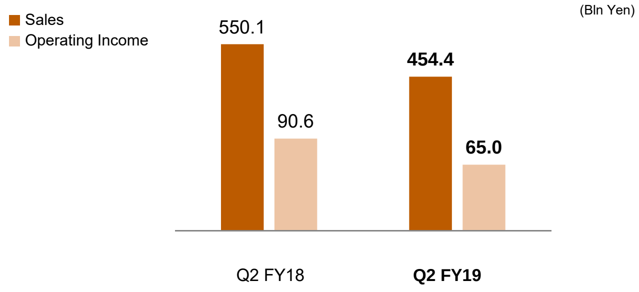
Dividend per Share	
Interim	20 yen
Year-end	Undecided

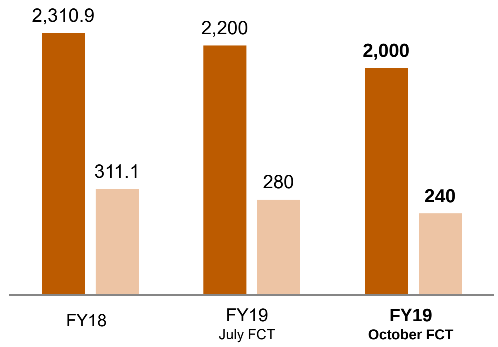
* Operating cash flow (Sony without Financial Services) is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

- Next is the consolidated results forecast for FY19.
- Consolidated sales are expected to decrease 200 billion yen compared with the previous forecast to 8 trillion 400 billion yen and operating income is expected to increase 30 billion yen to 840 billion yen.
- I will explain the breakdown of sales and operating income for each segment when I explain the segment results.
- Income before income taxes was upwardly revised to 800 billion yen and net income attributable to Sony Corporation's stockholders was upwardly revised to 540 billion yen.
- The forecast for operating cash flow excluding the financial services segment is 760 billion yen, unchanged from the previous forecast.
- As for our assumed foreign currency exchange rates from the third quarter ending December 31, 2019, the U.S. dollar remains unchanged from the previous forecast at 108 yen to the U.S. dollar, while the Euro has been changed from 123 yen to 118 yen to the Euro.
- I will now explain the situation in each of our business segments.

Game & Network Services Segment (G&NS Segment)

Sales and Operating Income





Q2 FY2019 (year-on-year)

- Sales: 95.7 bln yen (17%) significant decrease (FX Impact: -21.7 bln yen)
  - ·(–) Decrease in game software sales
  - ·(–) Decrease in PlayStation®4 (PS4™) hardware sales
  - ·(–) Impact of foreign exchange rates
  - ·(+) Increase in sales for PlayStation®Plus (PS Plus)
- OI: 25.6 bln yen significant decrease (FX Impact: -4.6 bln yen)
  - ·(–) Decrease in game software sales
  - ·(–) Decrease in PS4 hardware sales
  - ·(–) Negative impact of foreign exchange rates
  - ·(+) Cost reductions
  - ·(+) Increase in sales for PS Plus

FY2019 Forecast (change from July forecast)

- Sales: 200 bln yen (9%) downward revision
  - ·(–) Lower-than-expected software sales including the impact of a change in the launch date of a first-party title
  - ·(–) Lower-than-expected PS4 hardware unit sales
  - ·(–) Impact of foreign exchange rates
- OI: 40 bln yen downward revision
  - ·(–) Lower-than-expected software sales including the impact of a change in the launch date of a first-party title
  - ·(–) Negative impact of foreign exchange rates
  - ·(+) Cost reductions
  - ·(+) Higher-than-expected sales for PS Plus

- First, I will talk about the Game & Network Services ("G&NS") segment.
- Sales for the quarter decreased 17% to 454.4 billion yen due to a decrease in PlayStation®4 ("PS4") game software sales and hardware sales, as well as the negative impact of exchange rates.
- Game software sales decreased primarily due to the absence of the major first-party hit title *Marvel's Spider-Man*, which was released in the same quarter of the previous fiscal year, and a significant year-on-year decrease in the contribution from free to play games.
- Operating income decreased 25.6 billion yen year-on-year to 65.0 billion yen, primarily due to the impact of the decrease in sales.
- We revised downward our FY19 sales forecast 200 billion yen to 2 trillion yen and our operating income forecast 40 billion yen to 240 billion yen.
- As we announced last week, we have postponed the sale of the first-party title *The Last of Us Part II* from February 2020 to May 2020. As a result, this title will not contribute to the financial results of this fiscal year; that is the primary reason why we have revised downward our operating income forecast.
- In this slide we show an analysis of how our fiscal year operating income forecast compares with the results of the previous fiscal year.
- The three most significant reasons for the decrease in expected profit year-on-year are a decrease in first-party software sales resulting from the postponement of *The Last of Us Part II* that I just explained, a decrease in third-party software sales resulting from a deceleration of free to play titles and the negative impact of exchange rates.
- PS4 hardware profit is expected to increase slightly as a decrease in unit sales is offset by hardware cost reductions. Profit from network services, primarily PlayStation Plus ("PS Plus"), is expected to increase significantly due to a steady increase in subscribers.
- Since fiscal year sales are expected to decrease, we plan to constrain various costs, including marketing expenses, to a level below that of the previous fiscal year. However, operating expenses in the aggregate are expected to increase due to an increase in development costs for the next generation console PlayStation®5 ("PS5").

G&NS Segment : Mid-to Long-Term Growth Strategy

1. Strengthening First-Party IP and Content
2. Smooth Transition to the Next Generation Console
3. Content Distribution Strategy
4. Cost Management

- Now I will update you on our mid- to long-term strategy in the G&NS segment and the progress of the initiatives we explained at the IR Day in May of this year.

- First, I will discuss our efforts to strengthen first-party content and IP.

- At the IR Day, we mentioned that Sony's strength lies in our first-party content and IP.

- With the aim of strengthening these things, in August, we announced the acquisition of Insomniac Games, the game software developer responsible for *Marvel's Spider-Man* which sold 13.2 million units worldwide.

- Through this acquisition, Insomniac Games will become SIE's 14^{th} studio and will contribute to further enhancement of our first-party software development organization.

- Going forward, we will continue to pursue growth investment opportunities that will enhance our content IP.

G&NS Segment : Mid-to Long-Term Growth Strategy

1. Strengthening First-Party IP and Content
2. Smooth Transition to the Next Generation Console
3. Content Distribution Strategy
4. Cost Management

- Next is the smooth transition to the next generation console.
- Previously, we announced that we will sell the PS5 from the year-end selling season of 2020. This is the most important step in strengthening the PlayStation platform.
- Development of the PS5 is progressing according to plan and we believe development of game titles by our software development partners is progressing smoothly. We anticipate providing the highly-engaging game-play experiences that both current users of the PS4 and potential new users have come to expect.

PlayStation™ Now

- Third is our content distribution strategy.

- In 2014, Sony launched the pioneering cloud gaming subscription service PlayStation Now ("PS Now") and, to further strengthen our content distribution strategy, we announced a renewal of the service this month.

- PS Now has become even more attractive due to a global strategic price reduction and the addition of limited-time only popular game titles such as God of War.

- Since starting the service renewal, subscribers have steadily increased, and the total number of subscribers has already exceeded 1 million people as of this month.

- This is a great step toward the target we mentioned at the IR Day of growing subscribers by an average of more than 50% per year. Through this renewal, we are aiming to assess the potential of cloud gaming services.

- The impact of the renewal on the results for the fiscal year is expected to be minimal.

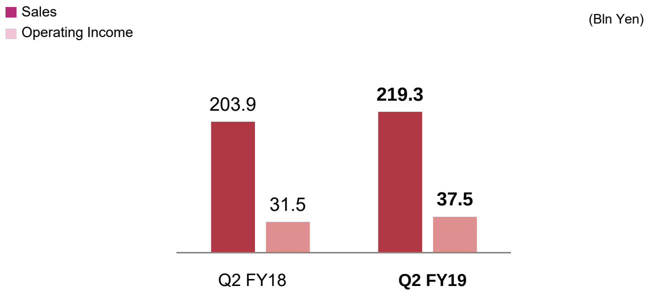
G&NS Segment : Mid-to Long-Term Growth Strategy

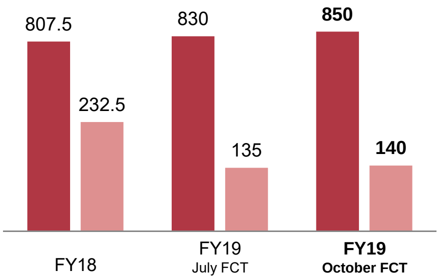
1. Strengthening First-Party IP and Content
2. Smooth Transition to the Next Generation Console
3. Content Distribution Strategy
4. Cost Management

- Lastly, I will discuss the progress of our cost management initiatives.
- Our streaming TV service, PlayStation Vue (“PS Vue”), has provided a differentiated TV viewing experience to customers since it began in 2015 in the U.S.
- However, primarily due to a diversification of viewing styles and an intensification of competition among pay TV services, we do not expect the operating environment for the business to improve going forward. Consequently, we decided to terminate the service at the end of January 2020.
- We aim to wind down the service in a deliberate manner to minimize any inconvenience to users.
- The impact of the termination of the service on the results for the fiscal year is expected to be minimal and is already incorporated into our forecast.

Music Segment

Sales and Operating Income





Q2 FY2019 (year-on-year)

- Sales: 15.4 bln yen (8%) increase (FX Impact: -5.0 bln yen)
  - ·(+) Higher sales for Music Publishing resulting from the consolidation of EMI
  - ·(+) Higher sales for Recorded Music primarily due to an increase in streaming revenues
  - ·(–) Lower sales for Visual Media and Platform primarily due to lower sales for *Fate/Grand Order*, a game application for mobile devices
- OI: 6.0 bln yen increase
  - ·(+) Increase in sales

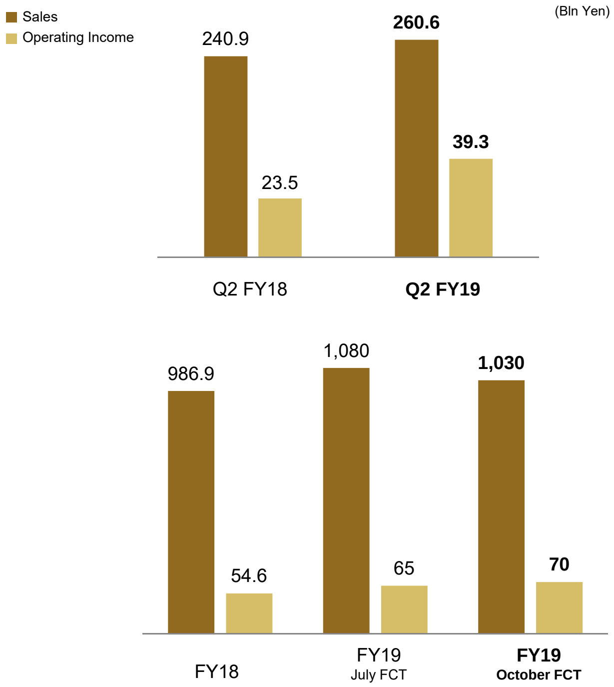
FY2019 Forecast (change from July forecast)

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

- Next is the Music segment.
- FY19 Q2 sales increased 8% year-on-year to 219.3 billion yen and operating income increased 19% to 37.5 billion yen.
- This increase was primarily due to the consolidation of EMI Music Publishing in the Music Publishing business and higher global streaming revenues, partially offset by the negative impact of exchange rates and lower sales of mobile games, mainly in Japan.
- Streaming revenues in the Recorded Music business continued to grow at a high rate, as was also the case in the first quarter ended June 30, 2019, increasing 17% year-on-year and 21% year-on-year excluding the impact of conversion to the yen.
- We revised upward our FY19 sales forecast 20 billion yen to 850 billion yen and our operating income forecast 5 billion yen to 140 billion yen.
- This upward revision was primarily due to streaming revenues exceeding our expectations.

Pictures Segment

Sales and Operating Income



Q2 FY2019 (year-on-year)

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

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

FY2019 Forecast (change from July forecast)

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

- Next is the Pictures segment.
- FY19 Q2 sales increased 8% year-on-year to 260.6 billion yen and operating income increased a significant 67% year-on-year to 39.3 billion yen.
- The increase in profit was primarily due to the contribution of Spider-Man: Far From Home, which, having exceeded 1.1 billion U.S. dollars in global box office revenue, is the highest grossing film of all time for Sony Pictures Entertainment, and an improvement in the profitability of Media Networks due to the benefit of the portfolio review and improved profitability in India.
- Our FY19 sales forecast has decreased 50 billion yen to 1 trillion 30 billion yen primarily due to a decrease in the number of titles slated for release this fiscal year due to a change in the release timing of certain titles.
- On the other hand, we have revised upward our operating income forecast 5 billion yen to 70 billion yen due to an increase in the profitability of Motion Pictures and Media Networks, and the benefit of overhead cost reductions, partially offset by the impact of the lower sales.

Music and Pictures Segments : Collaboration in the Anime Business

Fate/Grand Order Absolute Demonic Front: Babylonia
Limited-time exclusive distribution

Platforms to be integrated

FUNimation WAKANIM MADMAN

SONY PICTURES TELEVISION

SonyMusic

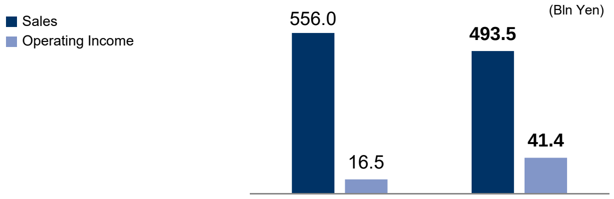
(C)TYPE-MOON / FGO7 ANIME PROJECT

- I will now discuss the collaboration between our Music and Pictures segments in the Anime business.
- The anime market outside of Japan has been growing at a rapid rate for several years and Sony is expanding its business in this important growth area.
- Sony Music Entertainment (Japan) Inc. has been very successful in the anime business in Japan and has begun to distribute anime content outside of Japan.
- Sony Pictures Entertainment acquired Funimation Productions ("Funimation"), one of the largest anime distributors in the U.S. in 2017.
- In order to further strengthen this area of our business, we have decided to integrate the platform of the three companies within the Sony Group that distribute anime content.
- Funimation will acquire the distribution rights for numerous Japanese anime titles on behalf of these companies, and each company will then distribute the titles in its market.
- In addition, in order to improve the appeal of the platform, Aniplex, owned by Sony Music Entertainment (Japan) Inc., is joining the effort by enabling each company to distribute, on a limited-time exclusive basis, the first animated TV series of Fate/Grand Order, the major hit mobile game. Through these actions, we are strengthening collaboration across the Sony Group.
- We are also aiming to contribute to the growth of the Japanese anime industry.

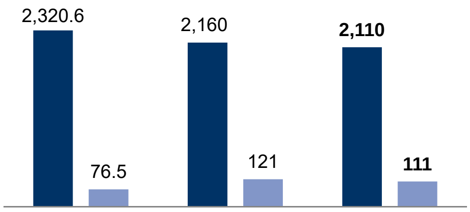
Electronics Products & Solutions Segment (EP&S Segment)

Sales and Operating Income

(Bln Yen)



Mobile Communications* (included above)	Q2 FY18	**Q2 FY19**
Sales to External Customers	114.9	**77.7**
Operating Income	-29.8	**0.6**



Mobile Communications* (included above)	FY18	FY19 July FCT	**FY19 October FCT**
Sales to External Customers	487.3	380	**380**
Operating Income	-97.1	-47	**-37**

Q2 FY2019 (year-on-year)

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

FY2019 Forecast (change from July forecast)

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

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

- Next is the EP&S segment.
- Sales for the quarter decreased 11% year-on-year to 493.5 billion yen primarily due to a decrease in unit sales of smartphones and TVs and the negative impact of exchange rates.
- Operating income increased 24.9 billion yen year-on-year to 41.4 billion yen.
- This increase was primarily due to the benefit of the restructuring that is steadily progressing in Mobile Communications and reductions in operating expenses in the various businesses within the EP&S segment, partially offset by the decrease in sales and the negative impact of exchange rates.
- Primarily due to a reduction in the unit sales forecast for TVs reflecting a deterioration in market conditions, our sales forecast has decreased 50 billion yen to 2 trillion 110 billion yen and our operating income forecast has decreased 10 billion yen to 111 billion yen.

TV Business

BRAVIA OLED, MASTER Series A9G

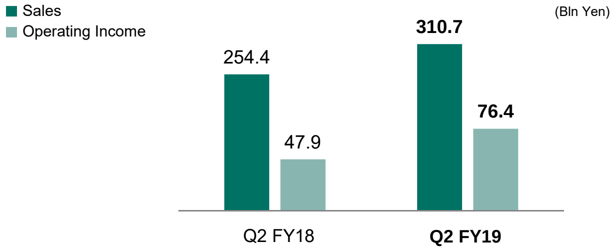
- Next, I will touch on the TV business.

- Due to a deterioration in the market for panels, the intensely competitive environment in the TV market continued in Q2. Although our unit sales have decreased year-on-year, we are working to maintain our average selling price by focusing on large screen and high valued-added models as well as by tightly controlling channel inventory.

- Since we expect this operating environment to continue through the fiscal year ending March 31, 2021, we plan to prioritize profitability throughout our supply chain and tightly manage costs.

Imaging & Sensing Solutions Segment (I&SS Segment)

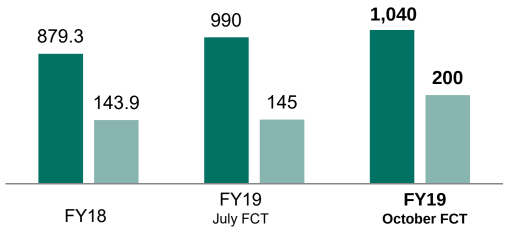
Sales and Operating Income



	Q2 FY18	**Q2 FY19**
Image Sensors Sales	205.8	**274.8**

Q2 FY2019 (year-on-year)

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



	FY18	FY19 July FCT	**FY19 October FCT**
Image Sensors Sales	711.4	840	**890**
Additions to long-lived assets for I&SS Segment	146.3	300	**300**
for Image Sensors (included above)	128.9	280	**280**

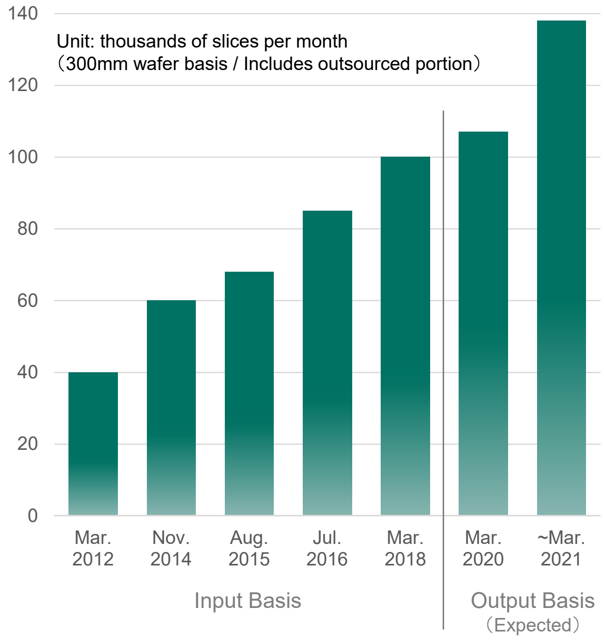
FY2019 Forecast (change from July forecast)

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

- Next is the Imaging & Sensing Solutions ("I&SS") segment.
- Despite the negative impact of exchange rates, FY19 Q2 sales increased 22% year-on-year to 310.7 billion yen primarily resulting from an increase in unit sales of image sensors for mobile devices and an improvement in product mix.
- Operating income increased 28.5 billion yen to 76.4 billion yen due to the impact of the increase in sales, partially offset by an increase in research and development costs and depreciation expense.
- Both sales and operating income were the highest on record for a quarter in the I&SS segment.
- We revised upward our FY19 sales forecast 50 billion yen to 1 trillion 40 billion yen and our operating income forecast 55 billion yen to 200 billion yen.
- At present, we are maintaining a cautious view in our forecast for sales in the second half of the fiscal year, when demand is usually lower than the first half of the fiscal year. However, we plan to continue to operate at full capacity utilization in order to strategically stockpile inventory to meet demand next fiscal year.

I&SS Segment : Production Capacity Investment

CMOS Image Sensors:
Wafer Production Capacity Trends



Decided to Build New Fabs

Nagasaki Technology Center

- We expect demand for our image sensors to continue to increase from next fiscal year as well due to the adoption of multi-sensor cameras and larger-sized sensors by smartphone makers.

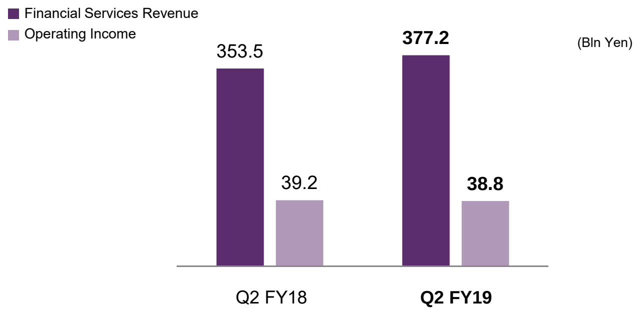
- In order to respond to this strong demand, we have further improved the efficiency of space utilization in our existing factories and have raised our production capacity target for the end of March 2021 from 130,000 wafers per month to 138,000 wafers per month.

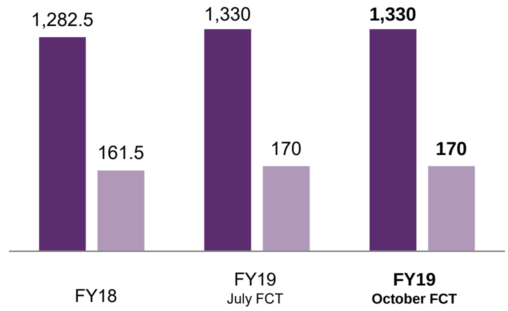
- Moreover, we have decided to move forward in stages with the investment we had been considering to build new fabs at our Nagasaki facility to accommodate demand from the fiscal year beginning April 1, 2021.

- Through this action, we are working to continue growing the I&SS business so as to achieve the mid-range targets we established at the IR Day this year: 60% revenue share of the image sensor market and 20-25% ROIC in the fiscal year ending March 31, 2026.

Financial Services Segment

Financial Services Revenue and Operating Income





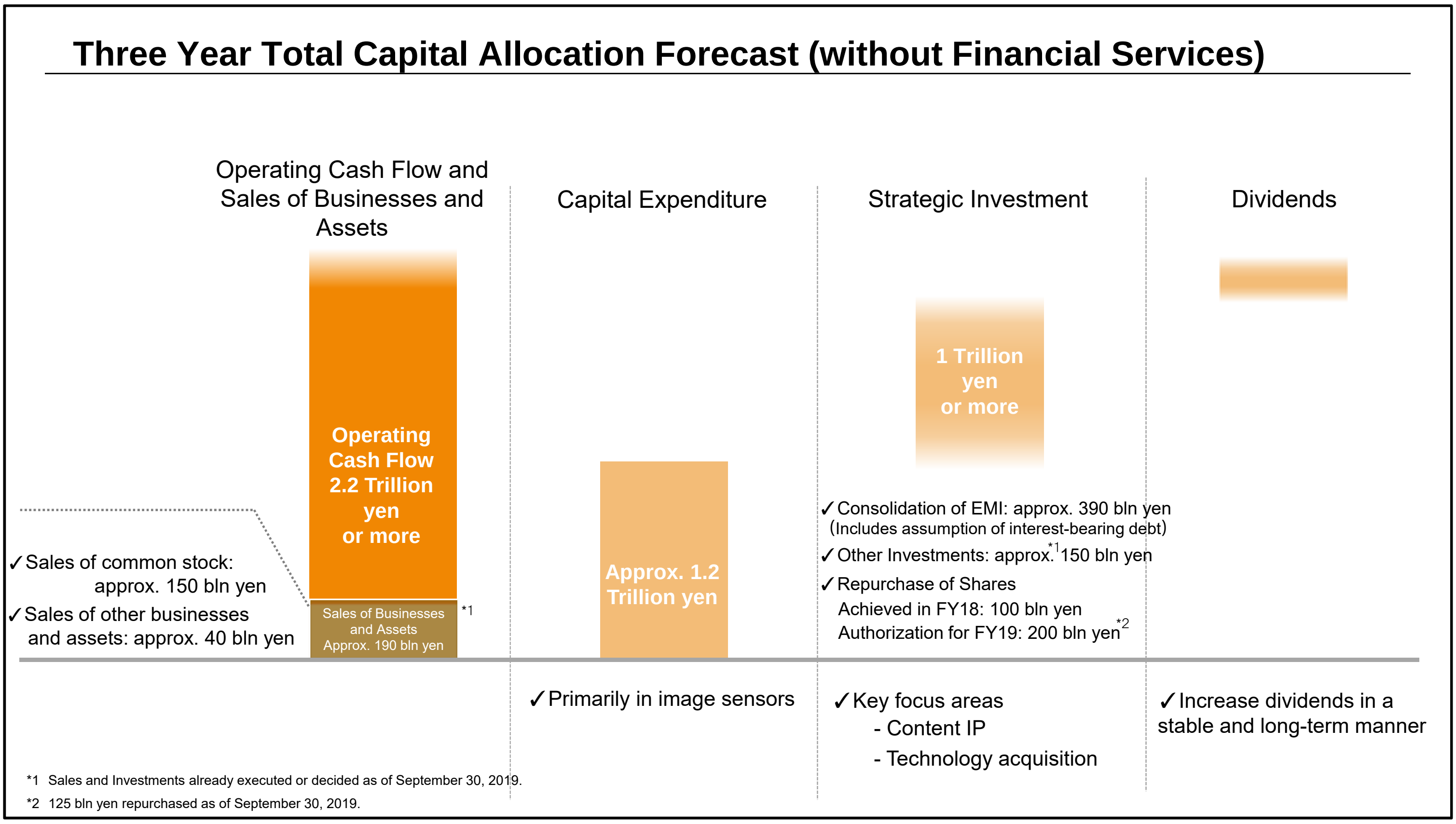
Q2 FY2019 (year-on-year)

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

FY2019 Forecast

- Revenue / OI : Remain unchanged from July forecast

- Next, I will explain the Financial Services segment.
- FY19 Q2 financial services revenue increased 7% year-on-year to 377.2 billion yen primarily due to higher insurance premium revenue reflecting an increase in policy amount in force primarily from single premium insurance at Sony Life.
- Operating income was essentially flat year-on-year at 38.8 billion yen.
- We have made no changes to our forecast.



- In conclusion, I would like to update you on our capital allocation strategy.
- Sony considers and implements financial measures to enhance corporate value through a balanced and consistent approach to capital allocation.
- Previously, we showed how we intend to allocate the operating cash flow we expect to generate during the current mid-range plan. Going forward, we will show a more comprehensive allocation of our capital which incorporates the cash generated from the sale of equity stakes, businesses and other assets, such as the proceeds from this quarter's sale of common shares of Olympus Corporation. Capital will be allocated in a manner designed to increase corporate value.
- There is no change to our policy of engaging in share repurchases in a flexible manner to increase ROE and earnings per share, but we will continue to place a higher priority on M&A and organic investments, such as capital expenditures and research and development spending.

FY2019 Results Forecast by Segment [Reclassified]

(Bln Yen)

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

- Lastly, I will show the results forecasts for each of our segments.
- This concludes my remarks.

Notes

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

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

The Pictures segment reflects the operations of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based operation that aggregates the results of its worldwide subsidiaries in U.S. dollars. Because of this, the description of the year-on-year change in sales for the Pictures segment represents the change on a U.S. dollar basis.

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

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

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

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

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

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

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

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.