

# Sony net profit dips on-year as PlayStation sales fall

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Sony enjoyed 'significant increases in sales' in its game and music sectors.

Sony on Tuesday warned of falling profits this year as PlayStation 5 unit sales decline, after reporting a dip in annual earnings while also staying mum on a reported bid for Paramount.

The Japanese conglomerate has been in the spotlight after reports said it was working with Apollo Global Management on a potential \$26 billion takeover of US film and television giant Paramount Global.

Such a merger could strengthen Sony's massive movie business behind the mega-grossing "Spider-Man" titles, including the Oscar-nominated "Across the Spider-Verse".

As the company reported its earnings on Tuesday, Sony CEO Hiroki Totoki declined to comment on any "specific deal".

"Sony Pictures is a hub of generating synergy and as an entity it has an important position. Therefore, in this area, any good opportunity arises... we will consider the possibilities," he told reporters.

The entertainment and electronics behemoth logged a net profit of 970.6 billion yen (\$6.2 billion) for 2023-24—down 3.5 percent year-on-year but beating its forecast.

For the current financial year, Sony expects another decline in net profit to 925 billion yen.

Sony said it had sold 20.8 million units of its flagship PlayStation 5 console in 2023-24, almost meeting a target of 21 million which it had trimmed in February.

Analysts said the console, in its fourth year on the market, may have suffered a reputational hit after Sony PlayStation announced 900 layoffs in February.

Sony set its PS5 unit-sales target for the current financial year at 18 million.

"As we enter the last half of the console cycle, we expect a gradual decline in new PlayStation 5 unit sales," said Naomi Matsuoka, Sony's senior vice president.

"But we believe we will be able to steadily grow PlayStation platform revenues by steadily maintaining and expanding our continuously growing number of active users and user engagement, and by strengthening our control of operating costs," she added.

## **Music 'cash cow'**

Sony logged record sales in 2023-24 with "significant" increases in games and music, boosted by the weaker yen.

Revenue was also up for sensors—used in iPhone cameras—and financial services, although operating income decreased in these sectors.

In 2024-25, "sales are expected to decrease year-on-year primarily due to an expected significant decrease in sales in... financial services" and other businesses including games, the firm said.

But it predicted better sales for sensors and music, thanks to higher revenues from streaming services.

In the financial year to April, Sony said it had benefited from hit releases from artists including Beyonce and Doja Cat.

"Sony owns the rights to original music. That serves as Sony's cash cow," Hideki Yasuda at Toyo Securities told AFP before the earnings announcement.

Sony's acquisition of Japanese anime giant Crunchyroll has proved fruitful, and Matsuoka said it would continue to contribute to profits as

subscriber numbers grow.

Sony Music Entertainment is now reportedly preparing to bid against two major private funds for InfoCom, the parent company of a popular Japanese manga app, in a deal said to be worth 200 billion yen (\$1.3 billion).

Sony said earlier Monday that two veteran executives will take over as CEOs of its gaming unit, taking the reins from Jim Ryan who retired in March.

Hermen Hulst and Hideaki Nishino will report to Sony Interactive Entertainment's (SIE) group chairman Totoki, who had been filling in as interim CEO.

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