

SONY

Q2 FY2020 Consolidated Financial Results

(Three months ended September 30, 2020)

October 28, 2020

Sony Corporation

Q2 FY2020 Consolidated Results

(Bln Yen)

	Q2 FY19	Q2 FY20	Change
Sales & operating revenue	2,122.3	2,113.5	-8.8 bln yen (-0%)
Operating income	279.0	317.8	+38.8 bln yen (+14%)
Income before income taxes	262.1	299.6	+37.5 bln yen (+14%)
Net income attributable to Sony Corporation's stockholders	187.9	459.6	+271.7 bln yen (+145%)
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	148.59 yen	367.82 yen	+219.23 yen
Average rate			
1 US dollar	107.4 yen	106.2 yen	
1 Euro	119.3 yen	124.1 yen	

Q2 FY2020 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Increase / (-) Decrease
Sales & operating revenue	-8.8 bln yen -0%	<ul style="list-style-type: none"> · (-) Significant decrease in Pictures segment sales · (+) Significant increase in G&NS segment sales <p>On a constant currency basis*, sales were essentially flat year-on-year</p>
Operating income	+38.8 bln yen +14%	<ul style="list-style-type: none"> · (+) Significant increases in G&NS, Music and EP&S segments operating income · (-) Significant decrease in I&SS segment operating income
Income tax expense	-225.8 bln yen <small>(Effective tax rate 24% → -55%)</small>	<ul style="list-style-type: none"> · (+) Reversal of valuation allowances recorded against a significant portion of the deferred tax assets of Sony Corporation and its national tax filing group in Japan

* For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Note on page 25.

| 2

Adjusted Operating Income (Q2)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q2 FY19	279.0 bln yen	279.0 bln yen	
Q2 FY20	317.8 bln yen	330.6 bln yen	<ul style="list-style-type: none"> ■ Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) ■ Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) ■ Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -0.8 bln yen)
Change from FY19	+38.8 bln yen	+51.7 bln yen (+19%)	

* 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.

| 3

Adjusted Income Before Income Taxes (Q2)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
Q2 FY19	262.1 bln yen	262.1 bln yen	
Q2 FY20	299.6 bln yen	312.5 bln yen	<ul style="list-style-type: none"> Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -0.8 bln yen)
Change from FY19	+37.5 bln yen	+50.4 bln yen (+19%)	

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

4

Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q2)

	Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders excludes the following items*1
Q2 FY19	187.9 bln yen	175.2 bln yen	<ul style="list-style-type: none"> Reduction in tax expense resulting from the sale of Olympus Corporation shares*2 (+12.7 bln yen)
Q2 FY20	459.6 bln yen	255.4 bln yen	<ul style="list-style-type: none"> Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -0.8 bln yen) Tax adjustment with regard to the above three items (+2.2 bln yen) Reversal of valuation allowances recorded against a significant portion of the deferred tax assets of Sony Corporation and its national tax filing group in Japan (+214.9 bln yen)
Change from FY19	+271.7 bln yen	+80.2 bln yen (+46%)	

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

*2 Tax benefit resulting from the actual tax expense related to the gain on the sale of Olympus Corporation shares being lower than the deferred tax liabilities recorded for the unrealized gain resulting from the revaluation of those shares

Adjusted net income attributable to Sony Corporation's stockholders is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

5

Adjusted Net Income Attributable to Sony Corporation's Stockholders (Q2)

FY19

(Bln Yen)

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	262.1	61.9	23.6%	187.9
Adjusted items impacting effective tax rate				
Reduction in tax expense resulting from the sale of Olympus Corporation shares	-	+12.7	-	-12.7
Subtotal	262.1	74.6	28.5%	175.2
Other adjusted items *	-	-	-	-
Adjusted results	262.1	74.6	28.5%	175.2

FY20

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	299.6	-163.9	-54.7%	459.6
Adjusted items impacting effective tax rate				
Reversal of valuation allowances recorded against a significant portion of the deferred tax assets of Sony Corporation and its national tax filing group in Japan	-	+214.9	-	-214.9
Subtotal	299.6	51.0	17.0%	244.7
Other adjusted items *	+12.9	+2.2	17.0%	+10.7
Adjusted results	312.5	53.2	17.0%	255.4

* See page 5 for details regarding adjusted items

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

6

Q2 FY2020 Results by Segment

(Bln Yen)

		Q2 FY19	Q2 FY20	Change	FX Impact
Game & Network Services (G&NS)	Sales	454.4	506.6	+52.2	+2.3
	Operating income	65.0	104.9	+39.9	+1.3
Music	Sales	219.3	230.9	+11.6	-1.5
	Operating income	37.5	52.9	+15.4	
Pictures	Sales	260.6	192.3	-68.3	-2.2
	Operating income	39.3	31.8	-7.6	
Electronics Products & Solutions (EP&S)	Sales	493.5	504.7	+11.2	-1.2
	Operating income	41.4	54.0	+12.6	+1.1
Imaging & Sensing Solutions (I&SS)	Sales	310.7	307.1	-3.6	-2.9
	Operating income	76.4	49.8	-26.5	+1.0
Financial Services	Revenue	377.2	373.9	-3.2	
	Operating income	38.8	43.7	+4.9	
All Other	Sales	68.9	49.2	-19.7	
	Operating income	2.4	3.2	+0.8	
Corporate and elimination	Sales	-62.3	-51.2	+11.1	
	Operating income	-21.8	-22.5	-0.7	
Consolidated total	Sales	2,122.3	2,113.5	-8.8	
	Operating income	279.0	317.8	+38.8	

· 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 25 (applies to all following pages).

7

1H FY2020 Consolidated Results

(Bln Yen)

	1H FY19	1H FY20	Change
Sales & operating revenue	4,048.0	4,082.4	+34.4 bln yen (+1%)
Operating income	509.9	546.2	+36.3 bln yen (+7%)
Income before income taxes	493.1	619.5	+126.4 bln yen (+26%)
Net income attributable to Sony Corporation's stockholders	340.0	692.9	+352.9 bln yen (+104%)
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	267.65 yen	554.82 yen	+287.17 yen
Average rate			
1 US dollar	108.6 yen	106.9 yen	
1 Euro	121.4 yen	121.3 yen	

| 8

Adjusted Operating Income (1H)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
1H FY19	509.9 bln yen	502.0 bln yen	<ul style="list-style-type: none"> Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)
1H FY20	546.2 bln yen	555.9 bln yen	<ul style="list-style-type: none"> Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +6.5 bln yen) Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -4.2 bln yen)
Change from FY19	+36.3 bln yen	+53.9 bln yen (+11%)	

* 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.

| 9

Adjusted Income Before Income Taxes (1H)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
1H FY19	493.1 bln yen	485.2 bln yen	<ul style="list-style-type: none"> Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen)
1H FY20	619.5 bln yen	629.3 bln yen	<ul style="list-style-type: none"> Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +6.5 bln yen) Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -4.2 bln yen)
Change from FY19	+126.4 bln yen	+144.1 bln yen (+30%)	

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

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

10

Adjusted Net Income Attributable to Sony Corporation's Stockholders (1H)

	Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders	Adjusted Net Income Attributable to Sony Corporation's Stockholders excludes the following items ¹
1H FY19	340.0 bln yen	321.6 bln yen	<ul style="list-style-type: none"> Reduction in tax expense resulting from the sale of Olympus Corporation shares² (+12.7 bln yen) Patent royalty revenue resulting from the signing of a licensing agreement (+7.9 bln yen) Tax adjustment with regard to the above patent royalty revenue (-2.2 bln yen)
1H FY20	692.9 bln yen	485.8 bln yen	<ul style="list-style-type: none"> Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +6.5 bln yen) Gain recorded in connection with a business transfer (Music segment: +5.4 billion yen) Inventory write-downs of certain image sensors for mobile products (I&SS segment: -17.5 bln yen) Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -4.2 bln yen) Tax adjustment with regard to the above four items (+1.9 bln yen) Reversal of valuation allowances recorded against a significant portion of the deferred tax assets of Sony Corporation and its national tax filing group in Japan (+214.9 bln yen)
Change from FY19	+352.9 bln yen	+164.1 bln yen (+51%)	

¹ These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

² Tax benefit resulting from the actual tax expense related to the gain on the sale of Olympus Corporation shares being lower than the deferred tax liabilities recorded for the unrealized gain resulting from the revaluation of those shares.

Adjusted net income attributable to Sony Corporation's Stockholders is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

11

Adjusted Net Income Attributable to Sony Corporation's Stockholders (1H)

FY19

(Bln Yen)

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	493.1	126.9	25.7%	340.0
Adjusted items impacting effective tax rate				
Reduction in tax expense resulting from the sale of Olympus Corporation shares	-	+12.7	-	-12.7
Subtotal	493.1	139.6	28.3%	327.3
Other adjusted items *	-7.9	-2.2	28.3%	-5.7
Adjusted results	485.2	137.4	28.3%	321.6

FY20

	Income Before Income Taxes	Taxes	Effective Tax Rate	Net Income Attributable to Sony Corporation's Stockholders
Financial results	619.5	-91.0	-14.7%	692.9
Adjusted items impacting effective tax rate				
Reversal of valuation allowances recorded against a significant portion of the deferred tax assets of Sony Corporation and its national tax filing group in Japan	-	+214.9	-	-214.9
Subtotal	619.5	123.9	20.0%	478.0
Other adjusted items *	+9.7	+1.9	20.0%	+7.8
Adjusted results	629.3	125.8	20.0%	485.8

* See page 11 for details regarding adjusted items.

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

12

1H FY2020 Results by Segment

(Bln Yen)

		1H FY19	1H FY20	Change	FX Impact
Game & Network Services (G&NS)	Sales	911.9	1,112.7	+200.9	-12.5
	Operating income	138.8	229.0	+90.2	-1.6
Music	Sales	421.5	408.0	-13.5	-3.8
	Operating income	75.8	87.7	+12.0	
Pictures	Sales	446.7	367.4	-79.3	-6.2
	Operating income	39.7	56.5	+16.8	
Electronics Products & Solutions (EP&S)	Sales	977.4	836.5	-140.9	-10.5
	Operating income	66.5	44.9	-21.6	-1.9
Imaging & Sensing Solutions (I&SS)	Sales	541.4	513.3	-28.1	-7.0
	Operating income	125.9	75.3	-50.6	-0.7
Financial Services	Revenue	714.1	820.7	+106.6	
	Operating income	84.9	90.9	+6.0	
All Other	Sales	138.5	103.3	-35.2	
	Operating income	-0.2	6.7	+6.9	
Corporate and elimination	Sales	-103.5	-79.5	+24.0	
	Operating income	-21.4	-44.8	-23.4	
Consolidated total	Sales	4,048.0	4,082.4	+34.4	
	Operating income	509.9	546.2	+36.3	

13

FY2020 Consolidated Results Forecast

(Bln Yen)

	FY19	FY20 August FCT	FY20 October FCT	Change from August FCT
Sales & operating revenue	8,259.9	8,300	8,500	+200 bln yen (+2%)
Operating income	845.5	620	700	+80 bln yen (+13%)
Income before income taxes	799.5	685	765	+80 bln yen (+12%)
Net income attributable to Sony Corporation's stockholders	582.2	510	800	+290 bln yen (+57%)
Operating Cash Flow (Sony without Financial Services)	762.9	550	630	+80 bln yen (+15%)
Average rate	Actual	Assumption (Q2-Q4 FY20)	Assumption (Q3-Q4 FY20)	Dividend per Share
1 US dollar	108.7 yen	Approx. 107 yen	Approx. 105 yen	Interim 25 yen
1 Euro	120.8 yen	Approx. 120 yen	Approx. 123 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.

14

FY2020 Results Forecast by Segment

(Bln Yen)

		FY19	FY20 August FCT	FY20 October FCT	Change from August FCT
Game & Network Services (G&NS)	Sales	1,977.6	2,500	2,600	+100
	Operating income	238.4	240	300	+60
Music	Sales	849.9	790	850	+60
	Operating income	142.3	130	152	+22
Pictures	Sales	1,011.9	760	760	-
	Operating income	68.2	41	48	+7
Electronics Products & Solutions (EP&S)	Sales	1,991.3	1,870	1,870	-
	Operating income	87.3	60	67	+7
Imaging & Sensing Solutions (I&SS)	Sales	1,070.6	1,000	960	-40
	Operating income	235.6	130	81	-49
Financial Services	Revenue	1,307.7	1,400	1,460	+60
	Operating income	129.6	142	155	+13
All Other, Corporate and elimination	Operating income	-55.9	-123	-103	+20
Consolidated total	Sales	8,259.9	8,300	8,500	+200
	Operating income	845.5	620	700	+80

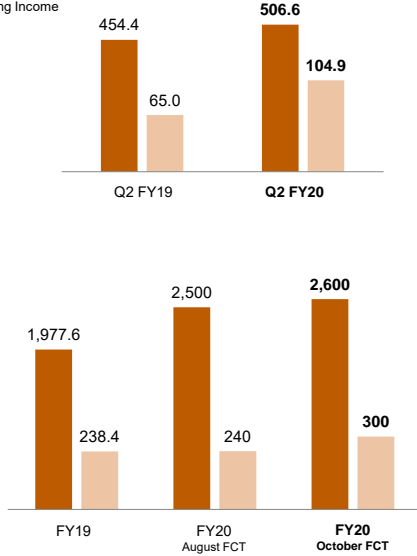
15

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

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



Q2 FY2020 (year-on-year)

- Sales: 52.2 bln yen (11%) significant increase (FX Impact: +2.3 bln yen)
 - (+) Increase in game software sales
 - (+) Increase in sales for PlayStation®Plus (PS Plus)
 - (-) Decrease in PlayStation®4 hardware sales
- OI: 39.9 bln yen significant increase (FX Impact: +1.3 bln yen)
 - (+) Increase in first-party software sales
 - (+) Increase in PS Plus sales
 - (-) Increase in costs

FY2020 Forecast (change from August forecast)

- Sales: 100 bln yen (4%) upward revision
 - (+) Higher-than-expected software sales, mainly add-on content
- OI: 60 bln yen upward revision
 - (+) Higher-than-expected software sales, mainly add-on content
 - (+) Higher-than-expected PS Plus sales

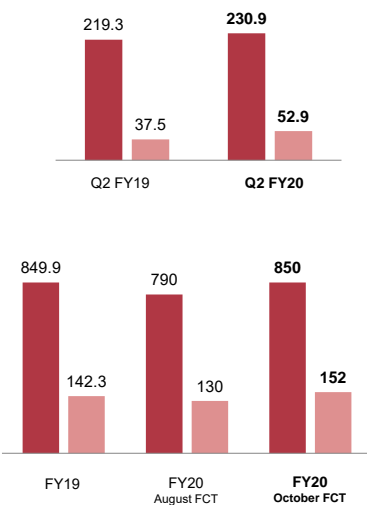
16

Music Segment

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



Q2 FY2020 (year-on-year)

- Sales: 11.6 bln yen (5%) increase (FX Impact: -1.5 bln yen)
 - (+) Higher sales for Recorded Music
 - (+) Increase in streaming revenues
 - (+) Strong physical media sales for several releases
- OI: 15.4 bln yen significant increase
 - (+) Impact of increase in sales
 - (+) Gain recorded in connection with the transfer of an overseas business (5.4 bln yen)

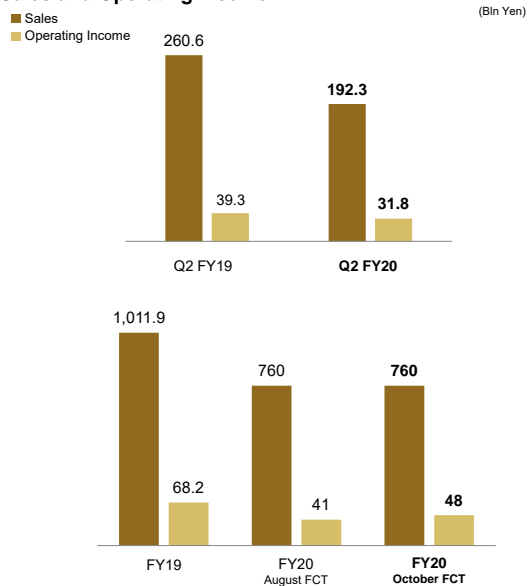
FY2020 Forecast (change from August forecast)

- Sales: 60.0 bln yen (8%) upward revision
 - (+) Increase in streaming revenues for Recorded Music
 - (+) Higher sales for Visual Media and Platform
 - (+) Strong performance of game applications for mobile devices
 - (+) Increase in anime business sales
- OI: 22.0 bln yen upward revision
 - (+) Impact of increase in sales

17

Pictures Segment

Sales and Operating Income



Q2 FY2020 (year-on-year)

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

- Sales: 68.3 bln yen (26%) significant decrease (U.S. dollar basis: -615 mil USD / -25%)
 - (-) Significant decrease in theatrical revenues due to theater closings resulting from the impact of COVID-19
 - (-) Lower advertising revenues for Media Networks resulting from the impact of COVID-19
 - (-) Lower revenues from fewer deliveries of TV shows due to production shutdowns resulting from the impact of COVID-19
 - (+) Higher television licensing and home entertainment revenues from Motion Pictures prior year and catalog titles
- OI: 7.6 bln yen decrease
 - (-) Decrease in sales
 - (+) Lower marketing costs in Motion Pictures

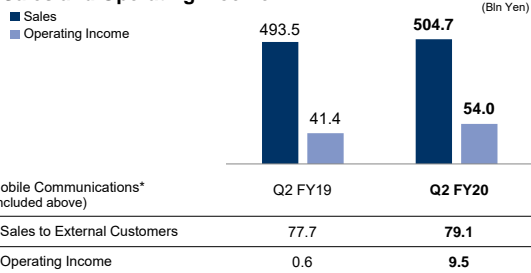
FY2020 Forecast (change from August forecast)

- Sales: Remain unchanged from August forecast
 - (+) Higher-than-expected home entertainment and television licensing sales in Motion Pictures
 - (+) Higher-than-expected recovery of advertising sales in Media Networks
 - (-) Delays in theatrical releases due to theater closures resulting from the impact of COVID-19
- OI: 7 bln yen upward revision
 - (+) Higher-than-expected home entertainment and television licensing sales in Motion Pictures

18

Electronics Products & Solutions Segment (“EP&S Segment”)

Sales and Operating Income



Mobile Communications*
(included above)

	Q2 FY19	Q2 FY20
Sales to External Customers	77.7	79.1
Operating Income	0.6	9.5

Q2 FY2020 (year-on-year)

- Sales: 11.2 bln yen (2%) increase (FX Impact: -1.2 bln yen)
 - (+) Increase in unit sales of televisions
 - (-) Decrease in unit sales of broadcast- and professional-use products and digital cameras
- OI: 12.6 bln yen significant increase (FX Impact: +1.1 bln yen)
 - (+) Reductions in operating costs
 - (+) Improvement in the product mix of televisions and increase in unit sales
 - (-) Decrease in unit sales of broadcast- and professional-use products and digital cameras

FY2020 Forecast (change from August forecast)

- Sales: Remain unchanged from August forecast
- OI: 7.0 bln yen upward revision
 - (+) Positive impact of foreign exchange rates

Mobile Communications*
(included above)

	FY19	FY20 August FCT	FY20 October FCT
Sales to External Customers	362.1	—	—
Operating Income	-21.1	—	—

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

19

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

Sales and Operating Income

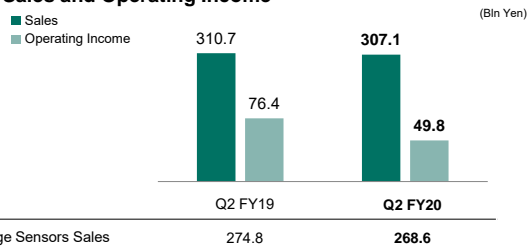


Image Sensors Sales	Q2 FY19	Q2 FY20
	274.8	268.6

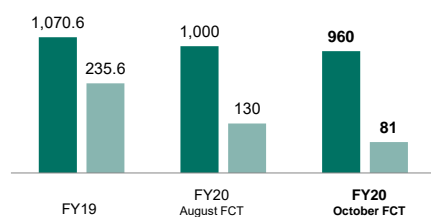


Image Sensors Sales	FY19	FY20 August FCT	FY20 October FCT
	930.2	870	820
Additions to long-lived assets for I&SS Segment	276.8	260	235
for Image Sensors (included above)	265.7	240	215

Q2 FY2020 (year-on-year)

- Sales: 3.6 bln yen (1%) decrease (FX Impact: -2.9 bln yen)
 - (-) Decrease in sales of image sensors for digital cameras
- OI: 26.5 bln yen significant decrease (FX Impact: +1.0 bln yen)
 - (-) Inventory write-downs of certain image sensors for mobile products (-17.5 bln yen)
 - (-) Increase in research and development expenses as well as depreciation and amortization expenses
 - (-) Impact of decrease in sales

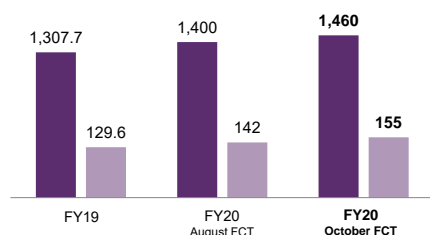
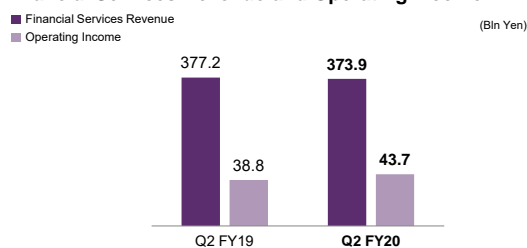
FY2020 Forecast (change from August forecast)

- Sales: 40 bln yen (4%) downward revision
 - (-) Decrease in sales of image sensors for mobile products
 - (+) Increase in sales of image sensors for digital cameras
 - (+) Increase in sales in businesses other than image sensors such as analog LSIs
- OI: 49 bln yen downward revision
 - (-) Impact of decrease in sales
 - (-) Inventory write-downs of certain image sensors for mobile products (-17.5 bln yen)
 - (-) Negative impact of foreign exchange rates

20

Financial Services Segment

Financial Services Revenue and Operating Income



Q2 FY2020 (year-on-year)

- Revenue: Essentially flat
 - (-) Decrease in revenue at Sony Life (15.6 bln yen decrease, revenue: 324.0 bln yen)
 - (-) Decrease in premiums from single premium insurance
 - (+) Increase in net gains on investments in the separate accounts
 - (+) Impact of an equity affiliate becoming a wholly-owned subsidiary in the fourth quarter of the previous fiscal year
 - (+) Improvement in valuation gains and losses on securities at Sony Bank
- OI: 4.9 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
 - (-) Decrease in OI at Sony Life (1.4 bln yen decrease, OI: 33.2 bln yen)
 - (-) Expenses recorded for various provisions related to COVID-19
 - (-) Deterioration in net gains and losses related to market fluctuations for variable life insurance*
 - (+) Improvement in foreign exchange gains and losses in U.S. dollar-denominated insurance

FY2020 Forecast (change from August forecast)

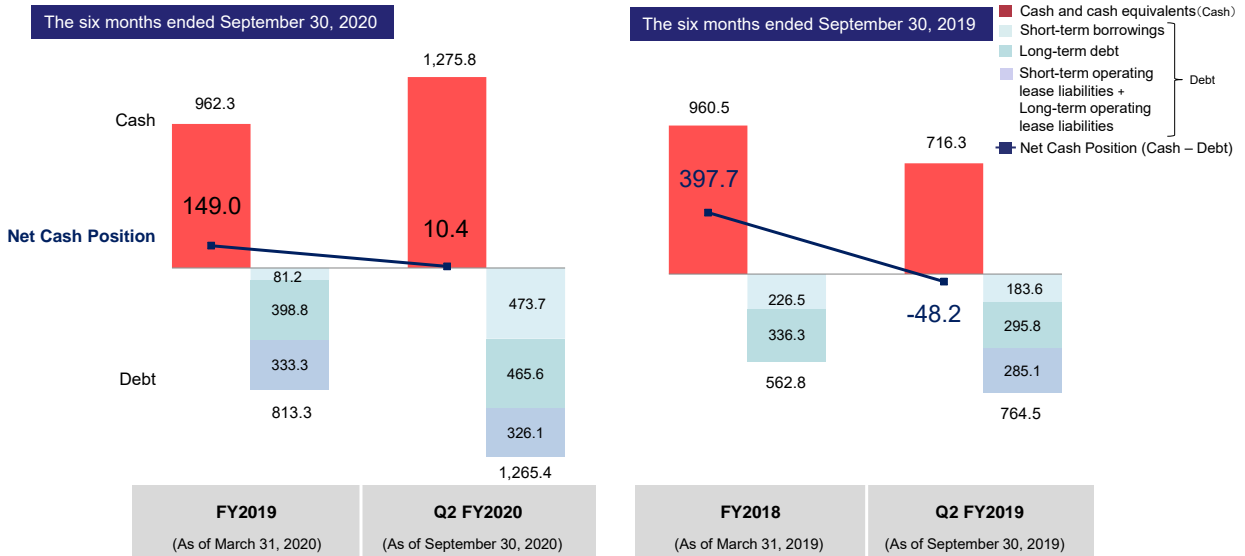
- Revenue: 60 bln yen (4%) upward revision
 - (+) Increase in net gains on investments in the separate accounts at Sony Life
- OI: 13 bln yen upward revision
 - (+) Decline in the loss ratio for automobile insurance at Sony Assurance
 - (+) Improvement in valuation gains and losses on securities at Sony Bank

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

21

Cash, Debt Balance (Sony without Financial Services)

(Bln Yen)



Please refer to F-9 in "Q2 FY19 Financial Statements" and F-9 in "Q2 FY20 Financial Statements" for condensed balance sheets for Sony without Financial Services.

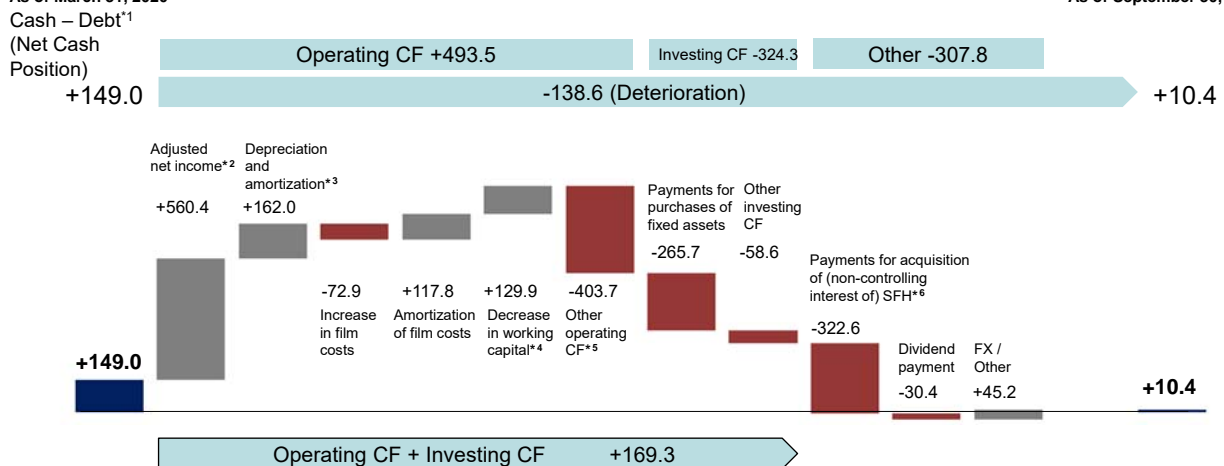
22

Q2 FY2020 Cash Flow (CF) Analysis (Sony without Financial Services)

(Bln Yen)

As of March 31, 2020

As of September 30, 2020



*1 Please refer to page 22.

*2 This is the total of the following items contained in "Q2 FY20 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-11 (Condensed Statements of Cash Flows for Sony without Financial Services).

*3 This is the item contained in "Q2 FY20 Financial Statements": "Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs" on page F-11.

*4 This is the total of the following items contained in "Q2 FY20 Financial Statements": "(Increase) decrease in notes, accounts receivable, trade and contract assets" + "(Increase) decrease in inventories" + "Increase (decrease) in notes and accounts payable, trade" on page F-11.

*5 Including "Reversal of valuation allowances for deferred tax assets of Sony Corporation and its national tax filing group in Japan" (Refer to page F-14).

*6 Please refer to "Payment for purchase of Sony Financial Holdings Inc. from noncontrolling interests" on page F-4 (Consolidated Statements of Cash Flows).

23

Q2 FY2019 Cash Flow (CF) Analysis (Sony without Financial Services)

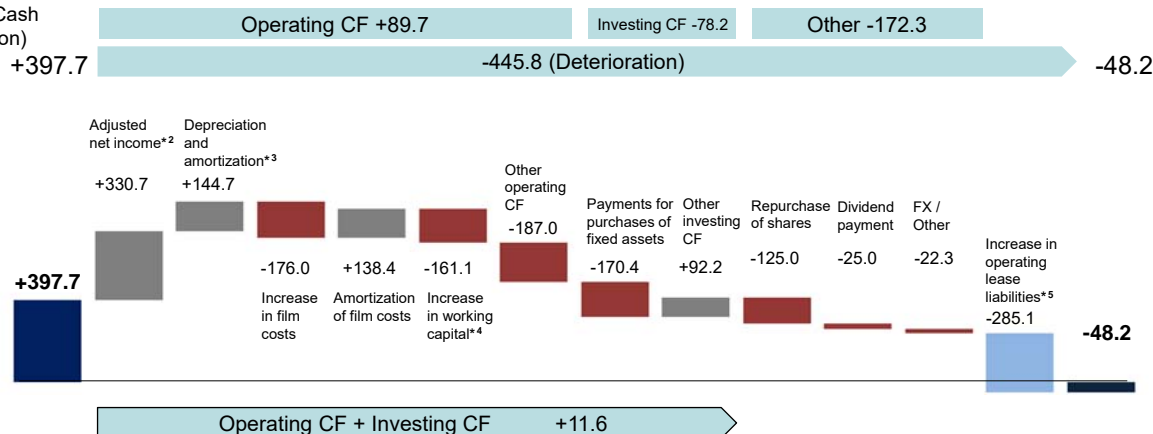
(Bln Yen)

As of March 31, 2019

As of September 30, 2019

Cash – Debt¹

(Net Cash
Position)



¹ Please refer to page 22.

² This is the total of the following items contained in "Q2 FY20 Financial Statements": "Net income (loss)" + "Other operating (income) expense, net" + "(Gain) loss on marketable securities and securities investments, net" on page F-11 (Condensed Statements of Cash Flows for Sony without Financial Services).

³ This is the item contained in "Q2 FY20 Financial Statements": "Depreciation and amortization, including amortization of deferred revenue acquisition costs and contract costs" on page F-11.

⁴ This is the total of the following items contained in "Q2 FY20 Financial Statements": "(Increase) decrease in notes, accounts receivable, trade and contract assets" + "(Increase) decrease in inventories" + "Increase (decrease) in notes and accounts payable, trade" on page F-11.

⁵ This is the total of the following items contained in "Q2 FY19 Financial Statements": "Short-term operating lease liabilities" + "Long-term operating lease liabilities" on page F-9 (Condensed balance sheets for Sony without Financial Services).

24

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 LLC ("Sony/ATV") and EMI Music Publishing Ltd. ("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 Pictures segment results are the yen-translated 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.

25

Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) 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.