Quarterly Financial Statements
for the First Quarter Ended June 30, 2020

And

Outlook for the Fiscal Year Ending March 31, 2021

August 4, 2020
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 Financial Statements
### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>March 31 2020</th>
<th>June 30 2020</th>
<th>Change from March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥1,512,357</td>
<td>¥1,448,614</td>
<td>-¥63,743</td>
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<tr>
<td>Marketable securities</td>
<td>¥1,847,772</td>
<td>¥2,105,977</td>
<td>+¥258,205</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade and contract assets</td>
<td>¥1,028,793</td>
<td>¥1,005,429</td>
<td>-¥23,364</td>
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<tr>
<td>Allowance for credit losses</td>
<td>(¥25,873)</td>
<td>(¥26,060)</td>
<td>-¥187</td>
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<tr>
<td>Inventories</td>
<td>¥589,969</td>
<td>¥588,797</td>
<td>-¥1,172</td>
</tr>
<tr>
<td>Other receivables</td>
<td>¥188,106</td>
<td>¥179,568</td>
<td>-¥8,538</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>¥594,021</td>
<td>¥608,271</td>
<td>+¥14,250</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>¥5,735,145</td>
<td>¥5,910,596</td>
<td>+¥175,451</td>
</tr>
<tr>
<td>Film costs</td>
<td>¥427,336</td>
<td>¥417,646</td>
<td>-¥9,690</td>
</tr>
<tr>
<td><strong>Investments and advances:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliated companies</td>
<td>¥207,922</td>
<td>¥210,800</td>
<td>+¥2,878</td>
</tr>
<tr>
<td>Securities investments and other</td>
<td>¥12,526,210</td>
<td>¥12,937,934</td>
<td>+¥411,724</td>
</tr>
<tr>
<td>Allowance for credit losses</td>
<td>-</td>
<td>(¥7,677)</td>
<td>(¥7,677)</td>
</tr>
<tr>
<td><strong>Total investments and advances</strong></td>
<td>¥12,734,132</td>
<td>¥13,141,057</td>
<td>+¥406,925</td>
</tr>
<tr>
<td><strong>Property, plant and equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>¥81,482</td>
<td>¥79,860</td>
<td>-¥1,622</td>
</tr>
<tr>
<td>Buildings</td>
<td>¥659,556</td>
<td>¥658,911</td>
<td>-¥645</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>¥1,725,720</td>
<td>¥1,792,832</td>
<td>+¥67,112</td>
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<tr>
<td>Construction in progress</td>
<td>¥76,391</td>
<td>¥71,599</td>
<td>-¥4,792</td>
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<tr>
<td><strong>Less-Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property, plant and equipment:</strong></td>
<td>¥2,543,149</td>
<td>¥2,603,202</td>
<td>+¥60,053</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>¥359,510</td>
<td>¥351,828</td>
<td>-¥7,682</td>
</tr>
<tr>
<td>Finance lease right-of-use assets</td>
<td>¥33,100</td>
<td>¥31,778</td>
<td>-¥1,322</td>
</tr>
<tr>
<td>Intangibles, net</td>
<td>¥906,310</td>
<td>¥902,575</td>
<td>-¥3,735</td>
</tr>
<tr>
<td>Goodwill</td>
<td>¥783,888</td>
<td>¥783,453</td>
<td>-¥435</td>
</tr>
<tr>
<td>Deferred insurance acquisition costs</td>
<td>¥690,901</td>
<td>¥617,899</td>
<td>+¥16,998</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>¥210,372</td>
<td>¥202,880</td>
<td>-¥7,492</td>
</tr>
<tr>
<td>Other</td>
<td>¥340,005</td>
<td>¥340,724</td>
<td>+¥719</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>¥3,234,086</td>
<td>¥3,231,137</td>
<td>-¥2,949</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥23,039,343</td>
<td>¥23,626,356</td>
<td>+¥587,013</td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>¥810,176</td>
<td>¥977,414</td>
<td>+¥167,238</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>¥29,807</td>
<td>¥28,516</td>
<td>-¥1,291</td>
</tr>
<tr>
<td>Current portion of long-term operating lease liabilities</td>
<td>¥68,942</td>
<td>¥72,275</td>
<td>+¥3,333</td>
</tr>
<tr>
<td>Notes and accounts payable, trade</td>
<td>¥350,810</td>
<td>¥391,223</td>
<td>+¥40,413</td>
</tr>
<tr>
<td>Accounts payable, other and accrued expenses</td>
<td>¥1,630,197</td>
<td>¥1,461,252</td>
<td>+¥168,945</td>
</tr>
<tr>
<td>Accrued income and other taxes</td>
<td>¥145,996</td>
<td>¥148,208</td>
<td>+¥2,212</td>
</tr>
<tr>
<td>Deposits from customers in the banking business</td>
<td>¥2,440,783</td>
<td>¥2,558,346</td>
<td>+¥117,563</td>
</tr>
<tr>
<td>Other</td>
<td>¥733,732</td>
<td>¥692,863</td>
<td>-¥40,869</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥6,240,443</td>
<td>¥6,330,097</td>
<td>+¥99,654</td>
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<tr>
<td><strong>Long-term debt</strong></td>
<td>¥634,966</td>
<td>¥654,145</td>
<td>+¥19,179</td>
</tr>
<tr>
<td><strong>Long-term operating lease liabilities</strong></td>
<td>¥314,836</td>
<td>¥304,647</td>
<td>-¥10,189</td>
</tr>
<tr>
<td><strong>Accrued pension and severance costs</strong></td>
<td>¥324,655</td>
<td>¥320,439</td>
<td>-¥4,216</td>
</tr>
<tr>
<td><strong>Deferred income taxes</strong></td>
<td>¥549,538</td>
<td>¥556,206</td>
<td>+¥6,668</td>
</tr>
<tr>
<td><strong>Future insurance policy benefits and other</strong></td>
<td>¥6,246,047</td>
<td>¥6,331,757</td>
<td>+¥85,710</td>
</tr>
<tr>
<td><strong>Policyholders’ account in the life insurance business</strong></td>
<td>¥3,642,271</td>
<td>¥3,843,393</td>
<td>+¥201,122</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>¥289,285</td>
<td>¥283,852</td>
<td>-¥5,433</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥18,242,041</td>
<td>¥18,624,536</td>
<td>+¥382,495</td>
</tr>
<tr>
<td><strong>Redeemable noncontrolling interest</strong></td>
<td>¥7,767</td>
<td>¥9,916</td>
<td>+¥2,149</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sony Corporation’s stockholders’ equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>¥880,214</td>
<td>¥880,214</td>
<td>-</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>¥1,289,719</td>
<td>¥1,290,992</td>
<td>+¥1,273</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>¥2,768,856</td>
<td>¥2,997,579</td>
<td>+¥228,723</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(¥580,980)</td>
<td>(¥612,648)</td>
<td>-¥31,668</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>(¥232,503)</td>
<td>(¥225,287)</td>
<td>+¥7,216</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>¥4,125,306</td>
<td>¥4,330,850</td>
<td>+¥205,544</td>
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<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>¥664,229</td>
<td>¥661,054</td>
<td>-¥3,175</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>¥23,039,343</td>
<td>¥23,626,356</td>
<td>+¥587,013</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Income

**Three months ended June 30**

<table>
<thead>
<tr>
<th>Sales and operating revenue:</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥1,558,646</td>
<td>¥1,504,870</td>
<td>¥-53,776</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>334,820</td>
<td>444,916</td>
<td>+110,096</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>32,258</td>
<td>19,133</td>
<td>-13,125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,925,724</td>
<td>1,968,919</td>
<td>+43,195</td>
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</table>

<table>
<thead>
<tr>
<th>Costs and expenses:</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>¥1,061,038</td>
<td>¥1,052,673</td>
<td>¥-8,365</td>
</tr>
<tr>
<td>Selling, general and admin</td>
<td>350,167</td>
<td>301,166</td>
<td>-49,001</td>
</tr>
<tr>
<td>Financial services expenses</td>
<td>288,493</td>
<td>397,659</td>
<td>+109,166</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(3,557)</td>
<td>(11,248)</td>
<td>-7,691</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,696,141</td>
<td>1,740,250</td>
<td>+44,109</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity in net income (loss) of affiliated companies</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥1,342</td>
<td>¥(274)</td>
<td>-1,616</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥230,925</td>
<td>¥228,395</td>
<td>¥-2,530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other income:</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>5,805</td>
<td>2,836</td>
<td>-2,969</td>
</tr>
<tr>
<td>Gain on equity securities, net</td>
<td>323</td>
<td>96,900</td>
<td>+96,577</td>
</tr>
<tr>
<td>Other</td>
<td>1,119</td>
<td>1,273</td>
<td>+154</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,247</td>
<td>101,009</td>
<td>+93,762</td>
</tr>
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<table>
<thead>
<tr>
<th>Other expenses:</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expenses</td>
<td>4,880</td>
<td>1,805</td>
<td>-3,075</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>1,696</td>
<td>5,054</td>
<td>+3,358</td>
</tr>
<tr>
<td>Other</td>
<td>578</td>
<td>2,626</td>
<td>+2,048</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,154</td>
<td>9,485</td>
<td>+2,331</td>
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<table>
<thead>
<tr>
<th>Income before income taxes</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>231,018</td>
<td>319,919</td>
<td>+88,901</td>
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</table>

<table>
<thead>
<tr>
<th>Income taxes</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes</td>
<td>65,012</td>
<td>72,878</td>
<td>+7,866</td>
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</table>

<table>
<thead>
<tr>
<th>Net income</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥166,006</td>
<td>¥247,041</td>
<td>+81,035</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less - Net income attributable to noncontrolling interests</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>13,884</td>
<td>13,790</td>
<td>-94</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Net income attributable to Sony Corporation’s stockholders</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>¥152,122</td>
<td>¥233,251</td>
<td>¥+81,129</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Per share data:</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>121.78</td>
<td>191.09</td>
<td>+69.31</td>
</tr>
<tr>
<td>— Basic</td>
<td>121.78</td>
<td>191.09</td>
<td>+69.31</td>
</tr>
<tr>
<td>— Diluted</td>
<td>119.22</td>
<td>186.94</td>
<td>+67.72</td>
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</tbody>
</table>

### Consolidated Statements of Comprehensive Income

**Three months ended June 30**

<table>
<thead>
<tr>
<th>Net income</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥166,006</td>
<td>¥247,041</td>
<td>¥+81,035</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other comprehensive income, net of tax –</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses) on securities</td>
<td>26,301</td>
<td>(32,111)</td>
<td>-58,412</td>
</tr>
<tr>
<td>Unrealized gains (losses) on derivative instruments</td>
<td>764</td>
<td>(260)</td>
<td>-1,024</td>
</tr>
<tr>
<td>Pension liability adjustment</td>
<td>2,914</td>
<td>566</td>
<td>-2,348</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(42,698)</td>
<td>(11,483)</td>
<td>+31,215</td>
</tr>
<tr>
<td>Debt valuation adjustments</td>
<td>(1,650)</td>
<td>(1,650)</td>
<td>-1,650</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>153,287</td>
<td>202,103</td>
<td>+48,816</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less - Comprehensive income attributable to noncontrolling interests</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less - Comprehensive income attributable to noncontrolling interests</td>
<td>22,622</td>
<td>520</td>
<td>-22,102</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comprehensive income attributable to Sony Corporation’s stockholders</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive income attributable to Sony Corporation’s stockholders</td>
<td>¥130,665</td>
<td>¥201,583</td>
<td>¥+70,918</td>
</tr>
</tbody>
</table>
Consolidated Statements of Cash Flows

Cash flows from operating activities:

Net income

Adjustments to reconcile net income to net cash provided by (used in) operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs</td>
<td>93,412</td>
<td>90,101</td>
</tr>
<tr>
<td>Amortization of film costs</td>
<td>56,546</td>
<td>56,858</td>
</tr>
<tr>
<td>Accrual for pension and severance costs, less payments</td>
<td>5</td>
<td>355</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(3,557)</td>
<td>(11,248)</td>
</tr>
<tr>
<td>Gain on securities investments, net (other than financial services business)</td>
<td>(329)</td>
<td>(96,891)</td>
</tr>
<tr>
<td>Gain on marketable securities and securities investments held in the financial services business, net</td>
<td>(9,172)</td>
<td>(154,558)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(1,352)</td>
<td>26,114</td>
</tr>
<tr>
<td>Equity in net loss of affiliated companies, net of dividends</td>
<td>1,196</td>
<td>3,518</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:

| Description                                                                 | 2019    | 2020    |
| (Increase) decrease in notes, accounts receivable, trade and contract assets | (85,901)| 19,100  |
| Increase in inventories                                                     | (51,976)| (26,318)|
| Increase in film costs                                                      | (91,680)| (20,747)|
| Increase in notes and accounts payable, trade                               | 55,807  | 10,513  |
| Increase in accrued income and other taxes                                  | 6,836   | 15,501  |
| Increase in future insurance policy benefits and other                      | 138,925 | 255,401 |
| Increase in deferred insurance acquisition costs                           | (22,185)| (22,269)|
| Increase in marketable securities held in the life insurance business       | (39,080)| (46,580)|
| Increase in other current assets                                           | (39,226)| (25,561)|
| Decrease in other current liabilities                                      | (205,943)| (173,983)|
| Other                                                                       | 50,845  | (20,162)|

Net cash provided by (used in) operating activities

| Description                                                                 | 2019    | 2020    |
| (Increase) decrease in notes, accounts receivable, trade and contract assets | (823)   | 126,185 |

Cash flows from investing activities:

| Description                                                                 | 2019    | 2020    |
| Payments for purchases of fixed assets                                      | (78,264)| (132,868)|
| Proceeds from sales of fixed assets                                         | 7,409   | 3,945   |
| Payments for investments and advances by financial services business       | (302,434)| (416,809)|
| Payments for investments and advances (other than financial services business) | (22,969)| (47,958)|
| Proceeds from sales or return of investments and collections of advances by financial services business | 72,375  | 99,782  |
| Proceeds from sales or return of investments and collections of advances (other than financial services business) | 303     | 12,680  |
| Proceeds from sales of businesses                                           | —       | 1,313   |
| Other                                                                       | 427     | 4,642   |

Net cash used in investing activities

| Description                                                                 | 2019    | 2020    |
| (Increase) decrease in notes, accounts receivable, trade and contract assets | (323,153)| (475,273)|

Cash flows from financing activities:

| Description                                                                 | 2019    | 2020    |
| Proceeds from issuance of long-term debt                                   | 5,775   | 44,214  |
| Payments of long-term debt                                                 | (114,297)| (25,615)|
| Increase in short-term borrowings, net                                     | 198,835 | 164,911 |
| Increase in deposits from customers in the financial services business, net | 57,354  | 146,465 |
| Dividends paid                                                             | (25,035)| (30,094)|
| Payments for purchase of treasury stock                                    | (25,354)| (29)    |
| Other                                                                       | (10,622)| (9,600) |

Net cash provided by financing activities

| Description                                                                 | 2019    | 2020    |
| Effect of exchange rate changes on cash and cash equivalents, including restricted | (23,451)| (6,517)  |

Net decrease in cash and cash equivalents, including restricted

| Description                                                                 | 2019    | 2020    |
| Cash and cash equivalents, including restricted, at beginning of the fiscal year | 1,473,813| 1,515,295|

Cash and cash equivalents, including restricted, at beginning of the period

| Description                                                                 | 2019    | 2020    |
| Less - restricted cash and cash equivalents, included in other current assets and other assets | 2,535   | 1,328   |

Cash and cash equivalents at end of the period

| Description                                                                 | 2019    | 2020    |
| ( Millions of yen)                                                          | ¥1,210,507| ¥1,448,614|

Three months ended June 30
### Sales and operating revenue

<table>
<thead>
<tr>
<th></th>
<th>2019 (Millions of yen)</th>
<th>2020 (Millions of yen)</th>
<th>Change (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>¥ 441,750</td>
<td>¥ 599,049</td>
<td>¥ +157,299</td>
</tr>
<tr>
<td>Intersegment</td>
<td>¥ 15,711</td>
<td>¥ 7,060</td>
<td>¥ -8,651</td>
</tr>
<tr>
<td>Total</td>
<td>¥ 457,461</td>
<td>¥ 606,109</td>
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<tr>
<td>Music</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>200,038</td>
<td>173,735</td>
<td>-26,303</td>
</tr>
<tr>
<td>Intersegment</td>
<td>2,215</td>
<td>3,380</td>
<td>+1,165</td>
</tr>
<tr>
<td>Total</td>
<td>202,253</td>
<td>177,115</td>
<td>-25,138</td>
</tr>
<tr>
<td>Pictures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>185,759</td>
<td>174,441</td>
<td>-11,318</td>
</tr>
<tr>
<td>Intersegment</td>
<td>329</td>
<td>648</td>
<td>+319</td>
</tr>
<tr>
<td>Total</td>
<td>186,088</td>
<td>175,089</td>
<td>-10,999</td>
</tr>
<tr>
<td>Electronics Products &amp; Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>480,656</td>
<td>327,393</td>
<td>-153,263</td>
</tr>
<tr>
<td>Intersegment</td>
<td>3,259</td>
<td>4,453</td>
<td>+1,194</td>
</tr>
<tr>
<td>Total</td>
<td>483,915</td>
<td>331,846</td>
<td>-152,069</td>
</tr>
<tr>
<td>Imaging &amp; Sensing Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>211,175</td>
<td>198,371</td>
<td>-12,804</td>
</tr>
<tr>
<td>Intersegment</td>
<td>19,503</td>
<td>7,815</td>
<td>-11,688</td>
</tr>
<tr>
<td>Total</td>
<td>230,678</td>
<td>206,186</td>
<td>-24,492</td>
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<tr>
<td>Financial Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>334,820</td>
<td>444,916</td>
<td>+110,096</td>
</tr>
<tr>
<td>Intersegment</td>
<td>2,115</td>
<td>1,844</td>
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<tr>
<td>Total</td>
<td>336,935</td>
<td>446,760</td>
<td>+109,825</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>60,632</td>
<td>46,097</td>
<td>-14,535</td>
</tr>
<tr>
<td>Intersegment</td>
<td>8,959</td>
<td>7,998</td>
<td>-961</td>
</tr>
<tr>
<td>Total</td>
<td>69,591</td>
<td>54,095</td>
<td>-15,496</td>
</tr>
<tr>
<td>Corporate and elimination</td>
<td>(41,197)</td>
<td>(28,281)</td>
<td>+12,916</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>¥ 1,925,724</td>
<td>¥ 1,968,919</td>
<td>¥ +43,195</td>
</tr>
</tbody>
</table>

Game & Network Services ("G&NS") intersegment amounts primarily consist of transactions with All Other. Imaging & Sensing Solutions ("I&SS") intersegment amounts primarily consist of transactions with the G&NS segment and the Electronics Products & Solutions ("EP&S") 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></th>
<th>2019 (Millions of yen)</th>
<th>2020 (Millions of yen)</th>
<th>Change (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game &amp; Network Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥ 73,804</td>
<td>¥ 124,037</td>
<td>¥ +50,233</td>
</tr>
<tr>
<td>Music</td>
<td>38,277</td>
<td>34,892</td>
<td>-3,385</td>
</tr>
<tr>
<td>Pictures</td>
<td>376</td>
<td>24,742</td>
<td>-24,366</td>
</tr>
<tr>
<td>Electronics Products &amp; Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25,066</td>
<td>(9,121)</td>
<td>-34,187</td>
</tr>
<tr>
<td>Imaging &amp; Sensing Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>49,528</td>
<td>47,203</td>
<td>-2,325</td>
</tr>
<tr>
<td>Financial Services</td>
<td>46,105</td>
<td>47,203</td>
<td>+1,098</td>
</tr>
<tr>
<td>All Other</td>
<td>(2,602)</td>
<td>3,532</td>
<td>+6,134</td>
</tr>
<tr>
<td>Total</td>
<td>230,554</td>
<td>250,711</td>
<td>+20,157</td>
</tr>
<tr>
<td>Corporate and elimination</td>
<td>371</td>
<td>(22,316)</td>
<td>-22,687</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>¥ 230,925</td>
<td>¥ 228,395</td>
<td>¥ -2,530</td>
</tr>
</tbody>
</table>

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.
The following table is a breakdown of sales and operating revenue to external customers by product category for each segment. Sony management views each segment as a single operating segment.

<table>
<thead>
<tr>
<th>Sales and operating revenue (to external customers)</th>
<th>2019 (Millions of yen)</th>
<th>2020 (Millions of yen)</th>
<th>Change (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Game &amp; Network Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Software and Add-on Content</td>
<td>215,964</td>
<td>394,637</td>
<td>+178,673</td>
</tr>
<tr>
<td>Network Services</td>
<td>83,606</td>
<td>93,295</td>
<td>+9,689</td>
</tr>
<tr>
<td>Hardware and Others</td>
<td>142,180</td>
<td>111,117</td>
<td>-31,063</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>441,750</td>
<td>599,049</td>
<td>+157,299</td>
</tr>
<tr>
<td><strong>Music</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded Music – Streaming</td>
<td>66,482</td>
<td>68,900</td>
<td>+2,418</td>
</tr>
<tr>
<td>Recorded Music – Others</td>
<td>45,480</td>
<td>29,186</td>
<td>-16,294</td>
</tr>
<tr>
<td>Music Publishing</td>
<td>39,290</td>
<td>31,096</td>
<td>-8,194</td>
</tr>
<tr>
<td>Visual Media and Platform</td>
<td>48,786</td>
<td>44,553</td>
<td>-4,233</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>200,038</td>
<td>173,735</td>
<td>-26,303</td>
</tr>
<tr>
<td><strong>Pictures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>80,870</td>
<td>65,077</td>
<td>-15,793</td>
</tr>
<tr>
<td>Television Productions</td>
<td>46,486</td>
<td>64,303</td>
<td>+17,817</td>
</tr>
<tr>
<td>Media Networks</td>
<td>58,403</td>
<td>45,061</td>
<td>-13,342</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>185,759</td>
<td>174,441</td>
<td>-11,318</td>
</tr>
<tr>
<td><strong>Electronics Products &amp; Solutions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Televisions</td>
<td>147,761</td>
<td>106,568</td>
<td>-41,193</td>
</tr>
<tr>
<td>Audio and Video</td>
<td>78,743</td>
<td>47,081</td>
<td>-31,662</td>
</tr>
<tr>
<td>Still and Video Cameras</td>
<td>100,254</td>
<td>46,405</td>
<td>-53,849</td>
</tr>
<tr>
<td>Mobile Communications</td>
<td>100,550</td>
<td>94,229</td>
<td>-6,321</td>
</tr>
<tr>
<td>Other</td>
<td>53,348</td>
<td>33,110</td>
<td>-20,238</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>480,656</td>
<td>327,393</td>
<td>-153,263</td>
</tr>
<tr>
<td>Imaging &amp; Sensing Solutions</td>
<td>211,175</td>
<td>198,371</td>
<td>-12,804</td>
</tr>
<tr>
<td>Financial Services</td>
<td>334,820</td>
<td>444,916</td>
<td>+110,096</td>
</tr>
<tr>
<td>All Other</td>
<td>60,632</td>
<td>46,097</td>
<td>-14,535</td>
</tr>
<tr>
<td>Corporate</td>
<td>10,894</td>
<td>4,917</td>
<td>-5,977</td>
</tr>
<tr>
<td><strong>Consolidated total</strong></td>
<td>¥ 1,925,724</td>
<td>¥ 1,968,919</td>
<td>¥ 43,195</td>
</tr>
</tbody>
</table>

Sony has realigned its product category configuration in the Music segment with a more detailed breakdown in Recorded Music from the fourth quarter of the fiscal year ended March 31, 2020. In connection with the realignment, all prior period sales amounts by product category in the table above have been reclassified to conform to the current presentation.

In the G&NS segment, Digital Software and Add-on Content includes distribution of software titles and add-on content through network by Sony Interactive Entertainment; Network Services includes network services relating to game, video and music content; Hardware and Others includes home gaming consoles, packaged software and peripheral devices. In the Music segment, Recorded Music – Streaming includes the distribution of digital recorded music by streaming; Recorded Music – Others includes the distribution of recorded music by physical media and digital download as well as 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 live-action and animated motion pictures; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks worldwide. In the EP&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; Still and Video Cameras includes interchangeable lens cameras, compact digital cameras, consumer video cameras and video cameras for broadcast; Mobile Communications includes smartphones and an internet-related service business; Other includes display products such as projectors and medical equipment.

Within the EP&S segment, the operating income of Mobile Communications for the first quarter of the fiscal years ended March 31, 2020 and 2021 was 1,039 million yen and 11,036 million yen, respectively.
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>Financial Services</th>
<th>Sony without Financial Services</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31</td>
<td>June 30</td>
<td>March 31</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥550,039</td>
<td>¥559,770</td>
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<td>Marketable securities</td>
<td>1,847,772</td>
<td>2,105,977</td>
<td>1,68,942</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade and contract assets</td>
<td>10,532</td>
<td>13,053</td>
<td>999,976</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>73,117</td>
<td>61,098</td>
<td>115,100</td>
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<td>Prepaid expenses and other current assets</td>
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<td>Total current assets</td>
<td>2,662,707</td>
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<td>Film costs</td>
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<td></td>
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<td>Investments and advances</td>
<td>12,457,977</td>
<td>12,697,326</td>
<td>351,936</td>
</tr>
<tr>
<td>Investments in Financial Services, at cost</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
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<td>18,243</td>
<td>890,640</td>
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<td>Other assets</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Short-term borrowings</td>
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<td>¥933,153</td>
<td>¥81,246</td>
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<tr>
<td>Short-term operating lease liabilities</td>
<td>9,363</td>
<td>9,407</td>
<td>59,595</td>
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<tr>
<td>Notes and accounts payable, trade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable, other and accrued expenses</td>
<td>40,457</td>
<td>30,314</td>
<td>1,591,072</td>
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<tr>
<td>Accrued income and other taxes</td>
<td>22,825</td>
<td>10,871</td>
<td>123,171</td>
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<tr>
<td>Deposits from customers in the banking business</td>
<td>2,440,783</td>
<td>2,558,346</td>
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<td>Other</td>
<td>226,455</td>
<td>228,491</td>
<td>514,368</td>
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<tr>
<td>Total current liabilities</td>
<td>3,498,620</td>
<td>3,779,582</td>
<td>2,750,262</td>
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<tr>
<td>Long-term debt</td>
<td>240,143</td>
<td>260,874</td>
<td>398,793</td>
</tr>
<tr>
<td>Long-term operating lease liabilities</td>
<td>41,192</td>
<td>39,875</td>
<td>273,668</td>
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<tr>
<td>Accrued pension and severance costs</td>
<td>34,211</td>
<td>34,270</td>
<td>290,444</td>
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<td>Deferred income taxes</td>
<td>391,883</td>
<td>375,961</td>
<td>173,022</td>
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<td>Future insurance policy benefits and other</td>
<td>6,246,047</td>
<td>6,331,757</td>
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<tr>
<td>Policyholders’ account in the life insurance business</td>
<td>3,642,271</td>
<td>3,843,393</td>
<td></td>
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<td>Other</td>
<td>21,843</td>
<td>30,451</td>
<td>349,974</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>14,116,210</td>
<td>14,677,163</td>
<td>4,175,763</td>
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<tr>
<td>Redeemable noncontrolling interest</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity of Financial Services</td>
<td>1,790,333</td>
<td>1,755,921</td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity of Sony without Financial Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sony Corporation’s stockholders’ equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>2,205</td>
<td>2,279</td>
<td>30,433</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,792,538</td>
<td>1,758,200</td>
<td>3,189,504</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>15,908,748</td>
<td>16,435,363</td>
<td>7,373,034</td>
</tr>
</tbody>
</table>
## Condensed Statements of Income

**Three months ended June 30**

<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>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>¥336,935</td>
<td>¥446,760</td>
<td>—</td>
</tr>
<tr>
<td>Net sales and operating revenue</td>
<td>—</td>
<td>—</td>
<td>¥1,592,343</td>
</tr>
<tr>
<td></td>
<td>¥336,935</td>
<td>¥446,760</td>
<td>¥1,592,343</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>—</td>
<td>—</td>
<td>¥1,063,869</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>—</td>
<td>—</td>
<td>¥1,348,777</td>
</tr>
<tr>
<td></td>
<td>¥290,606</td>
<td>¥399,503</td>
<td>—</td>
</tr>
<tr>
<td>Other operating (income) expense, net</td>
<td>¥36</td>
<td>¥54</td>
<td>(¥3,593)</td>
</tr>
<tr>
<td></td>
<td>¥290,642</td>
<td>¥399,557</td>
<td>¥1,409,053</td>
</tr>
<tr>
<td>Equity in net income (loss) of affiliated companies</td>
<td>(¥188)</td>
<td>—</td>
<td>(¥1,274)</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥46,105</td>
<td>¥47,203</td>
<td>¥181,181</td>
</tr>
<tr>
<td>Other income (expenses), net</td>
<td>(¥46)</td>
<td>(¥20)</td>
<td>¥17,830</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>¥46,059</td>
<td>¥47,183</td>
<td>¥202,650</td>
</tr>
<tr>
<td>Income taxes</td>
<td>¥13,982</td>
<td>¥13,187</td>
<td>¥51,030</td>
</tr>
<tr>
<td>Net income</td>
<td>¥32,077</td>
<td>¥33,996</td>
<td>¥151,620</td>
</tr>
<tr>
<td>Less - Net income attributable to noncontrolling interests</td>
<td>¥86</td>
<td>¥75</td>
<td>¥2,624</td>
</tr>
<tr>
<td>Net income of Financial Services</td>
<td>¥31,991</td>
<td>¥33,921</td>
<td>—</td>
</tr>
<tr>
<td>Net income of Sony without Financial Services</td>
<td>¥—</td>
<td>¥—</td>
<td>¥148,996</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>¥—</td>
<td>¥—</td>
<td>—</td>
</tr>
</tbody>
</table>

*(Millions of yen)*
### Condensed Statements of Cash Flows

(Millions of yen)

<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>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>¥ 32,077</td>
<td>¥ 33,996</td>
<td>¥ 151,620</td>
</tr>
<tr>
<td></td>
<td>¥ 33,996</td>
<td>¥ 151,620</td>
<td>¥ 232,845</td>
</tr>
<tr>
<td></td>
<td>¥ 232,845</td>
<td>¥ 166,006</td>
<td>¥ 247,041</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs</td>
<td>22,151</td>
<td>8,853</td>
<td>71,261</td>
</tr>
<tr>
<td>Amortization of film costs</td>
<td>—</td>
<td>—</td>
<td>36,546</td>
</tr>
<tr>
<td>Other operating (income) expense, net</td>
<td>36</td>
<td>54</td>
<td>(3,593)</td>
</tr>
<tr>
<td>(Gain) loss on marketable securities and securities investments, net</td>
<td>(9,172)</td>
<td>(154,558)</td>
<td>(329)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in notes, accounts receivable, trade and contract assets</td>
<td>(298)</td>
<td>(2,521)</td>
<td>(84,822)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>—</td>
<td>—</td>
<td>(51,976)</td>
</tr>
<tr>
<td>(Increase) decrease in film costs</td>
<td>—</td>
<td>—</td>
<td>(91,680)</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable, trade</td>
<td>—</td>
<td>—</td>
<td>55,807</td>
</tr>
<tr>
<td>Increase (decrease) in future insurance policy benefits and other</td>
<td>138,925</td>
<td>255,401</td>
<td>—</td>
</tr>
<tr>
<td>(Increase) decrease in deferred insurance acquisition costs</td>
<td>(22,185)</td>
<td>(22,269)</td>
<td>—</td>
</tr>
<tr>
<td>(Increase) decrease in marketable securities held in the life insurance business</td>
<td>(59,080)</td>
<td>(46,580)</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>(891)</td>
<td>(50,957)</td>
<td>(187,856)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>101,563</td>
<td>21,419</td>
<td>(85,022)</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for purchases of fixed assets</td>
<td>(5,388)</td>
<td>(4,922)</td>
<td>(72,875)</td>
</tr>
<tr>
<td>Payments for investments and advances</td>
<td>(302,434)</td>
<td>(416,809)</td>
<td>(22,969)</td>
</tr>
<tr>
<td>Proceeds from sales or return of investments and collections of advances</td>
<td>72,375</td>
<td>99,782</td>
<td>303</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>46</td>
<td>7,814</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(235,425)</td>
<td>(321,903)</td>
<td>(87,727)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in borrowings, net</td>
<td>200,622</td>
<td>194,206</td>
<td>(109,983)</td>
</tr>
<tr>
<td>Increase (decrease) in deposits from customers, net</td>
<td>57,354</td>
<td>146,465</td>
<td>—</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(27,189)</td>
<td>(30,453)</td>
<td>(25,035)</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>(3)</td>
<td>2,677</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>230,786</td>
<td>310,215</td>
<td>(161,495)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>—</td>
<td>—</td>
<td>(23,451)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents, including restricted</td>
<td>96,924</td>
<td>9,731</td>
<td>(357,695)</td>
</tr>
<tr>
<td>Cash and cash equivalents, including restricted, at beginning of the fiscal year</td>
<td>509,595</td>
<td>550,039</td>
<td>964,218</td>
</tr>
<tr>
<td>Cash and cash equivalents, including restricted, at end of the period</td>
<td>606,519</td>
<td>559,770</td>
<td>606,523</td>
</tr>
<tr>
<td>Less - restricted cash and cash equivalents, included in other current assets and other assets</td>
<td>—</td>
<td>—</td>
<td>2,535</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>¥ 606,519</td>
<td>¥ 559,770</td>
<td>¥ 603,988</td>
</tr>
</tbody>
</table>

Three months ended June 30
### Going Concern Assumption
Not Applicable

### Significant Changes in Shareholders’ Equity
Not Applicable

### Accounting Policies and Other Information

#### (Recently adopted accounting pronouncements)

**Measurement of credit losses on financial instruments**

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, which amends the accounting guidance for credit losses on financial instruments. The ASU requires the consideration of all available relevant information when estimating expected credit losses, including past events, current conditions and forecasts and their implications for expected credit losses. This ASU was effective for Sony as of April 1, 2020. The adoption of this ASU did not have a material impact on Sony’s results of operations and financial position.

**Improvements to Accounting for Costs of Films and License Agreements for Program Materials**

In March 2019, the FASB issued ASU 2019-02, which updates the guidance for the capitalization of film costs associated with episodic television series, requires the use of fair value rather than net realizable value when determining potential impairments of broadcasting rights, and modifies the presentation and disclosure requirements for films and broadcasting rights. In addition, upon capitalization of film costs entities are required to determine qualitatively whether the predominant monetization strategy is on a title-by-title basis or together with other films and/or broadcast rights as part of a film group, such as in the case of a release of a film as part of a library of content on a streaming service. In the case of a film group, impairments are evaluated at the overall film group level rather than the individual title level. This ASU was effective for Sony as of April 1, 2020 and was applied on a prospective basis. Upon adoption, Sony reclassified broadcasting rights in the Pictures segment and animation film production costs in the Music segment included in inventories to film costs.

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

<table>
<thead>
<tr>
<th>Yen in millions</th>
<th>March 31, 2020</th>
<th>Impact of Adoption</th>
<th>April 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td>ASU 2016-13</td>
<td>ASU 2019-02</td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts receivable, trade and contract assets</td>
<td>1,028,793</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance for credit losses</td>
<td>(25,873)</td>
<td>(280)</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>589,969</td>
<td>-</td>
<td>(31,517)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>188,106</td>
<td>(30)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>594,021</td>
<td>(12)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>5,735,145</td>
<td>(322)</td>
<td>(31,517)</td>
</tr>
<tr>
<td>Film costs</td>
<td>427,336</td>
<td>-</td>
<td>31,517</td>
</tr>
<tr>
<td><strong>Investments and advances:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities investments and other</td>
<td>12,526,210</td>
<td>780</td>
<td>-</td>
</tr>
<tr>
<td>Allowance for credit losses</td>
<td>-</td>
<td>(6,341)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investments and advances</strong></td>
<td>12,734,132</td>
<td>(5,561)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>210,372</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>340,005</td>
<td>(721)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>3,234,086</td>
<td>(676)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>23,039,343</td>
<td>(6,559)</td>
<td>-</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td>March 31, 2020</td>
<td>Impact of Adoption</td>
<td>April 1, 2020</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------</td>
<td>--------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>549,538</td>
<td>(1,504)</td>
<td>548,034</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>18,242,041</td>
<td>(1,504)</td>
<td>18,240,537</td>
</tr>
</tbody>
</table>

**EQUITY**

Sony Corporation’s stockholders’ equity:

<table>
<thead>
<tr>
<th></th>
<th>Retained earnings</th>
<th>Total Sony Corporation’s stockholders’ equity</th>
<th>Noncontrolling interests</th>
<th>Total equity</th>
<th>Total liabilities and equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,768,856</td>
<td>4,125,306</td>
<td>664,229</td>
<td>4,789,535</td>
<td>23,039,343</td>
</tr>
<tr>
<td></td>
<td>(3,669)</td>
<td>(3,669)</td>
<td>(1,386)</td>
<td>(5,055)</td>
<td>(6,559)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,765,187</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,121,637</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>662,843</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,784,480</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23,032,784</td>
</tr>
</tbody>
</table>

* Under ASU 2016-13, Sony changed the presentation from “Allowance for doubtful accounts” to “Allowance for credit losses” on the consolidated balance sheets.

(Number of Consolidated Subsidiaries and Affiliated Companies)

As of June 30, 2020, Sony had 1,402 consolidated subsidiaries (including variable interest entities) and 141 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>(Thousands of shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>Three months ended June 30</td>
</tr>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>— Basic</td>
<td>1,249,160</td>
</tr>
<tr>
<td>— Diluted</td>
<td>1,276,014</td>
</tr>
</tbody>
</table>

The dilutive effect in the weighted-average number of outstanding shares for the three months ended June 30, 2019 and 2020 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 EP&S segment includes the Televisions business, the Audio and Video business, the Still and Video Cameras business, the smartphone business and Internet-related service business. The I&SS 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 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 items. 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 months ended June 30, 2019 have been made to conform to the presentation for the three months ended June 30, 2020.

(Subsequent events)
Tender Offer for Common Shares and Stock Acquisition Rights of Sony Financial Holdings Inc.
Sony Corporation resolved, at the meeting of its Board of Directors held on May 19, 2020, to offer to acquire the common shares of Sony Financial Holdings Inc. (“SFH”), a consolidated subsidiary of Sony Corporation, not held by Sony Corporation and the related stock acquisition rights through a tender offer (“Tender Offer”), with the aim of making SFH a wholly-owned subsidiary of Sony Corporation, and Sony Corporation undertook the Tender Offer from May 20, 2020 through July 13, 2020. Because the aggregate number of shares (including shares subject to stock acquisition rights) tendered through the Tender Offer (the “Tendered Share Certificates, Etc.”) was equal to or greater than the minimum number of shares to be purchased through the Tender Offer, all of the Tendered Share Certificates, Etc. have been purchased by Sony Corporation. In order to procure the funds necessary to acquire the target shares and the related stock acquisition rights for the Tender Offer, Sony Corporation borrowed 322.5 billion yen from a Japanese private bank.
As a result of the Tender Offer, Sony Corporation has commenced the procedures pursuant to the provisions of Article 179 of the Companies Act of Japan, for the mandatory purchase of all of SFH’s remaining common shares not held by Sony Corporation.

<Overview of Tender Offer>
1. Shares and Stock Acquisition Rights to be purchased: Common shares (excluding SFH’s common shares owned by Sony Corporation and the treasury shares owned by SFH) and the related stock acquisition rights
2. Period: From May 20, 2020 through July 13, 2020
3. Price: 2,600 yen per common share
   259,900 yen per unit of stock acquisition right
4. Number of Shares purchased (including the number of shares subject to stock acquisition rights): 123,655,138 shares
5. Percentage of Ownership of Share Certificates, Etc. After Purchase, Etc.: 93.46%

Borrowing Funds for Acquisition of EMI Music Publishing
In July 2020, in order to enhance liquidity, Sony Corporation executed an approximate 2 billion U.S. dollar bank loan from a group of lenders with eight- to ten-year maturity terms in connection with Sony’s acquisition of the remaining approximately 60% equity interest in DH Publishing, L.P., which owns EMI Music Publishing, in November 2018. This bank loan utilizes the Japan Bank for International Cooperation (“JBIC”) Facility, which was established to facilitate overseas mergers and acquisitions by Japanese companies. Approximately 60%, or 1.2 billion U.S. dollars, is from the JBIC Facility and borrowed in U.S. dollars and approximately 40%, or 86 billion yen (approximately 0.8 billion U.S. dollars), is from Japanese private banks and borrowed in yen.

Setting of parameters for repurchase of shares of its own common stock
Sony Corporation approved on August 4, 2020 by resolution of the Board of Directors the setting of the following parameters for repurchase of its own common stock pursuant to the Companies Act and Sony Corporation’s Articles of Incorporation:
1. Total number of shares for repurchase: 20 million shares (maximum)
2. Total purchase price for repurchase of shares: 100 billion yen (maximum)
3. Period of repurchase: August 5, 2020 to March 31, 2021
Current View Regarding the Impact on the Business from the Spread of the Coronavirus Disease 2019 (“COVID-19”)

Conditions at Sony’s Manufacturing Plants Resulting from the Spread of COVID-19
Sony has a total of six in-house manufacturing plants located in China and Malaysia. Although these plants were shut down for a period of time between January and April 2020, they have since resumed operations and are currently operating at the levels they were before the spread of the virus. Sony shut down its manufacturing plant in the U.K. (Wales) from March 26, 2020 in accordance with a mandate from the local government. From March 31, 2020, Sony has resumed its U.K. manufacturing operations after receiving approval from local authorities, and operations are returning to the level they were before the spread of the virus. Business has been impacted by factors such as restrictions on the movement of people across national borders, making it difficult for Sony to send engineers to manufacturing hubs such as China and countries in Southeast Asia for the purpose of helping with new product launches or giving instructions on manufacturing.

Game & Network Services (G&NS)
Although production of PlayStation®4 hardware was slightly impacted due to issues in the component supply chain, these issues have now been addressed. Sales of game software that is downloaded from the network, as well as PlayStation®Plus (“PS Plus”) and PlayStation™Now subscriber numbers, have significantly increased. Regarding the launch of PlayStation®5 (“PS5™”), although factors such as constraints due to employees working from home and restrictions on international travel remain, necessary measures are being taken and preparations are underway with the launch of the console scheduled for the 2020 holiday season. At this time, no major problems have arisen in the game software development pipeline for Sony’s own first-party studios or its partners’ studios.

Music
Around the world, the release of new music is being delayed primarily due to some artists being unable to record songs and music videos. The impact on profitability from the delays in new music is limited at this time in the U.S. and other countries where the proportion of music that is streamed is relatively low. However, in countries like Japan where the proportion of music that is streamed is high, CDs and other packaged media sales are decreasing due to restrictions on going outside. Ticket and merchandising revenues are also decreasing, as concerts and other events are being postponed and cancelled in Japan and other areas. Due to a global reduction in advertising spending, revenue from advertising-supported streaming services and revenue from the licensing of music in TV commercials is decreasing. Additionally, delays in the production of motion pictures and TV shows are causing a decline in music licensing revenue.

Pictures
Although some movie theaters are reopening around the world, a large number are still closed or must limit the number of patrons, leading to box office revenue being impacted. For this reason, Sony generally has not been able to release its already completed films in theaters. Due to restrictions on people’s movement, the production schedules of new motion pictures and television shows by Sony are significantly delayed around the world, especially in the U.S. As a result, in Motion Pictures, theatrical revenues and revenues generated after theatrical release, including home entertainment and television licensing sales, are expected to decrease. On the other hand, digital rental and sell-through revenues for films which Sony released theatrically prior to the spread of COVID-19 have been strong. In Television Productions, revenues are beginning to be impacted by delays in the delivery of shows to TV networks and digital distribution services. Due to a global reduction in advertising spending, advertising revenue in Media Networks is decreasing significantly, especially in India.
Electronics Products & Solutions (EP&S)
The four major in-house and outsourcing manufacturing sites for Sony’s TV business, as well as the factories owned by Sony in China and Thailand that make digital cameras and smartphones, are currently operating as usual. Retail sales have decreased significantly due to the closure of retail stores globally, the impact of which is continuing to affect markets like Asia and Latin America. Conversely, in Japan, Europe, North America and China, retail stores are gradually reopening. In addition, although sales and profit from digital cameras were significantly impacted by a substantial slowdown in demand around the world, this business is beginning to show signs of recovery, albeit at a relatively slower pace compared to other product categories.

Imaging & Sensing Solutions (I&SS)
There has been no major impact on Sony’s manufacturing plants in Japan, which are operating as usual. Sony also understands that factory operations and supply chains at most of its major mobile customers, to whom it sells its image sensors, have been recovering. On the other hand, image sensor sales are decreasing primarily due to a slowdown in the smartphone market, which is the final outlet for Sony’s products, and a change in the overall composition of sales in that market resulting from a shift from high-end to mid-range and moderately priced models.

Financial Services
All in-person sales activity of the Lifeplanner® sales employees at Sony Life Insurance Co., Ltd. (“Sony Life”) was temporarily suspended pursuant to the announcement of a state of emergency by the Japanese government, which began in April 2020. After the state of emergency was fully lifted on May 25, 2020, Sony Life resumed these sales activities from June 1, 2020, and is also expanding its remote consulting services. Despite a gradual recovery, acquisitions of new insurance policies have decreased compared to the previous fiscal year, and the segment is being impacted by an increase in various expenses including compensation for sales employees. It is possible that fluctuations in the financial market could impact the financial results of this segment going forward.

Financial results for the three months ended June 30, 2020 are disclosed in the Presentation, Speech Transcript, Quarterly Securities Report (to be furnished on August 11, 2020) and other materials, all of which are available at Sony’s homepage: https://www.sony.net/SonyInfo/IR/.
Outlook for the Fiscal Year Ending March 31, 2021

The forecast for consolidated results for the fiscal year ending March 31, 2021 is as follows:

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>March 31, 2020 Results</th>
<th>March 31, 2021 August Forecast</th>
<th>Change from March 31, 2020 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>¥8,259.9</td>
<td>8,300.0</td>
<td>+40.1+0.5%</td>
</tr>
<tr>
<td>Operating income</td>
<td>845.5</td>
<td>620.0</td>
<td>-225.5-26.7%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>799.5</td>
<td>685.0</td>
<td>-114.5-14.3%</td>
</tr>
<tr>
<td>Net income attributable to Sony Corporation’s stockholders</td>
<td>582.2</td>
<td>510.0</td>
<td>-72.2-12.4%</td>
</tr>
</tbody>
</table>

For all segments excluding the Financial Services segment *

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>March 31, 2020 Results</th>
<th>March 31, 2021 August Forecast</th>
<th>Change from March 31, 2020 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>¥762.9</td>
<td>550.0</td>
<td>-212.9-27.9%</td>
</tr>
</tbody>
</table>

* Cash flow for all segments excluding the Financial Services segment is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors. Please refer to page F-6 for details about the preparation of the Condensed Statements of Cash Flows.

Assumed foreign exchange rates for the fiscal year ending March 31, 2021 are the following:

<table>
<thead>
<tr>
<th>(For your reference)</th>
<th>Average foreign currency exchange rates for the fiscal year ended March 31, 2020</th>
<th>Assumed foreign currency exchange rates for the nine months ending March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 U.S. dollar</td>
<td>108.7 yen</td>
<td>approximately 107 yen</td>
</tr>
<tr>
<td>1 Euro</td>
<td>120.8 yen</td>
<td>approximately 120 yen</td>
</tr>
</tbody>
</table>

Consolidated sales and operating revenue (“sales”) for the fiscal year ending March 31, 2021 are expected to be essentially flat year-on-year due to expected increases in sales in the Game & Network Services (“G&NS”) and Financial Services segments, substantially offset by decreases in sales in the Pictures, Electronics Products & Solutions, Imaging & Sensing Solutions (“I&SS”) and Music segments.

Consolidated operating income is expected to decrease significantly year-on-year due to expected decreases in operating income in I&SS and all other segments, with the exception of the Financial Services and G&NS segments, where operating income is expected to increase. Restructuring charges are expected to be approximately 25 billion yen in the fiscal year ending March 31, 2021, essentially flat year-on-year. This amount will be recorded as an operating expense included in the above-mentioned forecast for operating income.

Income before income taxes is expected to decrease due to the impact of the above-mentioned decrease in consolidated operating income, partially offset by an expected increase in other income primarily resulting from the recording of unrealized gains on securities.

Net income attributable to Sony Corporation’s stockholders is expected to decrease due to the impact of the above-mentioned expected decrease in income before income taxes, partially offset by an expected reduction in tax expense and a decrease in net income attributable to non-controlling interests as a result of Sony Financial Holdings Inc. (“SFH”) becoming a wholly-owned subsidiary.

The above forecast includes an expected increase in net income attributable to Sony Corporation’s stockholders that is based on the assumption that SFH will become a wholly-owned subsidiary of Sony Corporation as of September 2, 2020. Please also refer to the Note “Tender Offer for Common Shares and Stock Acquisition Rights of Sony Financial Holdings Inc.” on page F-11.
As of March 31, 2020, Sony had an approximately 270 billion yen valuation allowance recorded against its Japan national net deferred tax assets that are attributable to Sony Corporation and its national tax filing group in Japan. Because Sony’s Japan businesses are gradually recovering profitability despite the unfavorable impact from the spread of COVID-19, and because additional profit is expected in the national tax filing group in Japan due to making SFH a wholly-owned subsidiary during the second quarter of the fiscal year ending March 31, 2021, it is reasonably possible that a significant portion of this valuation allowance could be reversed in the near future. The potential reduction in income taxes that may result from such reversal has not been included in the above forecast as Sony continues to monitor the possibility of such reversal.
The forecast for each business segment for the fiscal year ending March 31, 2021 is as follows:

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>March 31, 2020 Results (Billions of yen)</th>
<th>March 31, 2021 August Forecast (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Game &amp; Network Services (G&amp;NS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>¥1,977.6</td>
<td>¥2,500</td>
</tr>
<tr>
<td>Operating income</td>
<td>238.4</td>
<td>240</td>
</tr>
<tr>
<td><strong>Music</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>849.9</td>
<td>790</td>
</tr>
<tr>
<td>Operating income</td>
<td>142.3</td>
<td>130</td>
</tr>
<tr>
<td><strong>Pictures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>1,011.9</td>
<td>760</td>
</tr>
<tr>
<td>Operating income</td>
<td>68.2</td>
<td>41</td>
</tr>
<tr>
<td><strong>Electronics Products &amp; Solutions (EP&amp;S)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>1,991.3</td>
<td>1,870</td>
</tr>
<tr>
<td>Operating income</td>
<td>87.3</td>
<td>60</td>
</tr>
<tr>
<td><strong>Imaging &amp; Sensing Solutions (I&amp;SS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>1,070.6</td>
<td>1,000</td>
</tr>
<tr>
<td>Operating income</td>
<td>235.6</td>
<td>130</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>1,307.7</td>
<td>1,400</td>
</tr>
<tr>
<td>Operating income</td>
<td>129.6</td>
<td>142</td>
</tr>
<tr>
<td><strong>All Other, Corporate and elimination</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating loss</td>
<td>(55.9)</td>
<td>(123)</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
<td>8,259.9</td>
<td>8,300</td>
</tr>
<tr>
<td>Operating income</td>
<td>845.5</td>
<td>620</td>
</tr>
</tbody>
</table>

**Game & Network Services (G&NS)**
Sales are expected to increase significantly year-on-year mainly due to an expected significant increase in sales of game software and hardware as a result of the launch of PS5. Operating income is expected to be essentially flat year-on-year primarily due to the above-mentioned expected significant increase in game software sales and PS Plus sales, substantially offset by an expected increase in selling, general and administrative expenses related to the introduction of PS5 and an expected increase in the cost of sales ratio for hardware.

**Music**
Sales are expected to decrease year-on-year primarily due to the impact of COVID-19, partially offset by an expected increase in revenues from paid subscription streaming services. This is mainly due to an expected decrease in sales of physical media in Recorded Music, the expected impact of the postponement and cancellation of live events in Visual Media and Platform, and an expected decrease in music licensing revenues in Music Publishing. Operating income is expected to decrease year-on-year primarily due to the impact of the above-mentioned expected decrease in sales, partially offset by the recording of a 6.5 billion yen gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. during the three months ended June 30, 2020.

**Pictures**
Sales are expected to decrease significantly year-on-year across all categories mainly due to a decrease in the number of theatrical releases resulting from the impact of theater closures as a result of COVID-19. In addition, the prior fiscal year also benefited from the strong performances of several major theatrical releases. Operating income is expected to decrease significantly due to the decrease in sales, partially offset by an expected decrease in marketing costs resulting from the above-mentioned decrease in the number of theatrical releases.
Electronics Products & Solutions (EP&S)
Sales are expected to decrease mainly due to a decrease in sales in the first quarter, resulting from COVID-19, as well as the impact of foreign exchange rates. Operating income is expected to decrease significantly year-on-year primarily due to the above-mentioned decrease in sales as well as the negative impact of foreign exchange rates, partially offset by significant reductions in operating costs, including cost reductions resulting from restructuring initiatives undertaken prior to the start of the fiscal year ending March 31, 2021 in Mobile Communications.

Imaging & Sensing Solutions (I&SS)
Sales are expected to decrease primarily due to a decrease in sales of image sensors mainly resulting from a deterioration of the product mix of image sensors for mobile products and a decrease in unit sales of image sensors for digital cameras, primarily resulting from the impact of COVID-19. Operating income is expected to decrease significantly year-on-year primarily due to the impact of the above-mentioned decrease in sales, and an expected increase in research and development expenses as well as in depreciation and amortization expenses.

Financial Services
Financial services revenue is expected to increase due to an increase in net gains on investments in the separate account, as well as an improvement in valuation gains and losses on securities at Sony Bank Inc. (“Sony Bank”), partially offset by a decrease in premiums from single premium insurance. Operating income is expected to increase year-on-year primarily due to an improvement in valuation gains and losses on securities at Sony Bank, partially offset by expenses for various provisions related to COVID-19.

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 above forecast.

The above forecast for each segment 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

The Music segment results include the yen-based results of Sony Music Entertainment (Japan) Inc. and the yen-translated results of Sony Music Entertainment, Sony/ATV Music Publishing LLC and EMI Music Publishing Ltd., which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc., which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

The Financial Services segment results include SFH and SFH’s consolidated subsidiaries such as Sony Life, Sony Assurance Inc. and Sony Bank. The results discussed in the Financial Services segment differ from the results that SFH discloses 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, restrucuturings 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, pandemic disease 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. The continued impact of COVID-19 could heighten many of the risks and uncertainties noted above. 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.