

# 'Spider-Man' success helps Sony lift annual profit outlook

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Sony expects higher sales in its film division.

Sony upgraded its full-year net profit forecast on Wednesday, buoyed by the success of its latest "Spider-Man" movie and strong results in the gaming sector despite the global chip shortage.

It comes as the Japanese tech giant battles for gaming supremacy with US rival Microsoft after its blockbuster acquisition of Activision.

Sony already logged a record net profit in 2020-21, with a pandemic boom in gaming swelling its profits.

Although the huge demand for gaming is tapering now, Sony said it is continuing to see strong performances by divisions including film, games and electronics.

The conglomerate now projects a net profit of 860 billion yen (\$7.4 billion) for the [fiscal year](#) to March 2022, having already hiked its full-year estimate to 730 billion yen in the previous quarter.

A favourable foreign exchange rate and expected decrease in operating losses in sectors including its corporate division will also boost its bottom line, it said.

The group cheered strong results in its film division including for "Spider-Man: No Way Home", which was released in December and could soon overtake "Avatar" as North America's third-highest grossing film.

"This is the biggest hit that Sony Pictures Entertainment has ever seen," Chief Financial Officer Hiroki Totoki told reporters.

The firm's music segment also scored a winner with Adele's latest album "30" and stronger-than-expected licence revenue in its popular anime business.

Net profit in the nine months to December 2021 was 771 billion yen, down 20 percent year-on-year, Sony said, with sales in the same period up 13 percent to 7.66 trillion yen.

## 'Supply constraints'

Sony expects the global chip shortage to hit sales of its PlayStation 5 console this financial year, but said operating income in its [gaming sector](#) would still be higher than previously forecast due to reduced expenses.



Sony's Chief Financial Officer said the latest 'Spider-Man' was the 'biggest hit' its film division had ever seen.

The company has faced challenges rolling out the PS5, which remains hard for consumers to get hold of, in part due to global supply chain

disruption including the chip shortage.

"Device supply constraints are expected to continue, but we will continue to do our utmost to meet strong demand for the PS5," Totoki said.

The group lowered its annual sales forecast for the console to 11.5 million units from the previous target of 14.8 million.

Sony's upbeat forecast comes two weeks after its share price tumbled when Microsoft snapped up "Call of Duty" maker Activision Blizzard in a landmark \$69 billion deal.

Sony hit back with its own acquisition announcement this week, unveiling its \$3.6 billion agreement to buy Bungie, creator of hits such as "Halo" and "Destiny".

The deal will keep Bungie independent, with games for play on competing devices, according to Sony.

"Using the acquisition of Bungie as a catalyst, we aim to speed up the growth of its own [game](#) software production and to more than double its current sales by fiscal 2025," Totoki said.

The pair plan to launch more than 10 live-service game titles over the next four years, he added.

Mio Kato, an analyst at Lightstream Research who publishes on Smartkarma, said the Japanese firm remains on solid ground even as the gaming battle heats up.

"Sony seems to have a really good ability to identify talent," he told AFP, adding that this approach is "a lot more effective than if you go to the big name studios".



But others are less convinced, with Amir Anvarzadeh of Asymmetric Advisors writing that as streaming starts to "dramatically change the business model of gaming, we think this is a contest that Sony simply cannot win given its limited financial resources."

The Japanese giant is also looking to further diversify and last month announced plans for a company to explore the rapidly growing electric vehicle market.

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