SONY

Q1 FY2020 Consolidated Financial Results

(Three months ended June 30, 2020)

August 4, 2020

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.

- Q1 FY2020 Consolidated Financial Results and FY2020 Consolidated Results Forecast
- Segments Outlook

- Today I would like to begin by addressing the operating environment surrounding Sony.
- The spread of the new coronavirus disease (“COVID-19”), an increase in geopolitical risks such as the tension between the U.S. and China, and the frequent occurrence of natural disasters in recent years are just a few of the things that are fundamentally changing society and the economy, as well as people’s values and lifestyles, in a variety of ways.
- These changes will not be limited to the short-term, and they are difficult to predict.
- There is a saying that “it is not the strongest of the species that survives, nor the most intelligent, but rather the one most adaptable to change.” Sony intends to adapt flexibly to the changes in the environment and increase the focus with which we manage each of our businesses.
- The fiscal year ending March 31, 2021 (“FY20”) is an important year in which we expect to both recover from the impact of the spread of COVID-19 and formulate a strategy to address the business environment in the aftermath of the spread of COVID-19.
- We intend to improve the resilience of the Sony Group by leveraging our advantage, which is the diversity of our personnel and businesses, adapt to the changes and convert the crisis into an opportunity.
- Now I will explain the following: the consolidated results for the first quarter ended June 30, 2020 (“FY20 Q1”) and the forecast for FY20, and the state of each of our business segments.

Q1 FY2020 Consolidated Results

(Bln Yen)

	Q1 FY19	Q1 FY20	Change
Sales & operating revenue	1,925.7	**1,968.9**	+43.2 bln yen (+2%)
Operating income	230.9	**228.4**	-2.5 bln yen (-1%)
Income before income taxes	231.0	**319.9**	+88.9 bln yen (+38%)
Net income attributable to Sony Corporation's stockholders	152.1	**233.3**	+81.1 bln yen (+53%)
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	119.22 yen	**186.94 yen**	+67.72 yen
Average rate			
1 US dollar	109.9 yen	**107.6 yen**	
1 Euro	123.5 yen	**118.5 yen**	

- FY20 Q1 consolidated sales increased 2% compared to the same quarter of the previous fiscal year ("year-on-year") to 1 trillion 968.9 billion yen and consolidated operating income slightly decreased to 228.4 billion yen from the same quarter of the previous fiscal year, which was a record high.

- Income before income taxes increased 88.9 billion yen to 319.9 billion yen year-on-year partially due to an improvement in unrealized gains on securities investments in other income and expenses.

- Net income attributable to Sony Corporation's stockholders for the quarter increased 81.1 billion yen to 233.3 billion yen.

Adjusted Operating Income (Q1)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q1 FY19	230.9 bln yen	**223.0 bln yen**	■ Patent royalty revenue resulting from the signing of a licensing agreement (Corporate and elimination: +7.9 bln yen)
Q1 FY20	228.4 bln yen	**225.2 bln yen**	■ Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +6.5 bln yen) ■ Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -3.3 bln yen)
Change from FY19	-2.5 bln yen	**+2.2 bln yen** (+1%)	

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

Adjusted operating income is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

- Excluding extraordinary items, operating income would have increased 2.2 billion yen year-on-year to 225.2 billion yen.

Q1 FY2020 Results by Segment

(Bln Yen)

		Q1 FY19	Q1 FY20	Change	FX Impact
Game & Network Services (G&NS)	Sales	457.5	**606.1**	+148.6	-14.8
	Operating income	73.8	**124.0**	+50.2	-2.8
Music	Sales	202.3	**177.1**	-25.1	-2.3
	Operating income	38.3	**34.9**	-3.4	
Pictures	Sales	186.1	**175.1**	-11.0	-4.0
	Operating income	0.4	**24.7**	+24.4	
Electronics Products & Solutions (EP&S)	Sales	483.9	**331.8**	-152.1	-9.3
	Operating income	25.1	**-9.1**	-34.2	-3.0
Imaging & Sensing Solutions (I&SS)	Sales	230.7	**206.2**	-24.5	-4.1
	Operating income	49.5	**25.4**	-24.1	-1.8
Financial Services	Revenue	336.9	**446.8**	+109.8	
	Operating income	46.1	**47.2**	+1.1	
All Other	Sales	69.6	**54.1**	-15.5	
	Operating income	-2.6	**3.5**	+6.1	
Corporate and elimination	Sales	-41.2	**-28.3**	+12.9	
	Operating income	0.4	**-22.3**	-22.7	
Consolidated total	Sales	1,925.7	**1,968.9**	+43.2	
	Operating income	230.9	**228.4**	-2.5	

· Sales and revenue in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).
· Both Sales and revenue include operating revenue and intersegment sales (applies to all following pages).
· For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Notes on page 28 (applies to all following pages).

- This slide shows the results by segment for FY20 Q1.

FY2020 Consolidated Results Forecast

(Bln Yen)

	FY18	FY19	FY20 FCT	Change from FY19
Sales & operating revenue	8,665.7	8,259.9	**8,300**	+40.1 bln yen (+0%)
Operating income	894.2	845.5	**620**	-225.5 bln yen (-27%)
Income before income taxes	1,011.6	799.5	**685**	-114.5 bln yen (-14%)
Net income attributable to Sony Corporation's stockholders	916.3	582.2	**510**	-72.2 bln yen (-12%)
Operating Cash Flow (Sony without Financial Services)	753.4	762.9	**550**	-212.9 bln yen (-28%)

Average rate	Actual	Actual	Assumption (Q2-Q4 FY20)
1 US dollar	110.9 yen	108.7 yen	Approx. 107 yen
1 Euro	128.5 yen	120.8 yen	Approx. 120 yen

Dividend per Share (Planned)	
Interim	25 yen
Year-end	Undecided

Consolidated 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.

- At the previous earnings announcement we held in May, we were unable to reasonably predict the impact of the spread of COVID-19, so our consolidated results forecast for FY20 was undetermined.
- Today, we are disclosing the consolidated results forecast for FY20.
- Consolidated sales are expected to be flat year-on-year at 8 trillion 300 billion yen and operating income is expected to decrease 225.5 billion yen to 620 billion yen.
- Income before income taxes is expected to be 685 billion yen and net income attributable to Sony Corporation's stockholders is expected to be 510 billion yen.
- Our forecast for operating cash flow excluding the Financial Services segment is 550 billion yen. Our current forecast for three-year cumulative operating cash flow, excluding the Financial Services segment, is approximately 2.1 trillion yen.
- We plan to issue 25 yen per share as an interim dividend this fiscal year, compared to 20 yen per share in the previous fiscal year. We have yet to determine how much the annual dividend amount will be this fiscal year, but our policy is to increase dividends in a steady manner over the long term.

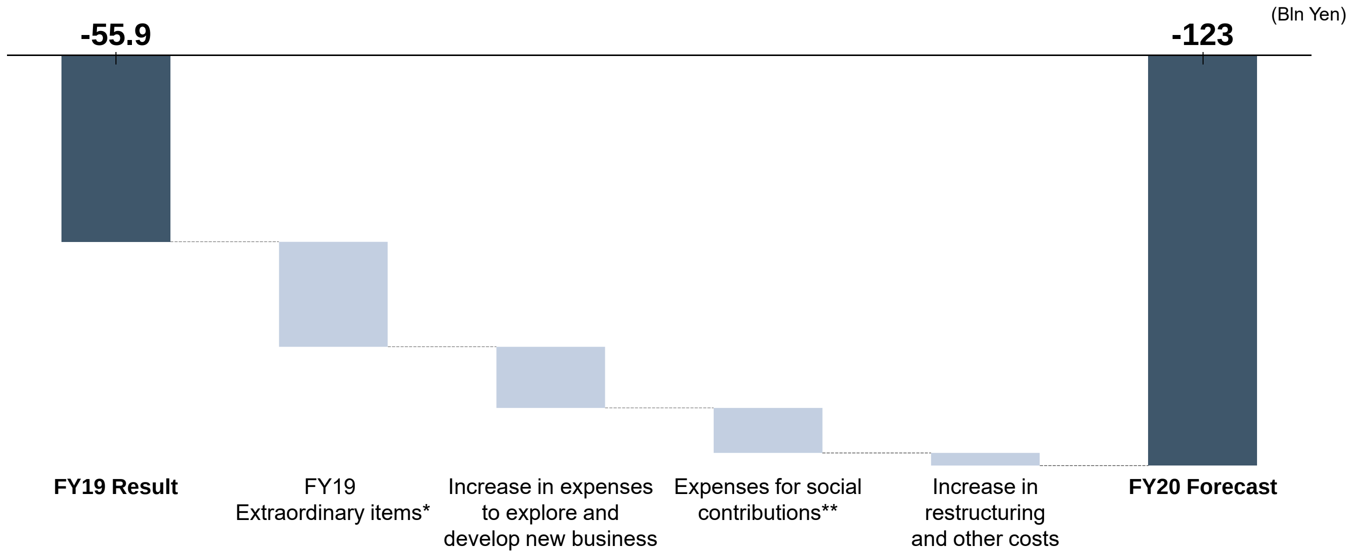
FY2020 Results Forecast by Segment

(Bln Yen)

Segment		FY18	FY19	FY20 FCT	Change from FY19
Game & Network Services (G&NS)	Sales	2,310.9	1,977.6	**2,500**	+522.4
	Operating income	311.1	238.4	**240**	+1.6
Music	Sales	807.5	849.9	**790**	-59.9
	Operating income	232.5	142.3	**130**	-12.3
Pictures	Sales	986.9	1,011.9	**760**	-251.9
	Operating income	54.6	68.2	**41**	-27.2
Electronics Products & Solutions (EP&S)	Sales	2,320.6	1,991.3	**1,870**	-121.3
	Operating income	76.5	87.3	**60**	-27.3
Imaging & Sensing Solutions (I&SS)	Sales	879.3	1,070.6	**1,000**	-70.6
	Operating income	143.9	235.6	**130**	-105.6
Financial Services	Revenue	1,282.5	1,307.7	**1,400**	+92.3
	Operating income	161.5	129.6	**142**	+12.4
All Other, Corporate and elimination	Operating income	-85.8	-55.9	**-123**	-67.1
Consolidated total	Sales	8,665.7	8,259.9	**8,300**	+40.1
	Operating income	894.2	845.5	**620**	-225.5

- The FY20 forecasts for each of our segments are shown on this slide.
- I will explain the details when I explain each segment after this, but I first want to explain the operating loss in Corporate and elimination.

All Other, Corporate and elimination: Changes in FY20 Operating Income Forecast from FY19



* FY19 extraordinary items are the totals of the following items whose amounts were disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.
- Remeasurement and realized gains resulting from the public listing and sale of a portion of shares of SRE Holdings Corporation: +17.3 bln yen
- Patent royalty revenue resulting from the signing of a licensing agreement: +7.9 bln yen
- Realized and remeasurement gains resulting from the transfer of a portion of shares of NSF Engagement Corporation: +6.3 bln yen

** Sony Global Relief Fund for COVID-19 etc.

- In the previous fiscal year, we recorded 31.5 billion yen in extraordinary gains, while this fiscal year we expect to increase expenses for mid- to long-term growth initiatives and societal contributions, such as investments across the Sony Group to explore and develop new businesses including artificial intelligence ("AI") and robotics, as well as contributions to the Global Relief Fund for COVID-19.

FY2020 Results Forecast by Segment

(Bln Yen)

		FY18	FY19	FY20 FCT	Change from FY19
Game & Network Services (G&NS)	Sales	2,310.9	1,977.6	**2,500**	+522.4
	Operating income	311.1	238.4	**240**	+1.6
Music	Sales	807.5	849.9	**790**	-59.9
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Electronics Products & Solutions (EP&S)	Sales	2,320.6	1,991.3	**1,870**	-121.3
	Operating income	76.5	87.3	**60**	-27.3
Imaging & Sensing Solutions (I&SS)	Sales	879.3	1,070.6	**1,000**	-70.6
	Operating income	143.9	235.6	**130**	-105.6
Financial Services	Revenue	1,282.5	1,307.7	**1,400**	+92.3
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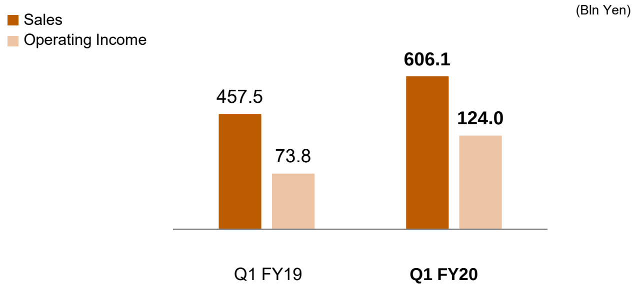
All Other, Corporate and elimination	Operating income	-85.8	-55.9	**-123**	-67.1
Consolidated total	Sales	8,665.7	8,259.9	**8,300**	+40.1
	Operating income	894.2	845.5	**620**	-225.5

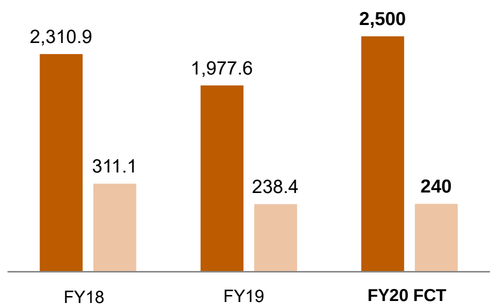
- The FY20 forecast includes an expectation that we will incur 25 billion yen in restructuring costs across the Sony Group. In addition to continuing our efforts to reduce costs, we are taking action to adapt quickly to changes in the operating environment brought on by the spread of COVID-19.

- I will now explain the situation in each of our business segments.

Game & Network Services Segment (“G&NS Segment”)

Sales and Operating Income





Q1 FY2020 (year-on-year)

- Sales: 148.6 bln yen (32%) significant increase (FX Impact: -14.8 bln yen)
  - ·(+) Significant increase in game software sales
  - ·(+) Significant increase in sales for PlayStation®Plus (PS Plus)
  - ·(–) Decrease in PlayStation®4 hardware sales
- OI: 50.2 bln yen significant increase (FX Impact: -2.8 bln yen)
  - ·(+) Significant increase in game software sales
  - ·(+) Significant increase in PS Plus sales
  - ·(–) Increase in costs

FY2020 Forecast (year-on-year)

- Sales: 522.4 bln yen (26%) significant increase
  - ·(+) Significant increase in game software sales
  - ·(+) Significant increase in hardware sales due to PlayStation®5 (PS5™) launch
- OI: Essentially flat year-on-year
  - ·(+) Significant increase in game software sales
  - ·(+) Significant increase in PS Plus sales
  - ·(–) Increase in SG&A expenses related to introduction of PS5
  - ·(–) Increase in the costs of sales ratio for hardware

- First is the G&NS segment.
- FY20 Q1 sales increased 32% year-on-year to 606.1 billion yen and operating income increased 50.2 billion yen to 124.0 billion yen.
- FY20 sales are expected to increase 26% compared to FY19 to 2 trillion 500 billion yen primarily due to a significant increase in game software and hardware sales.
- Operating income is expected to be 240 billion yen, flat compared with FY19 because the benefit of the increase in sales and an increase in profit from PlayStation®Plus (“PS Plus”) are expected to be offset primarily by an increase in costs related to the introduction of the PlayStation®5 (“PS5™”).

Current State of the Business (G&NS Segment)

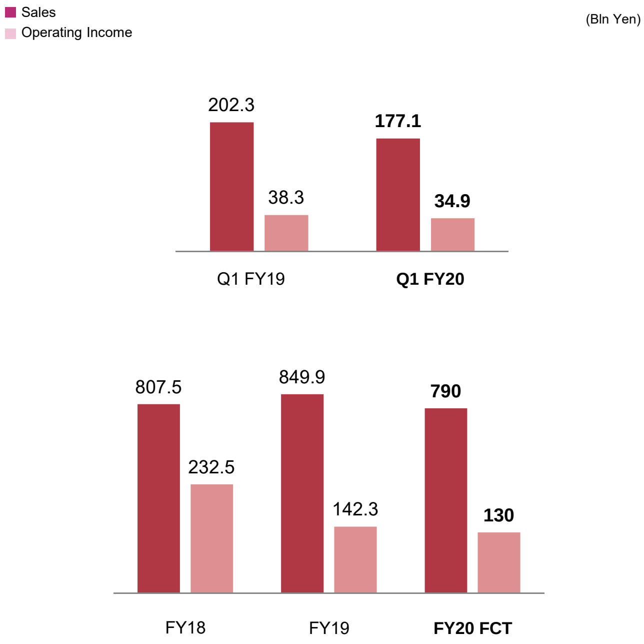
- **Strong performance in Q1**
- ***The Last of Us Part II* and *Ghost of Tsushima* trending well**
- **PlayStation®Plus subscribers reached approx. 45 million***
- **Aim to continue to enhance and expand user engagement for the launch of PlayStation®5**

* As of the end of June 2020

- Hardware, Software and Network Services all benefited in the current quarter from the positive impact of stay-at-home demand resulting from the spread of COVID-19.
- In the Software space, the in-house title The Last of Us Part II was a huge hit and non-in-house titles, including free to play titles, contributed significantly.
- Ghost of Tsushima, which we released on July 17, sold through 2.4 million units in the first three days since launch, making it the fastest selling in-house new game software IP for the PlayStation®4 (“PS4™”).
- In the Network Services space, PS Plus subscribers have reached approximately 45 million as of the end of June and, at a time when the communication network environment was under pressure, the PlayStation™Network (“PSN”) did not falter or experience any other issues and is continuing to deliver high-quality entertainment experiences.
- We aim to continue to enhance and expand user engagement as we approach the launch of PS5 in the 2020 holiday season.

Music Segment

Sales and Operating Income



Q1 FY2020 (year-on-year)

- Sales: 25.1 bln yen (12%) significant decrease (FX Impact: -2.3 bln yen)
  - ·(–) Lower sales for Recorded Music and Music Publishing resulting from the impact of COVID-19
    - ·(–) Lower sales of physical media
    - ·(–) Decrease in advertising-supported streaming services revenues
    - ·(–) Decrease in music licensing revenues
  - ·(–) Lower sales for Visual Media and Platform in Japan resulting from the impact of COVID-19
    - ·(–) Lower sales for production of physical media
    - ·(–) Impact of postponement and cancellation of live events
  - ·(+) Increase in paid subscription streaming revenues
- OI: 3.4 bln yen decrease
  - ·(–) Impact of decrease in sales
  - ·(+) Gain recorded on the sale of a portion of shares of Pledis (6.5 bln yen)

FY2020 Forecast (year-on-year)

- Sales: 59.9 bln yen (7%) decrease
  - ·(–) Impact of COVID-19
    - ·(–) Decrease in sales of physical media for Recorded Music
    - ·(–) Postponement and cancellation of live events for Visual Media and Platform
    - ·(–) Decrease in music licensing revenues for Music Publishing
  - ·(+) Increase in paid subscription streaming revenues
- OI: 12.3 bln yen decrease
  - ·(–) Impact of decrease in sales
  - ·(+) Gain recorded on the sale of a portion of shares of Pledis (6.5 bln yen)

- Next is the Music segment.
- FY20 Q1 sales decreased 12% year-on-year to 177.1 billion yen and operating income decreased 3.4 billion yen to 34.9 billion yen.
- FY20 sales are expected to decrease 7% compared to FY19 to 790 billion yen and operating income is expected to decrease 12.3 billion yen to 130 billion yen.

Current State of the Business (Music Segment)

- **Paid subscription streaming services continue to grow**
- **Revenue in most categories is being negatively impacted by the spread of COVID-19**
- **Launched the new service *Stagecrowd***
- **New mobile game application *Disney Twisted-Wonderland* trending well**

Launched on June 29 in Japan

オンライン・エンタテインメント・プラットフォーム

Stagecrowd

Released on March 18

- In the Recorded Music space, revenue in most categories, including from physical media and advertising-supported streaming services, is being negatively impacted by the spread of COVID-19.

- Overall streaming revenue only grew 6% year-on-year on a U.S. dollar basis during the quarter, but audio streaming revenue, of which paid streaming accounts for a large portion, grew 17%.

- In the Music Publishing space, revenue from all areas except for streaming, such as music licensing for movies and television, is being significantly negatively impacted by the spread of COVID-19.

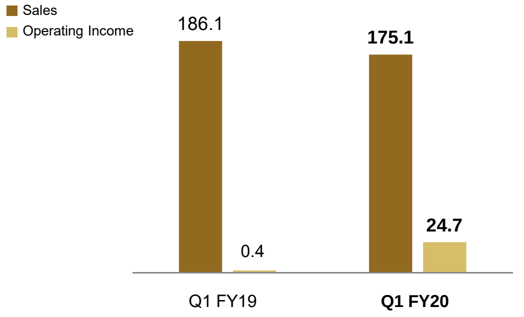
- And in the Visual Media and Platform space, revenue is being significantly impacted due to a variety of factors such as a decrease in physical media production and the postponement and cancellation of live events, primarily in Japan.

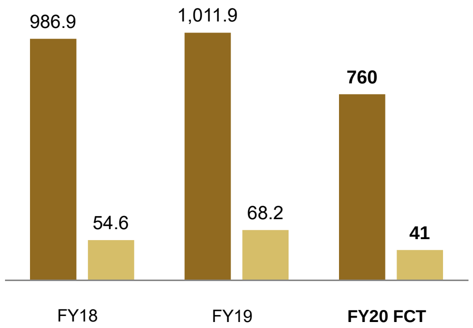
- On the other hand, we are beginning to have success with initiatives expected to contribute to financial performance going forward, such as the launch of Stagecrowd, a paid live video distribution service that serves as a one-stop-shop for ticket sales, merchandise sales and stage construction, and the strong sales of the mobile game application Disney Twisted Wonderland.

Pictures Segment

Sales and Operating Income

(Bln Yen)





Q1 FY2020 (year-on-year)

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

- Sales: 11.0 bln yen (6%) decrease (U.S. dollar basis: -69 mil USD / -4%)
  - ·(–) Decrease in theatrical revenues due to the impact of theater closures resulting from the impact of COVID-19
  - ·(–) Lower advertising revenues for Media Networks resulting from the impact of COVID-19
  - ·(+) Higher licensing revenues for US television product
- OI: 24.4 bln yen significant increase
  - ·(+) Lower marketing costs from the absence of theatrical releases
  - ·(–) Decrease in sales

FY2020 Forecast (year-on-year)

- Sales: 251.9 bln yen (25%) significant decrease
  - ·(–) Decrease in the number of theatrical releases resulting from the impact of theater closures as a result of the impact of COVID-19
  - ·(–) Prior fiscal year benefitted from several major theatrical releases
- OI: 27.2 bln yen significant decrease
  - ·(–) Decrease in sales
  - ·(+) Expected decrease in marketing costs from the decrease in the number of theatrical releases

- Next is the Pictures segment.
- FY20 Q1 sales decreased 6% year-on-year to 175.1 billion yen primarily due to a decrease in box office revenue in Motion Pictures and a decrease in advertising revenue in Media Networks, partially offset by an increase in license revenue in Television Productions.
- Operating income increased 24.4 billion yen year-on-year to 24.7 billion yen due to a significant decrease in marketing expenses in Motion Pictures.
- Primarily due to a decrease in theatrical releases resulting from the spread of COVID-19, we expect FY20 sales to decrease 25% compared to FY19 to 760.0 billion yen. We expect operating income to be 41 billion yen, a decrease of 27.2 billion yen compared to FY19, which benefited from the contribution of hit titles.

Current State of the Business (Pictures Segment)

- **Significant production delays in Motion Pictures and TV Productions**
- **Demand for content from video distribution companies is high**
- **Negative impact from delays in theatrical releases on financial results will be 2-3 years**
- **Digital sales trending well**

- Although we have resumed filming in some countries, the severe environment in Motion Pictures and Television Productions is continuing.

- If we can restart production, we think we can recover our position in the Television Productions area relatively quickly because demand for content from digital distribution services is extremely high and we think we can leverage our advantage as a major independent studio.

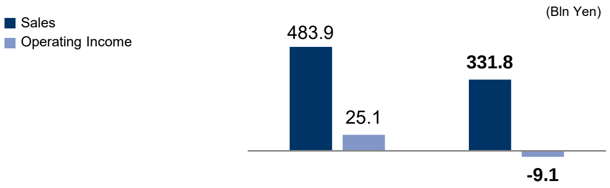
- As for theatrical, theaters are either closed or admittance is limited, and we expect the release calendar to be crowded when they do reopen. Since motion pictures generate profit over multiple years, starting with theatrical release, the impact on our financial results of not being able to release them is expected to last 2 to 3 years.

- On the other hand, digital sales of product we released theatrically in the past are strong.

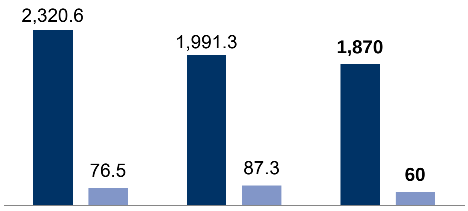
- For Sony, the importance of theatrical releases is not expected to change going forward, but in order to maximize the long-term value of our product, we will select the optimal distribution channel for our product based on the nature, scale and timing of the product.

Electronics Products & Solutions Segment ("EP&S Segment")

Sales and Operating Income



Mobile Communications* (included above)	Q1 FY19	**Q1 FY20**
Sales to External Customers	100.6	**94.2**
Operating Income	1.0	**11.0**



Mobile Communications* (included above)	FY18	FY19	**FY20 FCT**
Sales to External Customers	487.3	362.1	—
Operating Income	-97.1	-21.1	—

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

Q1 FY2020 (year-on-year)

- Sales: 152.1 bln yen (31%) significant decrease (FX Impact: -9.3 bln yen)
  - ·(–) Decrease in unit sales of digital cameras, televisions and Audio and Video resulting from the impact of COVID-19
- OI: 34.2 bln yen significant deterioration (FX Impact: -3.0 bln yen)
  - ·(–) Decrease in sales
  - ·(+) Reductions in operating costs in each of the businesses

FY2020 Forecast (year-on-year)

- Sales: 121.3 bln yen (6%) decrease
  - ·(–) Decrease in sales in the first quarter resulting from the impact of COVID-19
  - ·(–) Impact of foreign exchange rates
- OI: 27.3 bln yen significant decrease
  - ·(–) Decrease in sales
  - ·(–) Negative impact of foreign exchange rates
  - ·(+) Significant reductions in operating costs, including cost reductions resulting from restructuring initiatives undertaken prior to FY2020 for Mobile Communications

- Next is the EP&S segment.
- FY20 Q1 sales decreased 31% year-on-year to 331.8 billion yen primarily due to a decrease in unit sales of digital cameras and TVs.
- Operating income decreased a significant 34.2 billion yen year-on-year and a 9.1 billion yen operating loss was recorded due to the impact of the decrease in sales despite a reduction in operating costs across the entire segment.
- FY20 sales are expected to decrease 6% to 1 trillion 870 billion yen and operating income is expected to decrease 27.3 billion yen compared to FY19 to 60 billion yen.
- Mobile Communications recorded 11.0 billion yen in operating income during the quarter and we expect it to generate a profit this fiscal year.

Current State of the Business (EP&S Segment)

- **Supply chain has almost fully recovered and customer demand is beginning to recover**
- **Transform the structure of the business into a more resilient one**
- **Promote the evolution of the business by developing products and services that enable reality, real-time and remote activity**

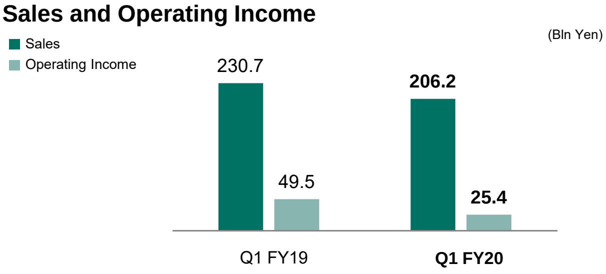
- The EP&S segment was the segment which was impacted by the spread of COVID-19 earlier and more significantly than any other segment, but the supply chain has almost fully recovered and, although progress varies depending on product category and region, customer demand is beginning to recover as well.

- We are preparing for potential second and third waves of COVID-19 by transforming the structure of this business into a more resilient one through an overhaul of our operations and further streamlining, as well as enhancement of our ecommerce distribution channels.

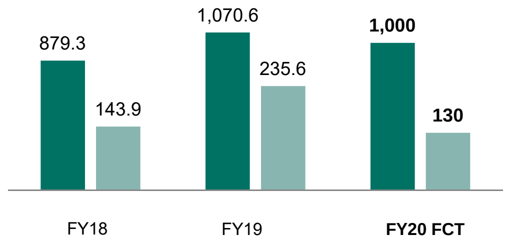
- This segment, which will inherit the Sony Corporation trade name on April 1, 2021, is further accelerating its efforts to unify the management of the businesses under its umbrella and is promoting the evolution of the businesses by deploying products and services that enable reality, real-time, and remote activity through our audio, video and communications technologies.

Imaging & Sensing Solutions Segment (“I&SS Segment”)

Sales and Operating Income



	Q1 FY19	Q1 FY20
Image Sensors Sales	194.9	**179.9**



	FY18	FY19	FY20 FCT
Image Sensors Sales	711.4	930.2	**870**
Additions to long-lived assets for I&SS Segment	146.3	276.8	**260**
for Image Sensors (included above)	128.9	265.7	**240**

Q1 FY2020 (year-on-year)

- Sales: 24.5 bln yen (11%) significant decrease (FX Impact: -4.1 bln yen)
  - (–) Decrease in sales of image sensors resulting primarily from the impact of COVID-19
    - (–) Decrease in unit sales of image sensors for digital cameras
    - (–) Decrease in unit sales of image sensors for mobile products
  - (–) Significant decrease in sales in businesses other than image sensors such as analog LSIs and display devices resulting from the impact of COVID-19
- OI: 24.1 bln yen significant decrease (FX Impact: -1.8 bln yen)
  - (–) Increase in depreciation and amortization expenses as well as research and development expenses
  - (–) Impact of decrease in sales

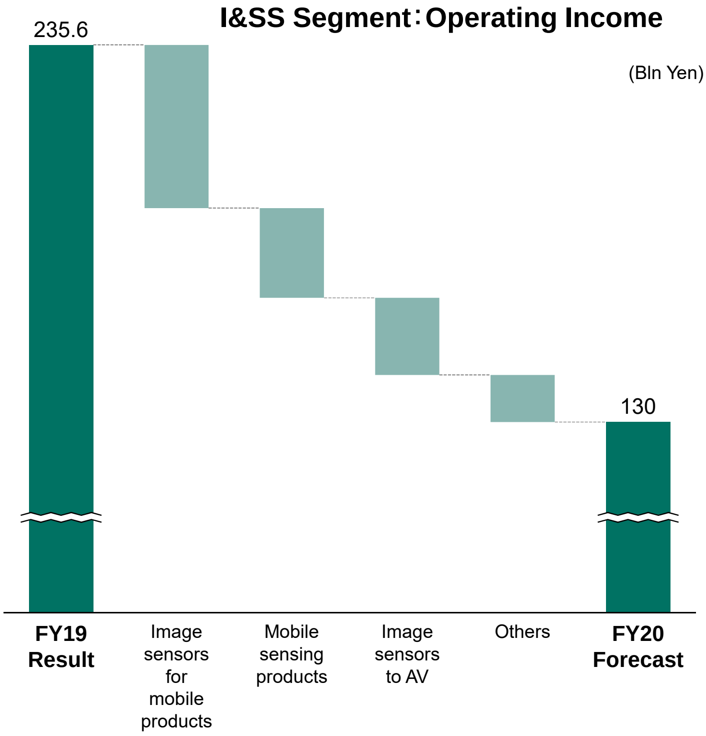
FY2020 Forecast (year-on-year)

- Sales: 70.6 bln yen (7%) decrease
  - (–) Decrease in sales of image sensors resulting primarily from the impact of COVID-19
    - (–) Deterioration of the product mix of image sensors for mobile products
    - (–) Decrease in unit sales of image sensors for digital cameras
- OI: 105.6 bln yen significant decrease
  - (–) Impact of decrease in sales
  - (–) Increase in research and development expenses as well as depreciation and amortization expenses

- Next is the I&SS segment. FY20 Q1 sales decreased 11% year-on-year to 206.2 billion yen and operating income decreased 24.1 billion yen to 25.4 billion yen.
- FY20 sales are expected to decrease 7% to 1 trillion yen and operating income is expected to decrease 105.6 billion yen to 130 billion yen.

Current State of Sensor Business (I&SS Segment)

- **Image sensors for mobile products**
  - ✓ **Expected decrease in sales due to the change in business environment**
  - ✓ **Increase in depreciation and amortization expenses and manufacturing costs as well as research and development costs**
- **Mobile sensing products**
  - ✓ **Adoption by smartphone makers has been slow**
- **Image sensors to AV**
  - ✓ **Contraction of the sensor market for digital cameras**



- Now I will explain the state of our sensor business.

- FY20 sales of image sensors for mobile products are expected to decrease compared to FY19 primarily due to a decrease in end-user product sales by one of our major customers, a deceleration of the smartphone market and a shift to mid-range and moderately priced models in that market resulting from the impact of the spread of COVID-19, and a significant reduction in component and finished goods inventory by a Chinese customer.

- Profitability is expected to be impacted by a decrease in gross margins and an increase in depreciation and manufacturing-related costs associated with production equipment we purchased in the previous fiscal year when we expected growth, as well as higher research and development costs.

- We do not expect to grow sales of mobile sensing products compared to FY19 because adoption by smartphone makers has been slow and sales of flagship models which already use our products have decreased due to the shift in market conditions.

- Sales of image sensors to AV have also decreased due to the contraction of the sensor market for digital cameras resulting from the impact of the spread of COVID-19. We expect the market to contract in one year as much as we had previously expected it would contract over the next approximately three years.

Forecast and Capital Expenditure Plan from Next Fiscal Year Onward (I&SS Segment)

- **Modify and strengthen business strategy to respond to the change in environment**
  - ✓ **Review the timing of planned capital expenditure**
  - ✓ **Review research and development projects**
  - ✓ **Expand and diversify our customer base**
- **Grow the business over the mid- to long-term**

- In order to respond quickly to the changes in the environment, especially for image sensors for mobile products, we will modify our strategy, mainly in the areas of investment, research and development and customer base.

- We have already significantly reduced investment in capacity to supply demand in the fiscal year ending March 31, 2022 (“FY21”) because we can supply that demand by stockpiling strategic inventory through utilization of our excess production capacity this fiscal year. The forecast for cumulative capital expenditures for the three fiscal years begun April 1, 2018, which we explained in the past, has been reduced 50 billion yen from approximately 700 billion yen to approximately 650 billion yen. And we are carefully reviewing the timing of planned capital expenditures in FY21 and beyond.

- We will review the projects and priorities for research and development spending as well, to ensure that they fit with the recent trends in the smartphone market and changes in our major customers’ needs. However, in order to maintain and increase our future technological competitive advantage, we will not drastically reduce the number of projects or the budget.

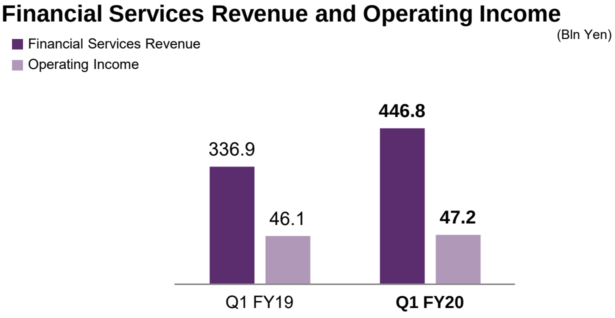
- We intend to more proactively expand and diversify our customer base which we were cautious to do previously due to production capacity constraints.

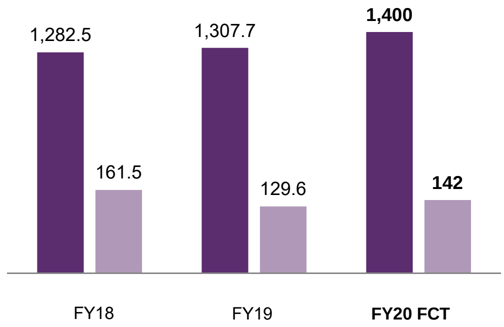
- Over the mid- to long-term, we will work to expand the applications for image sensors and the market overall by introducing edge sensing products that use sensors equipped with AI processing functionality, and we will steadfastly work to grow this business.

- We plan to complete, within approximately one year, an enhancement of our business model to adapt to the recent changes in the environment, and we expect to return the business to the path of profit growth from the second half of FY21.

Financial Services Segment

Financial Services Revenue and Operating Income





Q1 FY2020 (year-on-year)

- Revenue: 109.8 bln yen (33%) significant increase
  - ·(+) Significant increase in revenue at Sony Life (89.6 bln yen increase, revenue: 389.0 bln yen)
    - ·(+) Increase in net gains on investments in the separate account
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
- OI: 1.1 bln yen increase
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
  - ·(+) Decline in the loss ratio for automobile insurance at Sony Assurance
  - ·(–) Significant decrease in OI at Sony Life (14.1 bln yen decrease, OI: 25.3 bln yen)
    - · (–) Deterioration in net gains and losses related to market fluctuations and other factors for variable life insurance*
    - · (–) Expenses recorded for various provisions related to COVID-19

FY2020 Forecast (year-on-year)

- Revenue: 92.3 bln yen (7%) increase
  - ·(+) Increase in revenue at Sony Life
    - ·(+) Improvement in investment performance in the separate accounts
    - ·(–) Decrease in premiums from single premium insurance
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
- OI: 12.4 bln yen increase
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
  - ·(–) Recording of expenses for various provisions related to COVID-19 at Sony Life

* Overall deterioration in the provision of policy reserves for minimum guarantees for variable life insurance resulting from market fluctuations and other factors, and net gains and losses on derivative transactions to hedge market risks

- Last is the Financial Services segment.
- FY20 Q1 financial services revenue increased 33% year-on-year to 446.8 billion yen, primarily due to a significant increase in net gains and losses on variable insurance investments in the separate account at Sony Life.
- Operating income increased 1.1 billion yen year-on-year to 47.2 billion yen.
- Financial Services revenue in FY20 is expected to increase 7% compared to FY19 to 1 trillion 400 billion yen and operating income is expected to increase 12.4 billion yen to 142 billion yen.

Full Acquisition of Sony Financial Holdings

- On July 13, we completed our public tender offer for the shares of Sony Financial Holdings Inc. (“SFH”) not held by Sony.
- The shares of SFH will be delisted on August 31, and SFH will become a wholly-owned subsidiary of Sony on September 2.
- The Financial Services business, managed by SFH, has a stable, high level of profit and is a core business of Sony that plays a role in our long-term growth strategy. By eliminating the listed subsidiary relationship between SFH and Sony, we intend to increase the speed of decision making, enhance management optionality and further improve the value of the business.
- In addition, by capturing the minority interest and realizing tax benefits, we expect to increase Sony’s consolidated net income by approximately 40 to 50 billion yen per year going forward. And that is expected to contribute to increased earnings per share (“EPS”) and return on equity (“ROE”).
- In order to deepen understanding of our Financial Services business, we are considering what key performance metrics to disclose.。

Strategic Investment for Exploration Aimed at Growth

- Now I will briefly discuss the minority investments we made in Bilibili and Epic Games this fiscal year.
- At a time when digitization of the entertainment industry is accelerating, we plan to leverage these investments to expand the customer touch-points for our diverse array of content as well as create new digital content and ways of enjoying that content that go beyond our business segments, in partnership with these companies.
- Going forward, we intend to proactively pursue strategic investment opportunities to explore future growth.

Enhanced Segment Disclosure (Quarterly Disclosure in Supplemental Information)

- **G&NS Segment**
  - **Monthly active users on PlayStation™Network**
  - **First-party software unit sales**
  - **Add-on content sales**

- **Music Segment**
  - **Streaming sales in Music Publishing**
  - **Mobile gaming sales**

- Next, I will explain our enhanced segment disclosure.

- Historically, Sony has proactively enhanced disclosure of information about our businesses, and, from this fiscal year, we have decided to disclose, on a quarterly basis, the information shown here in the G&NS and Music segments, which are of particular interest to the capital markets. At the same time, we have terminated disclosure of certain items in the EP&S segment.

- For more details, please see our supplemental information.

Setting of Parameters for Repurchase of Shares of Common Stock

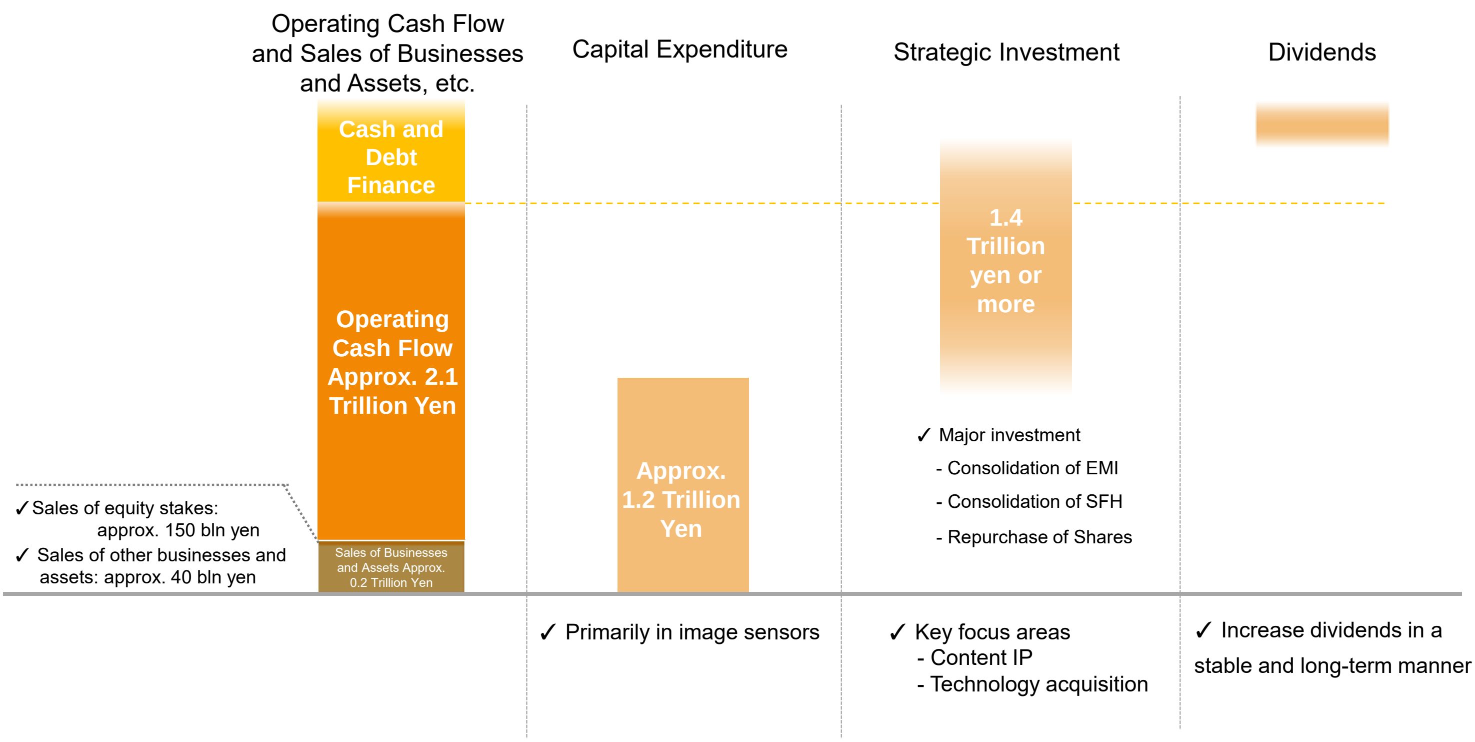
- Today, we announced the establishment of a facility to repurchase up to 100 billion yen in shares of Sony during this fiscal year.

- Like in the past, we view share repurchases as a strategic investment and will decide to execute them based upon a comprehensive assessment of a variety of factors, including the availability of other investment opportunities, our financial condition and the price at which our shares are trading.

- We aim to maintain strict financial discipline and a healthy balance sheet going forward as we optimize our capital efficiency with a focus on EPS and ROE.

- We also plan to maintain sufficient liquidity at a time when the recent operating environment is uncertain, and we think it is important not to miss any growth opportunities.

Three Year Total Capital Allocation Forecast (without Financial Services)



- In conclusion, I will show our capital allocation.
- 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.

Results for the Pictures segment are described on a U.S. dollar basis as 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.

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.

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

The Music segment results include the yen-based results of Sony Music Entertainment (Japan) Inc. and the yen-translated results of SME, Sony/ATV and EMI, 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 SPE, which 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 Life"), Sony Assurance Inc., and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFH and Sony Life 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, 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.