BERNSTEIN
SOCIETE GENERALE GROUP

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Global Video Gaming

Global Video Gaming: The State of Play, 2026 - a deep dive on global industry trends

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We estimate $220bn of industry revenue in 2026. This note represents our annual deep dive on global video gaming industry revenues. While we typically argue video gaming assets are best analysed bottom-up, there is value in maintaining some top-down perspective. We also zoom in on some key industry debates.

The back half of the capital cycle. Our global video gaming industry model incorporates top-down estimates by platform and region, and our quarterly tracker of revenue trends across 28 listed video gaming companies. For 2025, we estimated $218bn of industry revenue, 4.8% higher year on year. We've modelled 0.7% growth in 2026, followed by 3.3% growth in 2027. But the bigger story is consolidation across the industry, with the listed cohort expected to grow c. 7-8% this year, and a growing number of (overdue) Western studio closures thinning the competitive landscape.

Could GTA VI be a clearing event for the industry? Our main takeaway from summer showcase season was simply the extent to which the industry's desire to avoid competing with GTA VI had forced everyone into a logjam of new game releases in September. The crowding raises the risk of near-term sales disappointments, especially for games not backed by strong developer or IP credibility. But with investor expectations for GTA VI seemingly now ranging from bullish to biblical, we increasingly think November could be a turning point for sentiment and investor positioning elsewhere.

The argument for continued PC strength. The Chinese PC gaming market grew 15% in 2025, after Black Myth Wukong introduced gamers to experiences on larger screens. We think similar growth acceleration is likely across the broader industry, as GPU VRAM inside "typical" home PCs come to support PS4/PS5-era games, and as console and mobile developers embrace multi-platform launches. The memory headwind for console hardware persists - the hope for Nintendo is that a stronger 2027 slate (Pokemon, Xenoblade, Mario…?) will make price increases more palatable, should the need arise again.

Mobile platform fee cuts and broader questions. On March 4, 2026, Google announced it would cut Android platform fees from 30% to 20% over an 18-month period. On March 13, 2026, Apple announced it would cut iOS platform fees to 25%. Looking ahead, with these platforms maturing in terms of traffic growth and lawsuits ongoing in several jurisdictions, we think the direction of platform fees remains lower—to the benefit of content creators. Our base case is publishing and second-party relationships do not see meaningful change in the foreseeable future.

AI disruption fears are still misguided. It's clear the industry is starting to find ways to leverage AI to accelerate development. Meanwhile, the fact IP strength and community visibility represent key drivers of engagement for new launches probably represents the best argument against AI disruption …in addition to the complexity of game development beyond creating 3D worlds, and the creative nature of original storytelling. While the number of new games released on Steam rose from 8,100 in 2019 to 21,400 in 2025, the number of titles with over 5k reviews went from 73 to… 72.

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BERNSTEIN TICKER TABLE

			18 Jun 2026		TTM	Reported EPS				Reported P/E (x)	
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
7832.JP (Bandai Namco)	M	JPY	3,631.00	4,700.00	(76.3)%	JPY	217.49	206.36	223.90	16.7	17.6	16.2
9697.JP (Capcom)	O	JPY	2,838.50	4,600.00	(91.0)%	JPY	115.85	130.50	153.47	24.5	21.8	18.5
9766.JP (Konami)	O	JPY	17,375	26,800	(71.4)%	JPY	551.00	737.79	896.16	31.5	23.5	19.4
3659.JP (Nexon)	O	JPY	2,223.50	3,000.00	(71.8)%	JPY	160.90	114.12	156.63	13.8	19.5	14.2
7974.JP (Nintendo)	O	JPY	7,166.00	10,300	(96.5)%	JPY	364.51	350.74	423.85	19.7	20.4	16.9
9684.JP (Square Enix)	M	JPY	2,465.50	2,550.00	(80.0)%	JPY	82.08	106.81	121.75	30.0	23.1	20.3
6758.JP (Sony)	M	JPY	3,250.00	3,500.00	(59.3)%	JPY	171.30	198.75	207.66	19.0	16.4	15.7
700.HK (Tencent)	O	HKD	440.20	780.00	(58.6)%	CNY	28.09	30.00	34.91	13.5	12.7	10.9
NTES (NetEase)	O	USD	121.33	150.00	(31.4)%	CNY	58.02	62.29	66.77	14.2	13.2	12.3
9999.HK (NetEase)	O	HKD	190.50	235.00	(53.3)%	HKD	12.59	14.24	15.33	15.1	13.4	12.4
JPL			2,676.74									
ASIAX			2,048.07									
SPX			7,500.58									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

700.HK, NTES, 9999.HK estimate is Adjusted EPS; 700.HK, NTES, 9999.HK valuation is Adjusted P/E (x); 7832.JP, 7974.JP, 9684.JP base year is 2026; 3659.JP base year is 2024;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

This note represents our annual top-down look at global video gaming industry growth. We estimated $218bn of total video gaming industry revenue in 2025, 4.8% higher year on year. For 2026, we've modelled 0.7% growth, with PC replacing console as the fastest growing segment within the industry. Within this, the listed cohort of companies should do better, though cannibalisation during a busy September and subsequently over the GTA VI launch will be worth watching. For 2027 we've modelled industry revenue to rise 3.3% year on year.

At the industry level, the bigger story is arguably market share consolidation, long overdue studio closures in Western markets contributing to what should be a more favourable part of the capital cycle. The fact that home PCs are becoming increasingly gaming-ready (e.g. with 8-12Gb of VRAM, or better) should continue to drive adoption growth in new markets. Capcom was an early mover identifying the growth potential of the PC market, and we expect other companies with competitive catalog game libraries to benefit too (see also Square Enix launching its back catalog on the Switch 2). Console, on the other hand, continues to face memory cost headwinds. Global mobile gaming revenues grew 0.1% year on year in Q1 2026, and we model another year of low single-digit growth this year. 2027 should be a year of faster top-down growth across the global video gaming industry, as GTA VI vacates the launch runway.

Competitively, we remain attracted to the idea that the availability and lower cost of skilled labour in Asia means the top developers in Japan, Korea, and China can continue to take share from large, listed Western peers. Pragmatic AI views help too - the extent to which Japanese video gaming developers have taken to AI adoption was one of the more notable takeaways from recent travels in Japan. For all the talk of AI disrupting gaming, we'd expect ownership of tier-one IP and live service franchises to remain the key to achieving visibility in a crowded market. Even as the supply of new game launches in the industry has exploded, the number of games on Steam which generated more than 5k reviews went from 73 in 2019 to… 72 in 2026.

VALUATION COMPS TABLE

EXHIBIT 1: **Japan Video Gaming: global valuation summary**

	Rating	Price target	Last price	Crncy	Market cap (US$mn)	PE			EV/sales		
						FY3/27E	FY3/28E	FY3/29E	FY3/27E	FY3/28E	FY3/29E
Japan Video Gaming											
Nintendo	O	10,300	7,166	JPY	57,313	19.5x	16.1x	14.3x	2.4x	2.1x	2.0x
Capcom	O	4,600	2,839	JPY	9,400	19.5x	17.3x	15.7x	5.1x	4.6x	4.2x
Bandai Namco	M	4,700	3,631	JPY	14,551	18.2x	16.8x	15.8x	1.6x	1.4x	1.4x
Konami	O	26,800	17,375	JPY	15,491	22.1x	19.2x	17.3x	4.3x	3.9x	3.6x
Square Enix	M	2,550	2,466	JPY	5,631	24.1x	21.1x	19.0x	2.1x	1.9x	1.7x
Sony	M	3,500	3,250	JPY	120,455	16.4x	15.6x	14.0x	1.5x	1.4x	1.3x
Nexon	O	3,000	2,224	JPY	10,954	14.6x	15.7x	15.7x	2.0x	1.8x	1.7x
Koei Tecmo			1,433	JPY	2,991	13.8x	13.2x	12.4x	4.9x	4.7x	4.5x
Sega Sammy			2,130	JPY	2,826	11.4x	9.8x	9.3x	0.9x	0.8x	0.8x
Kadokawa			3,184	JPY	2,947	50.0x	29.3x	28.2x	1.3x	1.2x	1.2x
China Video Gaming											
Tencent	O	780	440.20	HKD	511,570	12.8x	11.0x	9.5x	4.2x	3.6x	3.2x
NetEase	O	150	120.90	USD	77,150	13.3x	12.4x	11.7x	3.1x	2.8x	2.7x
Global Video Gaming											
EA			203.02	USD	50,908	23.5x	22.8x	21.1x	6.2x	6.1x	5.8x
Take Two			228.03	USD	42,338	58.3x	34.8x	23.1x	6.5x	5.1x	4.7x
Unity			26.47	USD	11,555	25.6x	19.7x	16.0x	5.6x	4.9x	4.3x
Roblox			48.02	USD	34,510	n.a.	n.a.	n.a.	5.4x	4.4x	3.7x
Ubisoft			4.89	EUR	761	n.a.	n.a.	n.a.	0.7x	0.7x	0.6x
Paradox			124.50	SEK	1,371	20.7x	18.6x	16.8x	5.4x	5.2x	4.9x
Embracer			59.00	SEK	1,408	17.3x	10.4x	7.9x	0.6x	0.6x	0.6x
CD Projekt			221.50	PLN	5,953	56.1x	17.3x	14.1x	25.3x	8.0x	7.1x

Source: Corporate reports, Bloomberg, Bernstein estimates and analysis.

DETAILS

THE STATE OF VIDEO GAMING, 2026

Our analysis of the global video gaming industry predominantly focuses on bottom-up drivers like new game launch success rather than top-down factors. The stocks we cover trade (at least over shorter time horizons) around growth visibility and changes in product pipeline outlook. But equally, we think it's worth maintaining some perspective of the top-down state of the industry, especially when analysing the larger players in the space where growth rates are somewhat beholden to total video gaming engagement. In this note, we present the latest edition of our bottom-up model of global video gaming industry revenues, updated for December 2025 quarter reporting.

The 2024 and 2025 editions of this report can be found HERE and HERE.

We estimate $218bn of global video gaming revenue in 2025

A variety of third-party estimates exist for global video gaming revenues, notably including Newzoo and IDC. Circana publishes estimates for the US, which we've referred to in our coverage of the Japan video gaming sector. The purpose of building our own model (other than as proof of work, and a way to improve our understanding of how the numbers come about) has been to maintain estimates of industry breakdowns, for example: revenues by platform (mobile, console, PC), then by region, and by region by platform.

Globally, we estimate total industry revenues reached US$218bn in 2025, which was 4.8% higher versus US$208bn in 2024 (the latter is marginally higher than our estimate a year ago, partly reflecting mobile billings data changes post Sensor Tower acquiring Data.ai, and minor changes to our Xbox estimates). Looking back, this was slightly higher than the 4.7% growth we'd modelled a year ago… with mobile (+0.3% versus +2% expected) and console (+9.8% versus +11.4%) growth coming in slightly lower than we'd modelled, but PC surprising meaningfully to the upside (we've assumed +8.4% growth, compared with our previous modelling for +3%).

In hindsight, 2025 still feels like the first year after the sector fully cycled the post-Covid period of surging then normalising engagement. We had reasoned on the back of the Black Myth Wukong success in 2024 that the PC market would see accelerated growth in China. The subsequent evidence has exceeded our expectations both in China and more broadly in the global video gaming market. 2025 was also the year of the Switch 2, which created a high comp the industry continues to cycle through - especially as high memory prices have put pressure on console hardware sales. But we're inclined to believe 2027 will be a better year top-down.

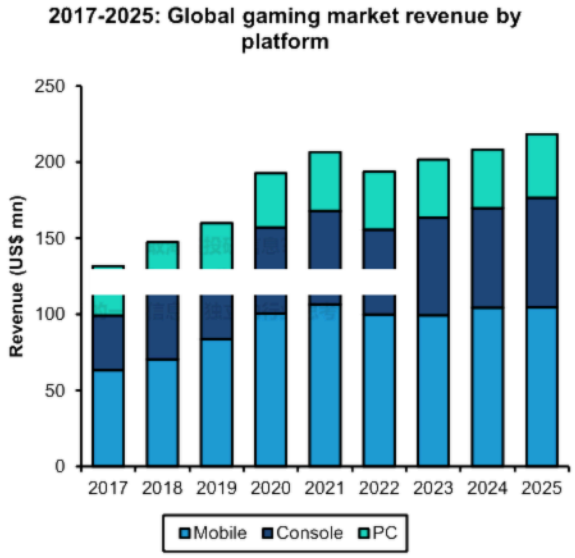
Our global video gaming industry revenues model is available on request.

Bottom-up estimates by platform and region

Exhibit 2 and Exhibit 3 show our estimates of global industry revenues by platform, and by region. Referring primarily to Sensor Tower data, $105bn of mobile revenue in 2025 was c. 48% of our total industry estimate, and was 0.3% higher year on year. We estimated $71.9bn of total console gaming revenue last year, triangulating reporting from Nintendo, Sony, and Microsoft. The 9.8% growth this implied was led by the Switch 2 launch. PC is the hardest part of the industry to estimate bottom-up: here we've estimated US$41.9bn of global revenue in 2025, just under 20% of the global total.

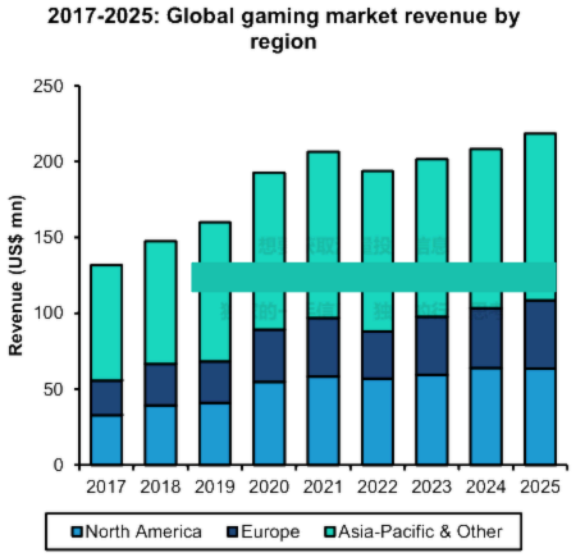
Exhibit 4 and Exhibit 5 show our estimates for industry revenue growth by platform and region. Exhibit 6 and Exhibit 7 show percentage breakdowns of global industry revenues by platform and by region. These breakdowns tend to change only modestly year to date—Asia is very mobile-centric (although the recent surge in PC growth in China has been notable), while PC and console represent the majority of US and European revenues.

EXHIBIT 2: **We estimate global video gaming revenue reached US$218bn in 2025, +4.8% year on year**



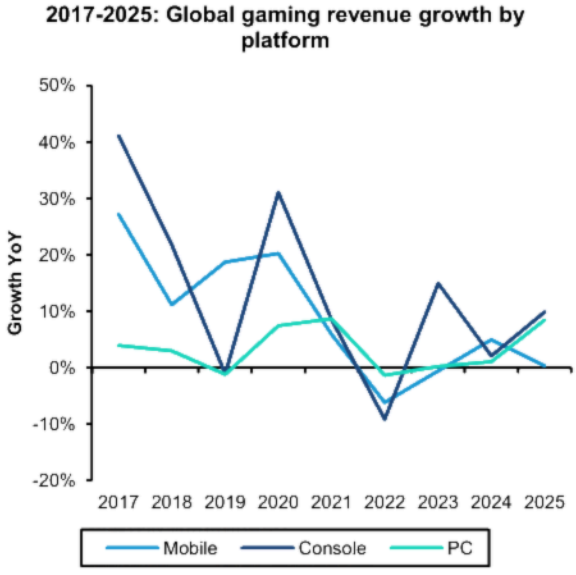
Source: Corporate reports, IDC, Sensor Tower, VGChartz, Bernstein estimates and analysis.

EXHIBIT 3: **Our video gaming model breaks down the global revenue pool by platform and by region**



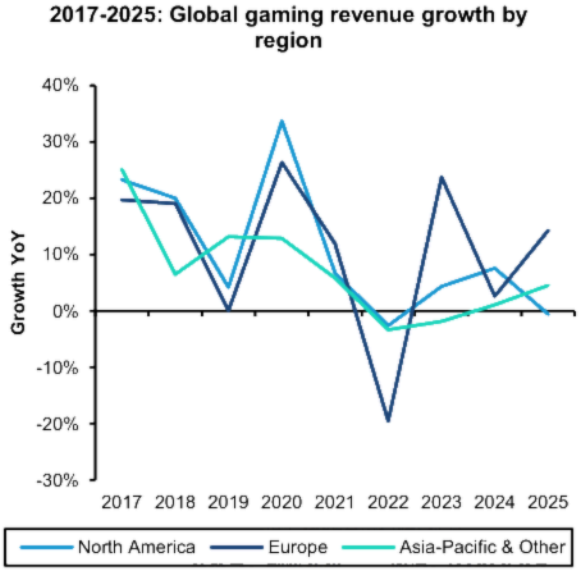
Source: Corporate reports, IDC, Sensor Tower, VGChartz, Bernstein estimates and analysis.

EXHIBIT 4: **2025 was a strong year for console, helped by the Switch 2 launch**



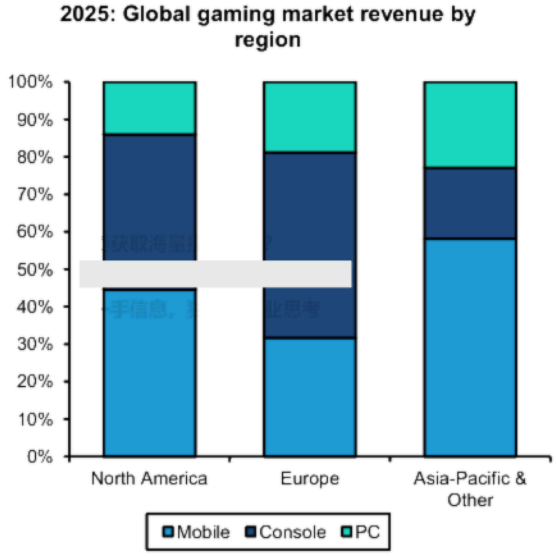
Source: Corporate reports, IDC, Sensor Tower, VGChartz, Bernstein estimates and analysis.

EXHIBIT 5: **North American growth stayed muted in 2025, while other regions rebounded**



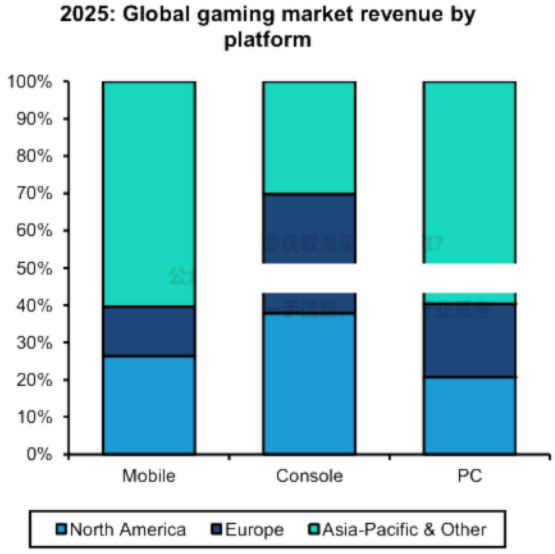
Source: Corporate reports, IDC, Sensor Tower, VGChartz, Bernstein estimates and analysis.

EXHIBIT 6: **Asia-Pacific is mobile dominated, while console leads elsewhere**



Source: IDC, Sensor Tower, Data.ai, VGChartz, Bernstein estimates and analysis.

EXHIBIT 7: **Console is biggest in Europe and North America, while Asia dominates mobile and PC**



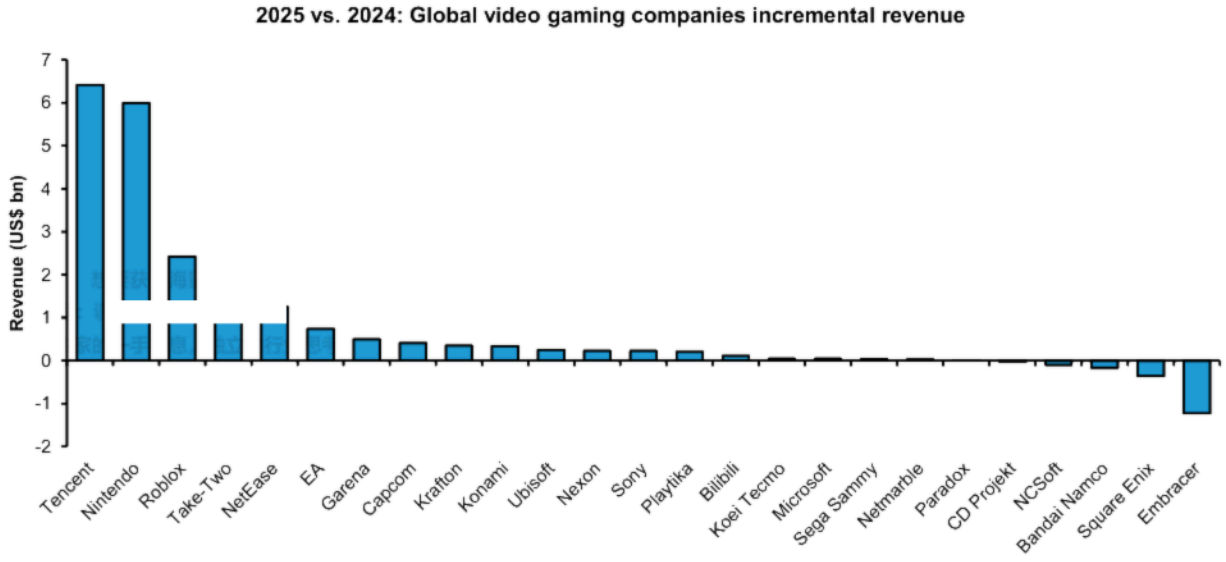
Source: IDC, Sensor Tower, Data.ai, VGChartz, Bernstein estimates and analysis.

WINNERS AND LOSERS IN 2025

Company-level growth in the industry continues to look highly bifurcated. We maintain a tracker of 28 listed video gaming companies (higher year on year due to the Embracer break-up), and compare their reported revenues both on an aggregated basis and compared with each other (see Exhibit 8 and Exhibit 9). As a group, the listed cohort of companies typically generates around 75-80% of our aforementioned estimate for total industry revenues. Within the group, the biggest drivers of incremental industry revenue in the 2025 calendar year included Tencent (Delta Force, broader evergreen growth), Nintendo (Switch 2 launch), followed by Roblox, Take-Two, and NetEase. Beyond the industry giants, Capcom (revenue +46.3%), Konami (+12.1%), Nexon (+7.7%), and CD Projekt (+8.6% excluding the GOG sale) had solid years… while the relative losers included a group of long-time stragglers (Square Enix, Embracer, NCSoft), or companies lapping high year on year comps (Bandai Namco post Nightreign).

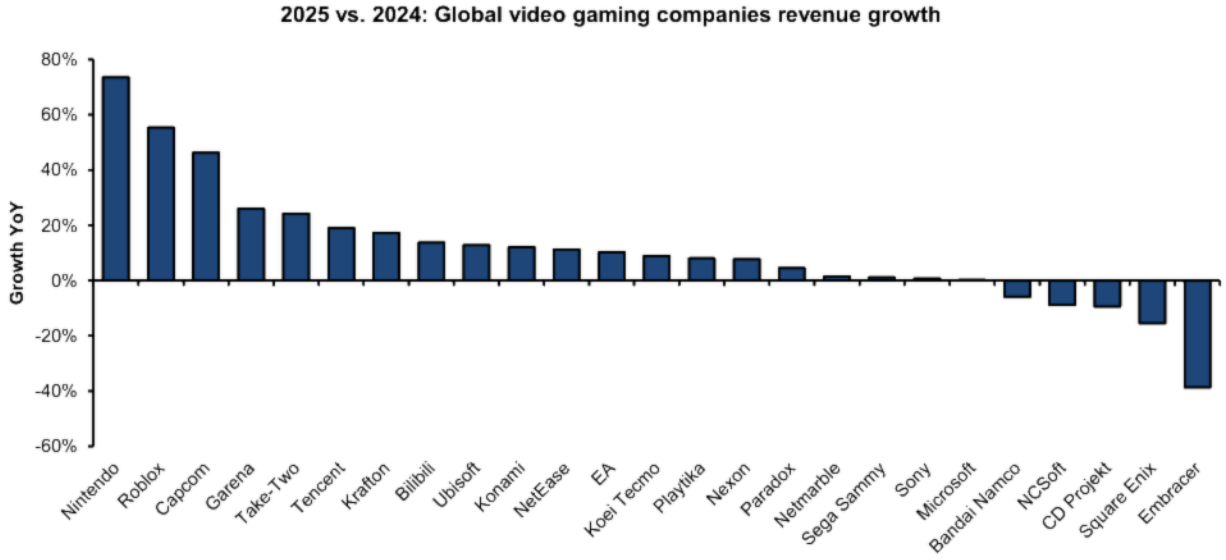
Analytically, we expect the global video gaming industry to continue to be one where bottom-up analysis of new launch cycles and broader market share shifts (e.g. see the competitive shifts in the shooter genre last year) are more useful than top-down trends alone.

EXHIBIT 8: **Tencent, Nintendo, and Roblox led incremental revenue growth in 2025 versus the prior year**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 9: **Nintendo, Roblox, and Capcom reported the fastest percentage growth last year, while Square Enix and Embracer were the worst performers in both absolute and percentage terms**



Source: Corporate reports and Bernstein analysis.

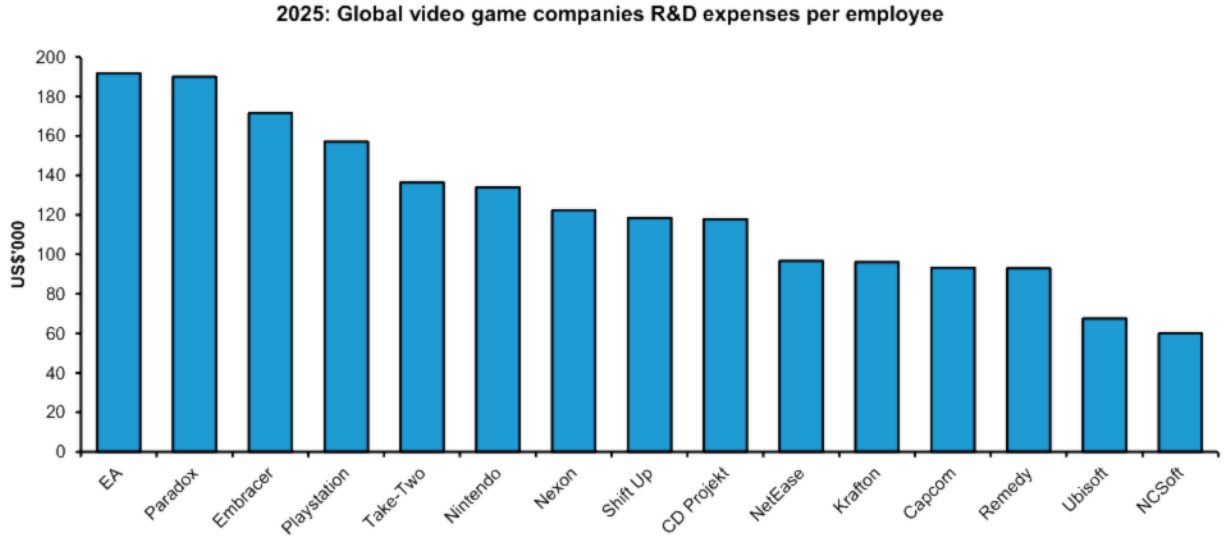
R&D cost and productivity, IP strength remain our north stars for success

Exhibit 10 and Exhibit 11 remain key influences on our outlook of competition in the global video gaming industry, with various East Asian developers enjoying significant labour cost and productivity advantages over Western peers. Meanwhile, the existence of tier-one IP and pre-existing fandom represents an important overlay when it comes to gauging the success of individual game launches. Exhibit 12 shows the latest tally of the 15 bestselling video game franchises globally measured by units sold, while Exhibit 13 shows the top 15 live service games by mean and median monthly concurrent users in 2025 (with an important caveat being that Fortnite is not accessible via Steam).

Bottom-up, Tencent and Konami in our coverage benefit the most from the self-reinforcing nature of competitive PVP games. Crimson Desert from Pearl Abyss was a recent example in which Asian developers (presumably working around the clock after a rough launch…) were able to iterate rapidly in response to gamer feedback, and achieve subsequent success. Neverness to Everness felt like the latest demonstration of the scale and scope that Chinese developers have been able to achieve in live service games, which we expect many Western peers to struggle to match.

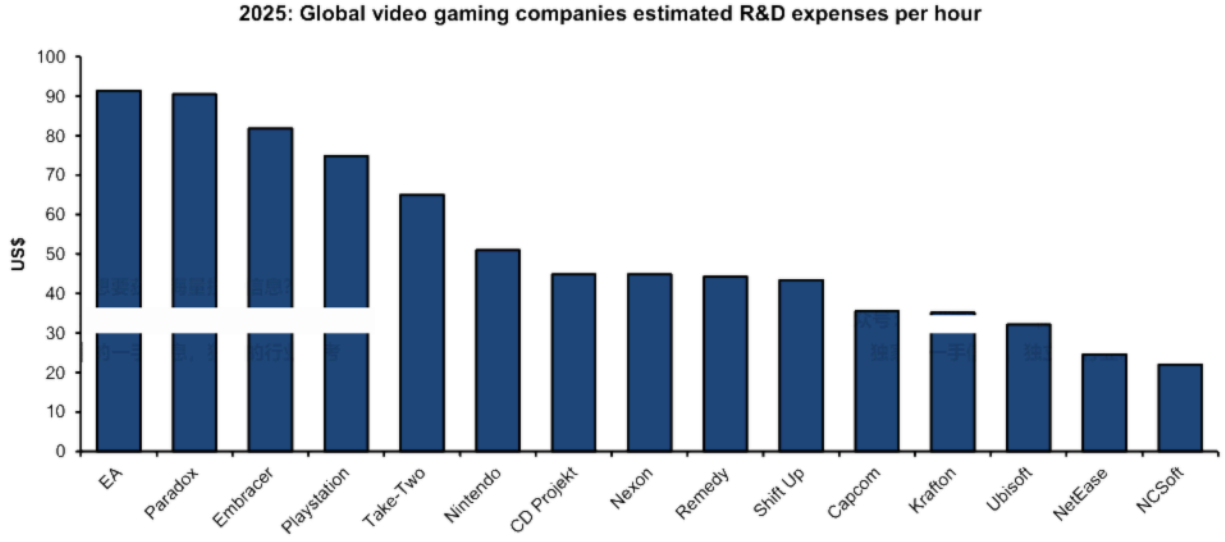
Happily for investors, the wave of video gaming studio shutdowns in the Western industry (reflecting both uncompetitive labour costs and broader sociopolitical issues) reflects the industry gradually moving to what should be a more favourable part of the capital cycle after a flood of investment into the cycle in the post-Covid years (see Exhibit 14).

EXHIBIT 10: **We've updated our tally of R&D expenses per employee across the global video gaming industry…**



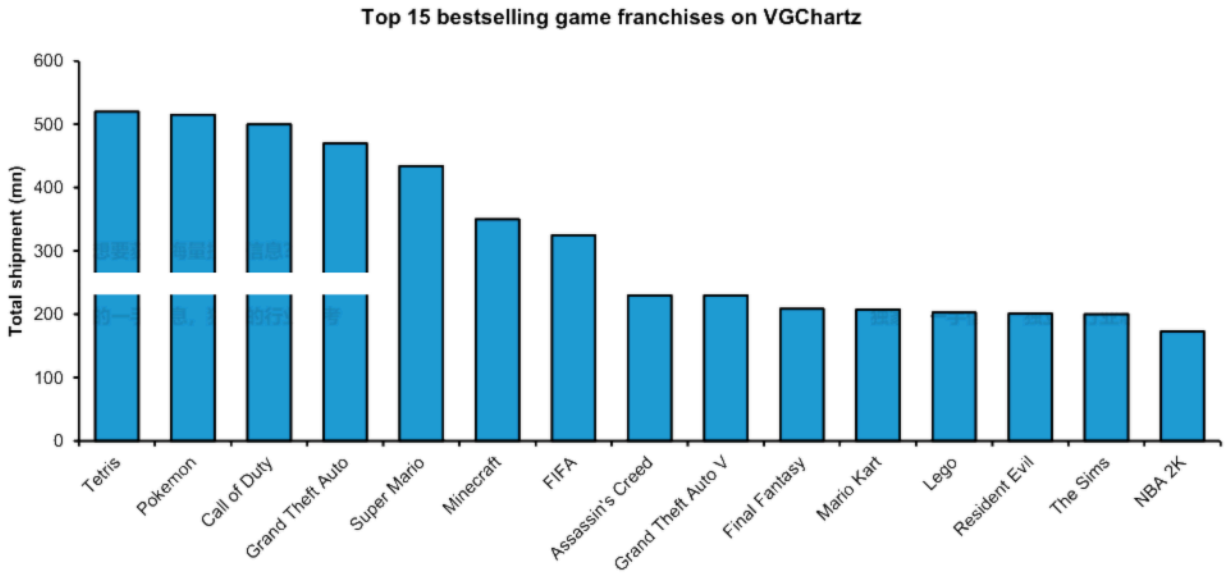
Source: Corporate reports, Bernstein estimates and analysis.

EXHIBIT 11: **…the fact Asian developers have a fraction of the unit R&D costs of Western peers continues to influence our views on competitive outcomes in the coming years**



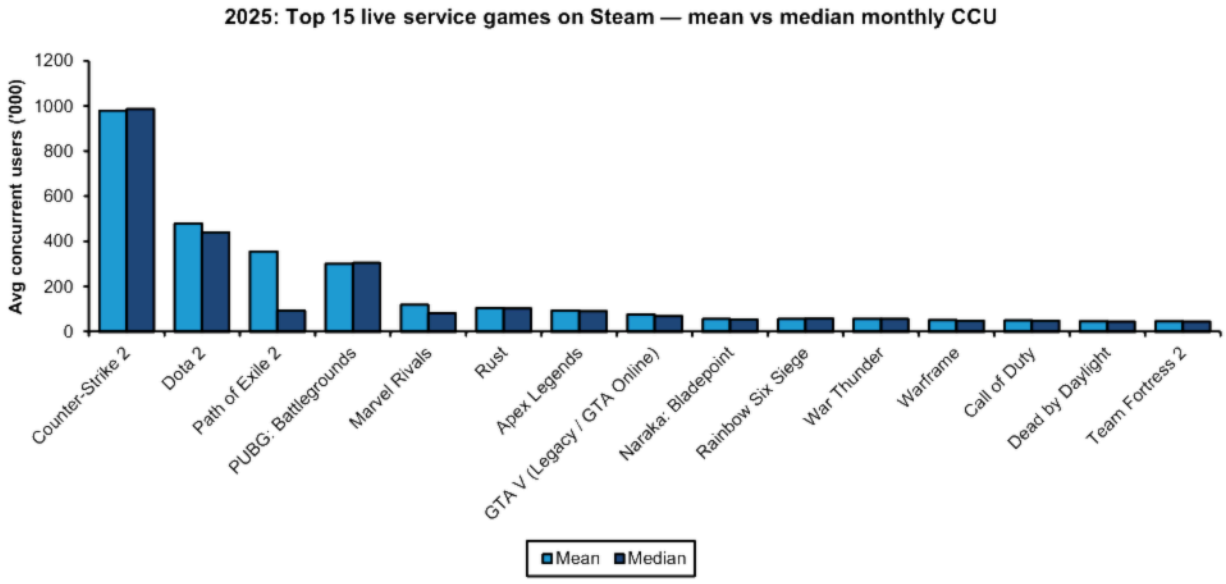
Source: Corporate reports, Bernstein estimates and analysis.

EXHIBIT 12: **The companies we cover own some of the world's top IPs, an important input into video game sales success**



Source: VGChartz and Bernstein analysis.

EXHIBIT 13: **The live service game scene is dominated by a collection of shooter franchises**



Source: Steam DB and Bernstein analysis.

EXHIBIT 14: **The ongoing wave of video gaming studio shutdowns in Western markets was overdue in our view, and should help to move the industry to a more favourable part of the capital cycle**

Studio	Parent company	Notable games
Ballistic Moon	Ballistic Moon	Until Dawn remake
Coffee Stain Malmö	Coffee Stain	Valheim, Goat Simulator
Cliffhanger Games	Electronic Arts	Black Panther
Eidos Montreal	Embracer	Tomb Raider, Deus Ex, Marvel's Guardians of the Galaxy
Toadman Interactive	Enad Global 7	Immortal: Unchained
Atomic Arcade	Hasbro	
Counterplay Games	Independent	Godfall, Duelyst
Freejam	Independent	Robocraft, CardLife, Techblox
Intrepid Studios	Intrepid Studios	Ashes of Creation
Makea Games	Makea Games	Supermoves
Armature Studio	Meta	ReCore, Resident Evil 4 VR
Sanzaru Games	Meta	Sly Cooper: Thieves in Time, Asgard's Wrath, Sonic Boom: Shattered Crystal
Twisted Pixel Games	Meta	Splosion Man, Comic Jumper, LocoCycle, The Gunstringer
Arkane Austin	Microsoft	Redfall
Compulsion Games	Microsoft	South of Midnight
Double Fine	Microsoft	Psychonauts
Ninja Theory	Microsoft	Senua Saga
Tango Gameworks	Microsoft	Hi-Fi- Rush
The Initiative	Microsoft	Perfect Dark
Spiders	Nacon	GreedFall, Steelrising, The Technomancer, Bound by Flame
Compass	nDreams	
Near Light	nDreams	Shooty Fruity
Bad Brain Game Studios	NetEase	Unannounced AAA action title
Fantastic Pixel	NetEase	
Nagoshi Studios	NetEase	Gang of Dragon
T-Minus Zero Entertainment	NetEase	Unannounced MMO
Bluepoint Games	Sony Interactive Entertainment	Demon's Souls, Shadow of the Colossus
Dark Outlaw Games	Sony Interactive Entertainment	Internal studio
Firewalk Studios	Sony Interactive Entertainment	Concord
London Studio	Sony Interactive Entertainment	
Studio Camelia	Studio Camelia	ALZARA: Radiant Echoes
Don't Nod	Tencent	
TiMi Montreal	Tencent	
Wildlight Entertainment	Tencent	Highguard
The Outsiders	Tencent / Funcom	Metal: Hellsinger
Hypixel Studios	Tencent / Riot Games	Hytale
Ubisoft Halifax	Ubisoft	Assassin's Creed Rebellion, Rainbow Six Mobile
Ubisoft Leamington	Ubisoft	DJ Hero, DJ Hero 2, Guitar Hero Live, Tom Clancy's The Division series
Monolith Productions	Warner Bros.	Middle-earth: Shadow of Mordor, Middle-earth: Shadow of War, F.E.A.R.
Player First Games	Warner Bros.	MultiVersus
WB Games San Diego	Warner Bros.	
Echtra Games	Zynga	Torchlight III

Source: Corporate reports and Bernstein analysis.

WE MODEL 0.7% INDUSTRY GROWTH IN 2026, BETTER IN 2027

For 2026 we've modelled 0.7% industry growth, to a large extent reflecting console declines (see Exhibit 15 and Exhibit 16). We've modelled 1% mobile revenue growth this year, compared with 0.6% growth in Sensor Tower net billings in Q1 2026. The decline in mobile App Store platform fees represents a meaningful positive for mobile game developers, but is neutral from the perspective of industry revenues, which we present on a gross basis. Our console projections are driven chiefly by our own modelling for Nintendo and Playstation, and a slight haircut to street consensus for Microsoft's gaming businesses. We've been consistently more bearish on Xbox's prospects than the street, and maintain this view for 2026… though some of Xbox's more recent moves like bringing back exclusivity do intrigue us. For PC, we've assumed 5% growth in 2026, which is admittedly somewhat hand-wavy. But the directional view that PC will grow faster than mobile and console should be uncontroversial.

Industry market share is consolidating, enabling faster growth across the listed cohort

Exhibit 17 shows the latest data in our bottom-up tracker of reported revenues across 25 global listed video gaming companies. For 2025, aggregate revenues across the group reached $174bn, c. 80% of our estimate of aggregate industry revenue. On a quarterly basis, the fastest growth came in the middle of the year, reflecting low 2024 comps, and the Switch 2 launch. For 2026, street consensus estimates point to expectations for 7.6% aggregate revenue growth. This strikes us as sensible for the

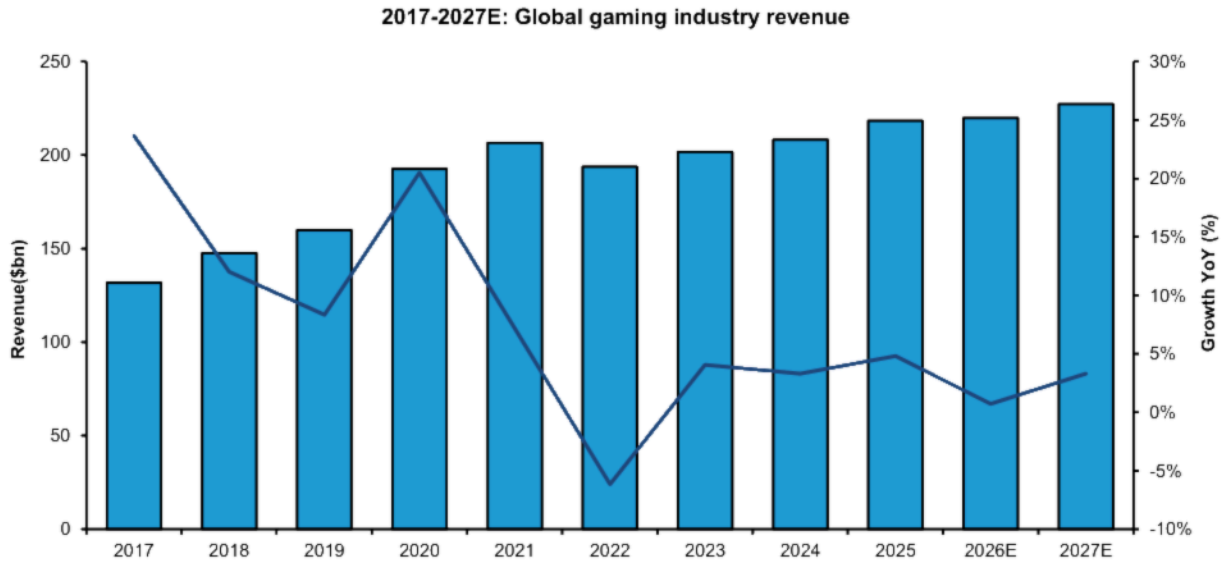
most part, though clearly what happens with the GTA VI launch (hopefully on time in November) will represent a large swing factor. Exhibit 18 compares reported and projected revenue growth across our group of companies against 2018 and 2019 baselines. We've found this useful perspective as a measure of long-term growth rates, either side of Covid-era engagement. On this basis, 2025 and 2026 growth has continued to track either side of mid-single-digit annualised growth… with an uptick towards the end of 2026 likely reflecting GTA VI modelling.

Could GTA VI be a clearing event for the rest of the industry?

For 2027 we model 3.3% industry growth. Lower comps aside, the expectation for faster growth next year reflects our view that console will look better with a larger Switch 2 installed base, but also that the industry will have a somewhat more "normal" year in terms of new release cadence, less likely to cause pockets of greater localised competition like in September this year. Exhibit 19 shows our count of the AAA game releases now lined up for September, reflecting the industry's desire to avoid competing with the GTA VI release. Sony explicitly calls out the likelihood of the risk that GTA VI engagement will crowd out other games into year-end. Look further ahead though, and we expect 2027 to be a more "normal" year. The rebalancing of investor capital away from Take-Two after the GTA VI launch feels likely too, and may come to represent a tailwind for our coverage.

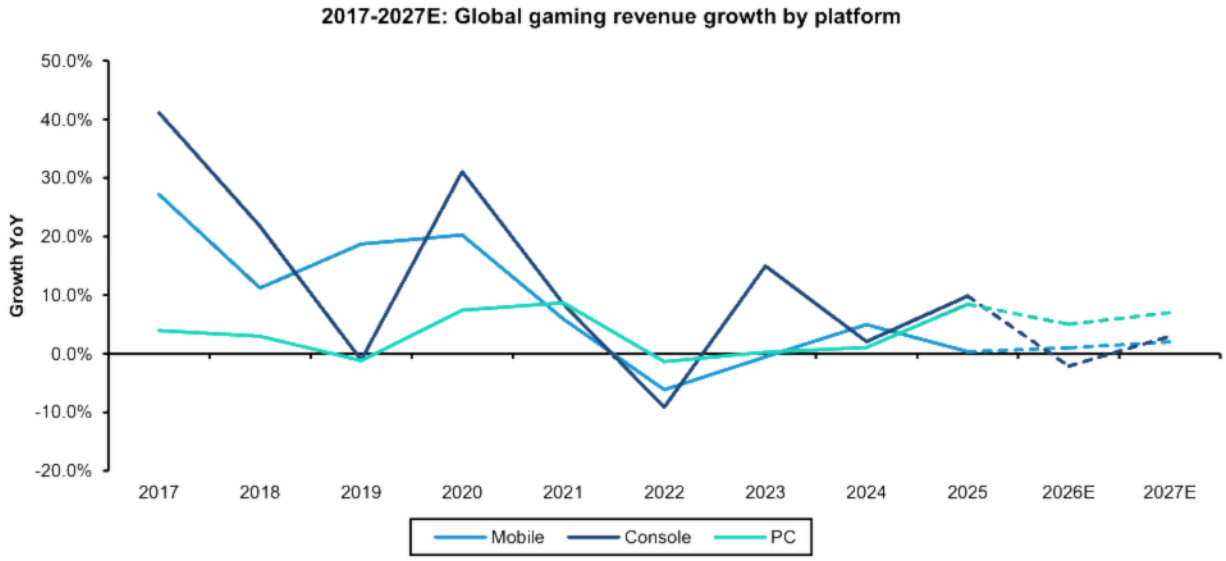
Exhibit 20 shows our updated tracking of new game releases across our Japan Video Gaming coverage.

EXHIBIT 15: **We model 0.7% aggregate industry revenue growth in 2026, slower year on year to reflect Playstation hardware declines, and a higher base for Nintendo**



Source: Corporate reports, Bloomberg, Bernstein estimates and analysis.

EXHIBIT 16: **We model faster PC growth continuing in 2026, low-single digit growth mobile growth, and lower console revenue growth than in 2025**



Source: Corporate reports, IDC, Sensor Tower, VGChartz, Bernstein estimates and analysis.

EXHIBIT 17: **Consensus forecasts point to slower growth in the next few quarters, followed by faster growth into year-end, partly reflecting the GTA VI launch**

Source: Bloomberg, corporate reports, Bernstein estimates and analysis.

EXHIBIT 18: **In hindsight, mid-2024 was the trough of the post-Covid down cycle for video gaming industry revenue**

Source: Bloomberg, corporate reports, Bernstein estimates and analysis.

EXHIBIT 19: **The industry's desire to avoid competing with the GTA VI launch has contributed to a logjam of new games due for release in September**

		Platform				
Game title	**Developer**	**PS5**	**Xbox**	**Switch**	**PC**	**Launch**
The Blood of Dawnwalker	**Rebel Wolves**	✓	✓		✓	**Sep 3, 2026**
Orbitals	Shapefarm			✓		Sep 3, 2026
Halloween: The Game	IllFonic	✓	✓		✓	Sep 8, 2026
Phantom Blade Zero	S-GAME	✓			✓	Sep 9, 2026
Takeover 2	Pelikan13				✓	Sep 10, 2026
Marvel's Wolverine	**Insomniac Games**	✓				**Sep 15, 2026**
RuneScape Dragonwilds	Jagex	✓	✓	✓	✓	Sep 15, 2026
BloomKeeper	Resonance Interactive				✓	Sep 16, 2026
Fire Emblem: Fortune's Weave	**Intelligent Systems**			✓		**Sep 17, 2026**
Another Eden Begins	Wright Flyer Studios			✓	✓	Sep 17, 2026
Trails in the Sky 2nd Chapter	Nihon Falcom	✓		✓	✓	Sep 17, 2026
Warhammer 40,000: Dawn of War IV	King Art Games				✓	Sep 17, 2026
Silent Hill: Townfall	**Screen Burn**	✓			✓	**Sep 24, 2026**
Control Resonant	Remedy Entertainment	✓	✓		✓	Sep 24, 2026
Derby Stallion 2	Game Addict			✓		Sep 24, 2026
Valor Mortis	One More Level	✓	✓		✓	Sep 24, 2026
Onimusha: Way of the Sword	**Capcom**	✓	✓		✓	**Sep 25, 2026**
Ace Combat 8: Wings of Theve	**Bandai Namco**	✓	✓		✓	**Sep 29, 2026**
Minecraft Dungeons II	Mojang Studios	✓	✓	✓	✓	Sep 29, 2026
Archon Soul	PolyGryph				✓	Sep 30, 2026
Rogue Reigns	Venn Studios	✓	✓	✓	✓	Sep, 2026

Source: Corporate reports, industry media, Bernstein estimates and analysis.

EXHIBIT 20: **We've updated our tracking of new releases across our coverage, to reflect the summer showcases just gone**

Game title	Developer	Platform					Launch
		PS5	Xbox	Switch	PC	Mobile	
NINTENDO							
Star Fox	Nintendo			✓			Jun 25, 2026
Rhythm Heaven Groove	Nintendo			✓			Jul 2, 2026
Splatoon Raiders	Nintendo			✓			Jul 23, 2026
Fire Emblem: Fortune's Weave	Intelligent Systems			✓			Sep 17, 2026
Nintendo Switch Sports: Resort	**Nintendo**			✓			**Oct 22, 2026**
Zelda: Ocarina of Time (remake)	**Nintendo**			✓			**2026**
Xenoblade Genesis	**Monolith Soft**			✓			**2027**
Pokemon Winds & Waves	**Game Freak**			✓			**2027**
CAPCOM							
Onimusha: Way of the Sword	**Capcom**	✓	✓		✓		**Sep 25, 2026**
Megaman: Dual Override	Capcom	✓	✓	✓	✓		2027
Resident Evil Veronica	**Capcom**	✓	✓	✓	✓		**2027**
Monster Hunter Wilds: Ascendance	**Capcom**	✓	✓		✓		**2027**
Monster Hunter Outlanders	Capcom					✓	TBD
Okami 2	Capcom						TBD
BANDAI NAMCO							
Bleach Mirrors High	Bandai Namco					✓	Summer 2026
Captain Tsubasa 2: World Fighters	Tamsoft Corporation	✓	✓		✓		Aug 27, 2026
The Blood of Dawnwalker	**Rebel Wolves**	✓	✓		✓		**Sep 3, 2026**
Ace Combat 8: Wings of Theve	**Bandai Namco**	✓	✓		✓		**Sep 29, 2026**
One Piece: Grand Gourmet	Bandai Namco			✓	✓	✓	Oct 23,2026
Gundam Rogue Orbit	**Bandai Namco**	✓	✓		✓		**2027**
Dragon Ball: Xenoverse 3	**Bandai Namco**	✓	✓		✓		**2027**
Fate/Extra Record	Typemoon	✓	✓	✓	✓		TBD
KONAMI							
eFootball Kick Off	Konami			✓			Jun 3, 2026
Power Pros 2026-2027	Konami	✓		✓			Jun 11, 2026
Goemon's Great Gathering	Konami	✓		✓	✓		Jul 2, 2026
The Price of Tennis Remasters	Konami			✓	✓		Jul 30, 2026
Metal Gear Solid: Master Collection Vol. 2	Konami	✓	✓	✓	✓		Aug 27, 2026
Silent Hill: Townfall	**Screen Burn**	✓			✓		**Sep 24, 2026**
Castlevania: Belmont's Curse	**Konami**	✓	✓	✓	✓		**2026**
SQUARE ENIX							
The Adventures of Elliot: The Millennium Tales	**Square Enix**	✓	✓	✓	✓		**Jun 19, 2026**
Final Fantasy Resonance	Square Enix	✓	✓	✓	✓		Oct 22, 2026
Final Fantasy VII Revelation	**Square Enix**	✓	✓	✓	✓		**Spring 2027**
Dragon Quest XII: Beyond Dreams	**Square Enix**	✓	✓	✓	✓		**TBD**
Kingdom Hearts 4	**Square Enix**	✓	✓	✓	✓		**TBD**
NEXON							
DNF: Idle RPG	**Nexon**					✓	**2026**
DNF Classic	**Nexon**				✓		**2027**
Nakwon: Last Paradise	Nexon	✓	✓		✓		2027
Woochi the Wayfarer	Nexon /Lore Vault	✓	✓		✓		2027
SONY FIRST PARTY							
Marvel's Wolverine	**Insomniac Games**	✓					**Sep 15, 2026**
God of War Laufey	**Santa Monica Studio**	✓					**TBD**

Source: Corporate reports, industry media, Bernstein estimates and analysis.

SOME THOUGHTS ON THE INDUSTRY'S "ATTENTION WAR" PROBLEM

We're periodically asked by investors about the engagement problem the video gaming industry is perceived to suffer from. On some level, our instinct has been to point to the likes of Tencent, Konami, and Capcom, and argue that the companies doing a good job are doing fine. Zooming out, we'd argue the idea that video gaming is losing attention share to short-f and other media formats has become a somewhat backward-looking perspective. Matt Ball's State of Video Gar (contradicting Ball's own messaging) showed aggregate US social media engagement time spent failing to grow 2024, while both Tiktok and Douyin (in China) have seen their growth slow to the single-digit percentages, comp very large denominators. Said differently, large parts of the world potentially now watch about as much short-fo

as is practical.

Elsewhere, Netflix is periodically accused of having its own engagement growth problem. The possibility that AI companionship becomes a lot more compelling and turns into a new competitive threat bears watching (experimenting with agentic AI setups has consumed a fair bit of our time of late…). But so far the evidence across the broader population has been mixed. In the meantime, high-frequency data on video gaming share of mobile time spent has looked mostly stable in China and globally… while both Sony and Nintendo have reported solid user engagement (the latter during a natural changeover period early in the Switch 2 cycle) - see Exhibit 21 to Exhibit 22.

Does Roblox growth now depend on hit success too?

One of the more interesting observations we've had recently has been the extent to which Roblox has gone from perceived secular winner to a significant laggard share-price-wise. Our monitoring of Roblox engagement suggests the malaise this year was mostly an inevitable normalisation after a massive spike last year driven by games like Grow a Garden (see Exhibit 25). Even the latest data points to Roblox engagement remaining somewhat higher than the pre-2025 trendline.

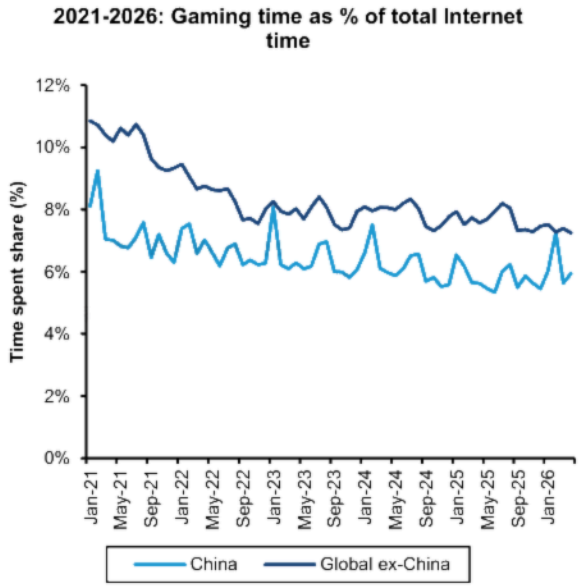
Strategically, our instinct is that Roblox's decision to segregate its user base by age (which diminishes the network effects on Roblox's platform) and pivot more in favour of more adult-oriented games (effectively betting the current cohort of Roblox devs can make the jump, or that a new crop of successful devs will appear) will take time to fully resolve. Our longer-term base case is the company will resume growth once this adjustment period is worked through… eventually. The Roblox ecosystem of gamers and devs remains a powerful asset, and we expect the company's investments in AI tools to mean the games look more sophisticated than Grow a Garden and Steal a Brainrot. But the implication of Roblox becoming just as exposed to hit launch cycles as industry peers is interesting to ponder both from the perspective of industry growth.

The industry's transmedia efforts have been interesting to follow

Our bias is that the engagement picture looks a lot better outside a cohort of US and European studios facing R&D cost and productivity headwinds, and where time wasted pandering to social justice agendas has detracted from the quality of creative output. See Resident Evil Requiem sales comfortably exceeded those of its main-line predecessors, and Crimson Desert joins a growing list of Asian studios which have achieved newfound AAA game success. Resident Evil Veronica being wishlisted at 1.5 times the speed of Requiem feels testament to the momentum Resident Evil enjoys at the moment.

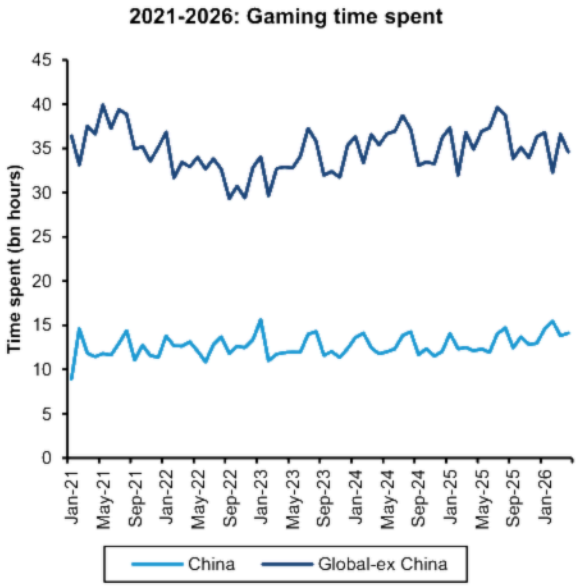
Taking a step back, the growing cohort of video gaming IPs pursuing transmedia growth has continued to intrigue us. The combination of very low critic scores, very high audience scores, and $1bn of billings for the second Mario movie success felt validating of our priors. Resident Evil has built up something of a track record on the big screen (for the most part somewhat independently of the games), and the next movie releases in September 2026. Other upcoming transmedia productions we're tracking include the next Street Fighter movie (October), the Zelda movie (2027), the Elden Ring movie (2028), and whatever Ghost of Tsushima turns into…

EXHIBIT 21: **We think engagement concerns in video gaming are partly backward looking...**



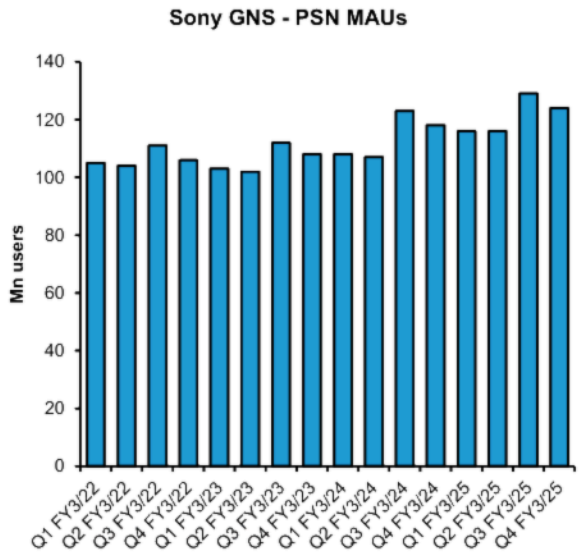
Source: QuestMobile, Sensor Tower, and Bernstein analysis.

EXHIBIT 22: **...with absolute engagement hours remaining stable in recent years**



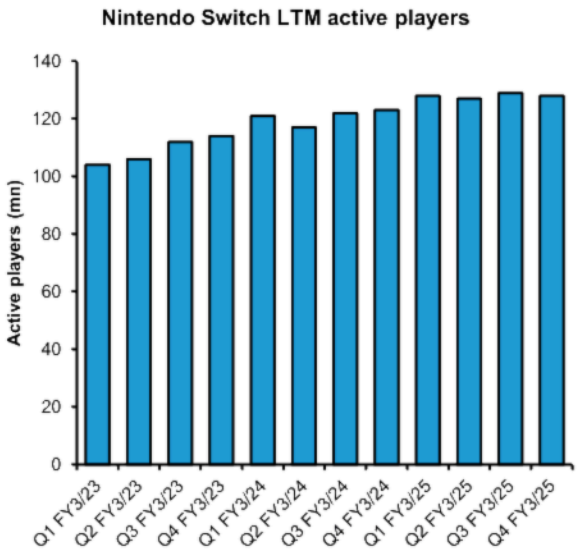
Source: QuestMobile, Sensor Tower, and Bernstein analysis.

EXHIBIT 23: **PSN engagement has remained resilient into the end of the current console cycle**



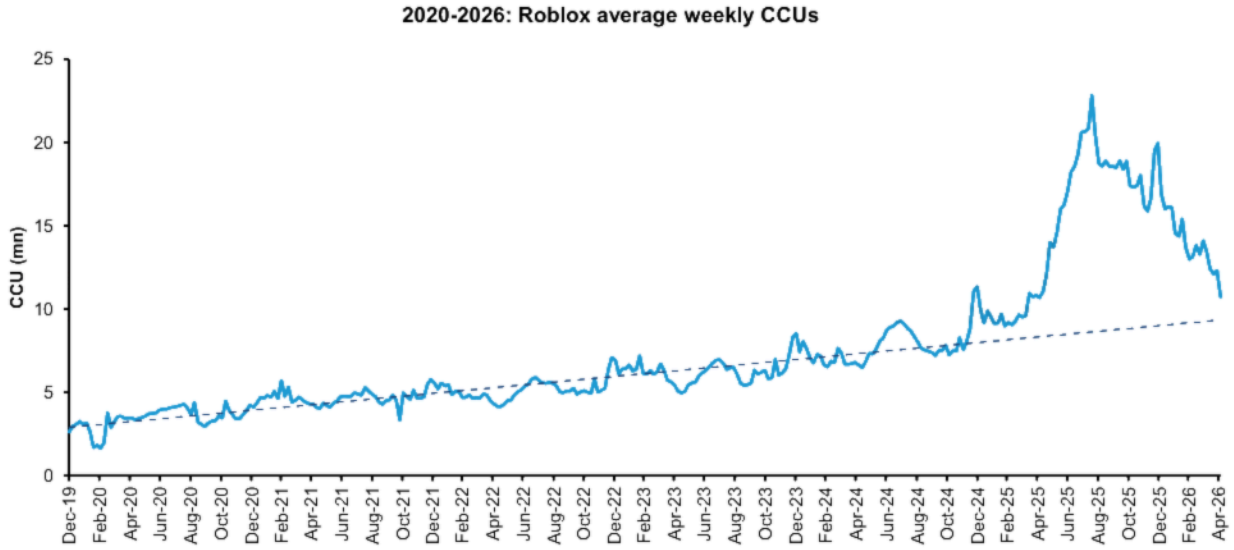
Source: Corporate reports and Bernstein analysis.

EXHIBIT 24: **...while the same has been true for Switch engagement into the end of the last console cycle**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 25: **The normalisation of Roblox engagement back near the pre-2025 trend-line has been interesting to observe, and puts claims around Roblox disrupting the industry into perspective**



Source: RoMonitor and Bernstein analysis.

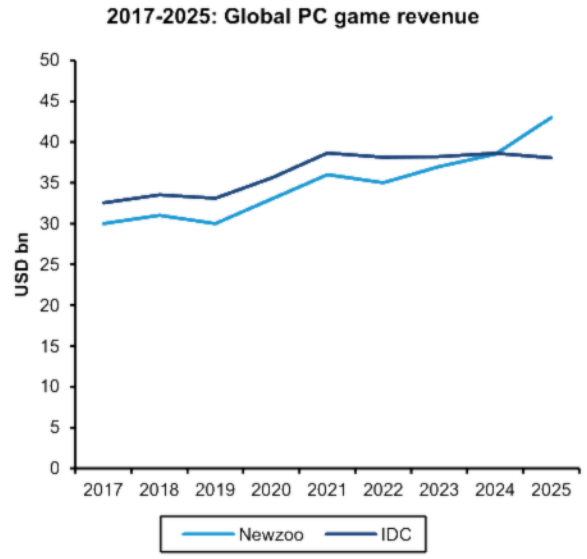
THE BULL CASE FOR PC GAMING GROWTH

Assembling accurate estimates for PC gaming industry revenue is tricky. For the purposes of building our model, we've referred to third-party estimates like Newzoo and IDC. For 2025, IDC estimated US$38.6bn and US$38.1bn of industry revenue in 2024 and 2025, while the latest Newzoo estimates pointed to US$38.5bn and US$43bn in the same years (see Exhibit 26). Our own modelling has been closer to the latter, reflecting both reported financials across the listed companies, our subjective observations of gaming engagement, and commentary from companies like Capcom. Within PC gaming, the Steam ecosystem continues to show stronger growth measured on the basis of peak concurrent users (see Exhibit 27).

Looking ahead, we do wonder if PC gaming growth may be entering a sustained period of stronger growth. Before 2025, the PC gaming market was typified by low-single digit overall revenue growth, while Steam as the dominant platform has grown in the double-digit percentages (and most of Roblox's engagement has come on PC). A few things stand out to us as potential drivers of stronger growth, including (1) market expansion, as "typical" household PCs in emerging markets become capable of *some* kinds of gaming; (2) as the supply of interesting PC games expands, with more video gaming developers pursuing multi-platform launches as standard; and (3) as AAA-grade mobile games increasingly become available on PC. According to Steam's monthly hardware survey, PCs with 8Gb of VRAM or more (equivalent to PS4) accounted for 67% of users on the platform at the end of 2025, while the proportions of users with 12Gb and 16Gb (the latter equivalent to PS5) or more accounted for 31% and 12% of users (see Exhibit 28). As these percentages continue to rise we'd expect more gamers to take advantage of more powerful hardware to engage with modern gaming experiences.

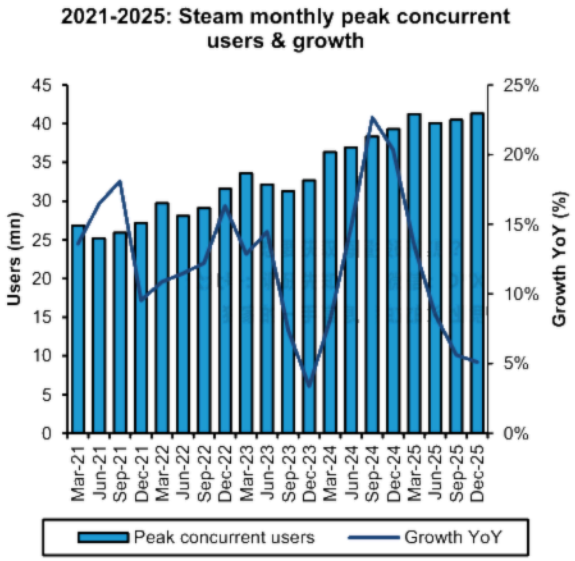
CNG data pointed to China's PC gaming market growing 15% year on year in 2025, after years of stagnation (see Exhibit 29). The increasing variety of mobile-PC multi-platform games also helps to cross-pollinate engagement between the two platforms, as gamers play on mobile on the go, but on PC at home. Top-down, we'd expect overall PC gaming growth to benefit as a cohort of gamers discover that gaming on larger screens with audio output from surround speakers makes for a more compelling experience than on smartphones… but also as game developers incentivise gamers to engage on the PC version of games - where in-game monetisation circumvents mobile platform fees. Looking across our coverage, Capcom was one of the first developers to embrace the PC market, and has driven considerable catalog sales growth in recent years (see Exhibit 30). Konami's eFootball has seen Steam concurrent users continue to grow steadily over time, and the company cites PC/console growth matching mobile levels (see Exhibit 31).

EXHIBIT 26: **Our views on PC growth last year align more with Newzoo's modelling of revenue acceleration**



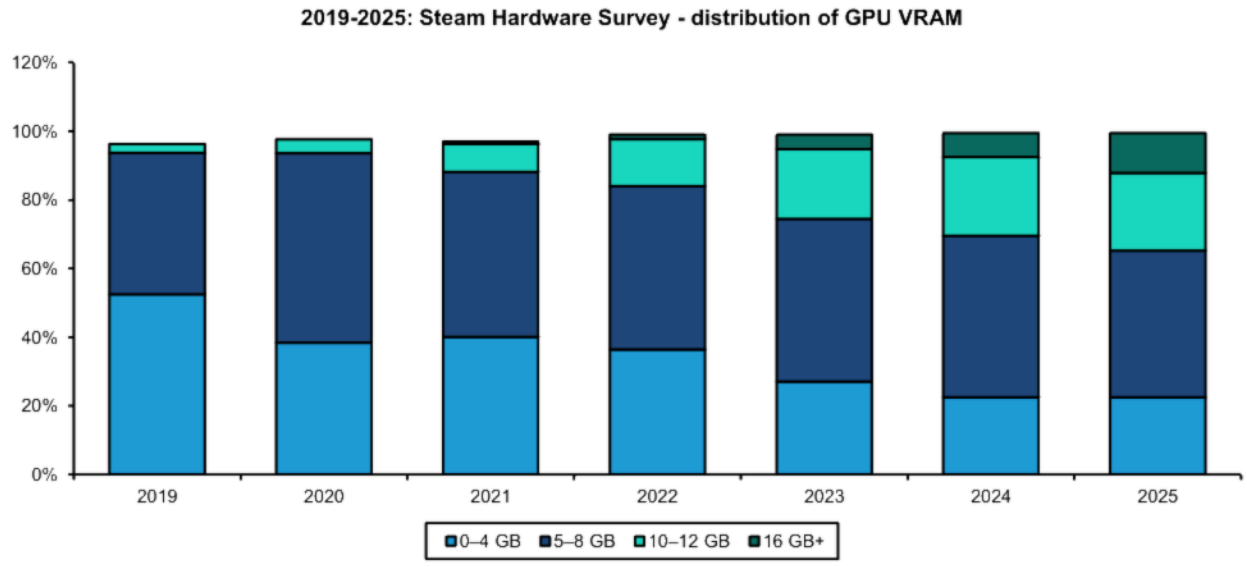
Source: IDC, Newzoo, and Bernstein analysis.

EXHIBIT 27: **Steam continues to grow faster than the aggregate PC market**



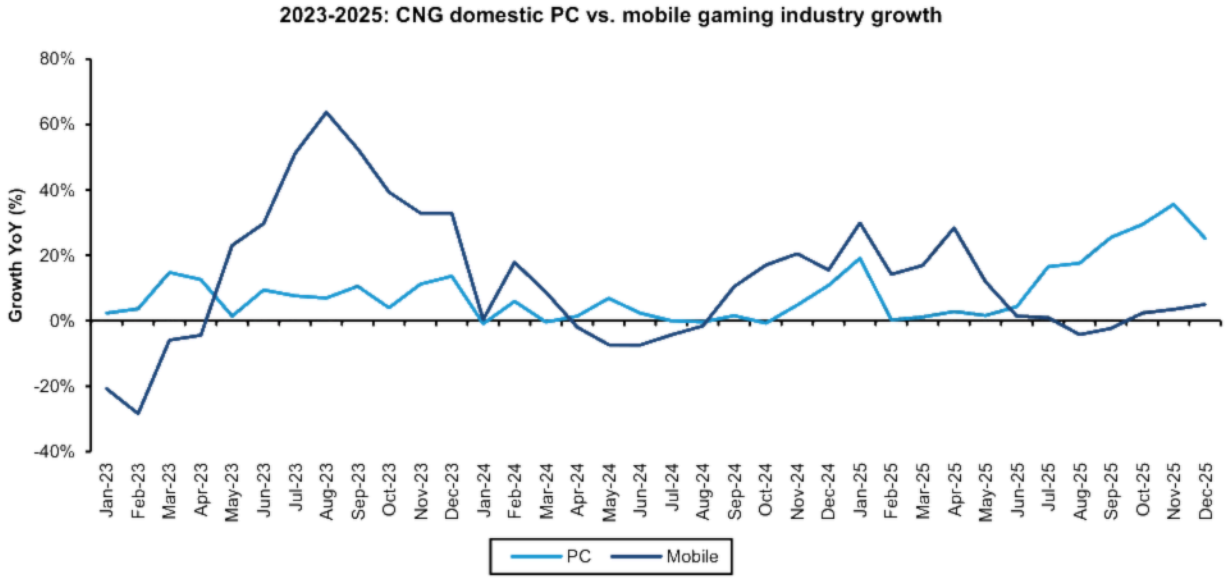
Source: SteamDB and Bernstein analysis.

EXHIBIT 28: **A majority of PCs on Steam can now play at PS4 era games... we expect ongoing upgrade cycle to mean more gamers can and will play more modern games**



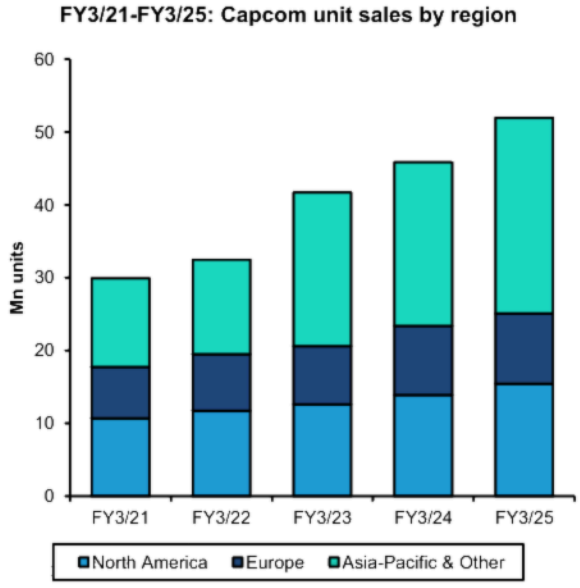
Source: Steam DB and Bernstein analysis.

EXHIBIT 29: **The PC market in China saw a significant acceleration in growth following the Black Myth Wukong success... we think other markets are due to follow in the coming years**



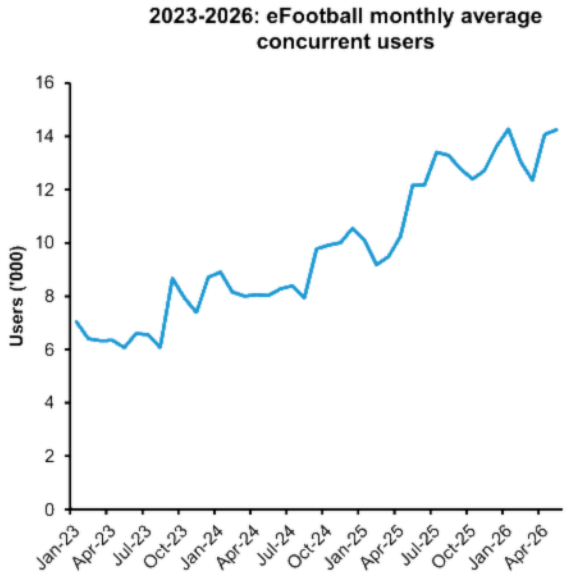
Source: CNG, Bernstein estimates and analysis.

EXHIBIT 30: **Capcom's success has partly been driven by expansion on PC, and in emerging markets**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 31: **eFootball has also seen Steam CCUs ramp considerably in recent years**



Source: Steam and Bernstein analysis.

WE USE SENSOR TOWER TO TRACK MOBILE GAMING BILLINGS

We use Sensor Tower data to monitor the state of mobile gaming growth at the industry level, as well as for high-frequency tracking of individual games that matter to our coverage companies. In 2025, Sensor Tower data pointed to US$104.6bn of global gross mobile billings, 0.3% higher versus US$104.2bn in 2024 (Sensor Tower's acquisition of Data.ai led to some data changes which have affected both years). In Q1 2026, aggregate industry gross billings grew 0.1% year on year to US$26.4bn (see Exhibit 32). Compared with Sensor Tower data only measuring iOS billings in China, we've assumed that iOS occupies c.

35-40% of total industry billings, based on comparisons with reported billings at Tencent and NetEase.

Looking ahead, we model low-to-mid single-digit mobile gaming revenue growth at the industry level, reflecting slowing growth in the installed base, but also some migration of engagement to PC via multi-platform titles. For individual companies though we expect higher smartphone specs to mean more sophisticated games have an opportunity to expand into emerging markets. In our coverage Konami has remained a notable example where market expansion has driven growth.

The tailwind from lower platform fees

Since the 2025 edition of our State of Play report, the movement towards lower platform fees has gathered steam globally, with Apple cutting EU and then China platform fees to 20% and 25%. Japan's Mobile Software Competition Act drove a reduction of iOS platform fees in Japan from 30% to 26%. Also in December, Google announced that Google Play platform fees would be reduced from 30% to 20% over an 18-month period, staggered across geographies (see Exhibit 33 and Exhibit 34).

At the time of writing, lawsuits focused on lowering mobile app store platform fees remain ongoing in several countries. As such we remain of the view that the direction of aggregate platform fees most likely remains lower in the medium term. In China, we'd expect lower Apple platform fees will strengthen the case for Tencent and NetEase (and various other smaller developers) when negotiating distribution deals with the country's long tail of Android app stores.

The way we represent mobile game revenues on a gross basis means aggregate industry revenue (app store fees inclusive) actually isn't impacted much by these changes. But of course these developments are a positive for video gaming companies as opposed to Apple or Google. Some of the companies we cover like Konami are going a step further and encouraging gamers to purchase in-game items directly via website links - we expect these efforts to continue.

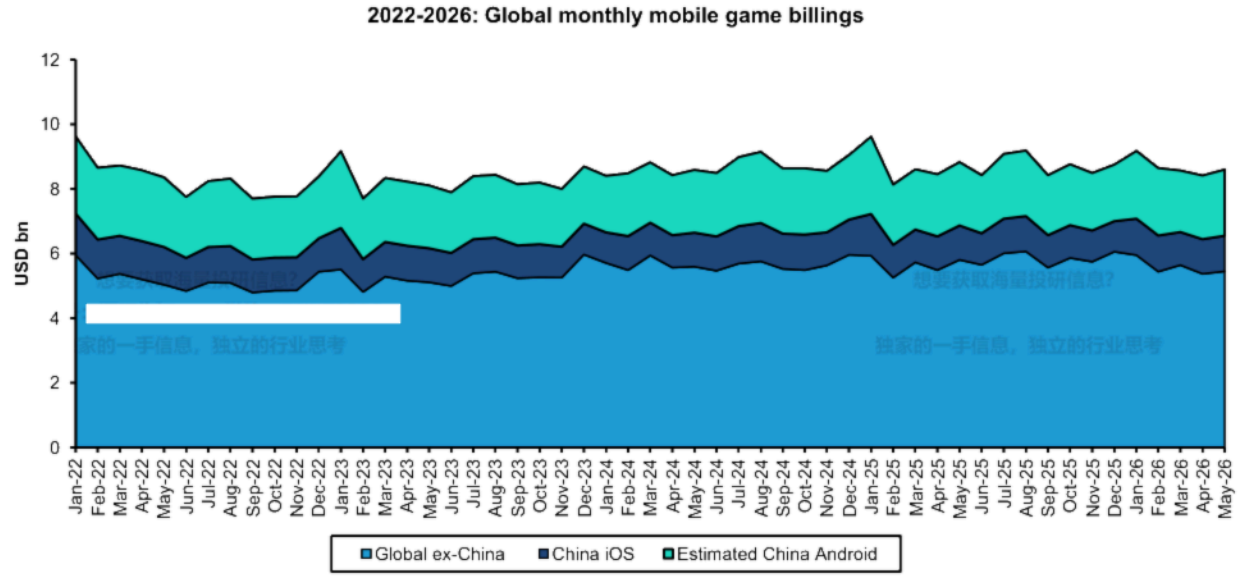
Game publishing is not the same as app store distribution

We're sometimes asked if ongoing developments in the mobile space might impact revenue sharing agreements in other parts of the video gaming industry, most notably on the console platform fee that Nintendo, Playstation, and Xbox earn from video game developers. Directionally, the example of GTA VI suggests this is plausible, even if the game is probably a category of one. But we'd argue there are also differences between console platform distribution arrangements and mobile app store platform fees.

To raise one example, Playstation signs a lot of second-party publishing agreements, which often incorporate console or outright exclusivity periods in exchange for co-marketing deals at launch, and sometimes an outright stake in the financial outcome of the game (e.g. Stellar Blade last year). We expect these deals to continue to feature prominently, and it's been interesting to see Nintendo get in on the console exclusivity game with The Duskbloods. In addition to marketing deals, we'd note that Playstation also does a fair amount to help developers (especially those making their debuts on console, like Shift Up a year ago) on game development and optimisation.

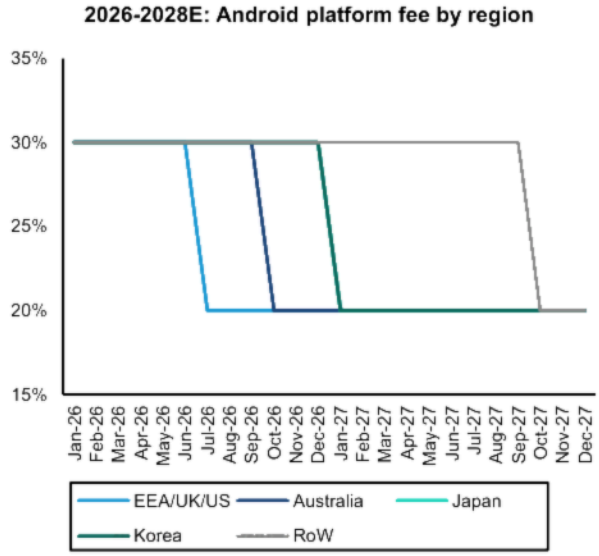
More broadly, we'd note that the role of a game publisher involves a lot more than simply distribution, and will routinely include, for example, up-front funding of the development, aspects of development like quality assurance and localisation, business development, in addition to the marketing and distribution of a game. Similar to the above, we'd expect existing norms around game publisher-developer relationships to remain mostly unaffected by what's going on with mobile platform fees… and chiefly driven by the relative bargaining power of developer and publisher.

EXHIBIT 32: **We've modelled 1% global mobile game billings growth in 2026**



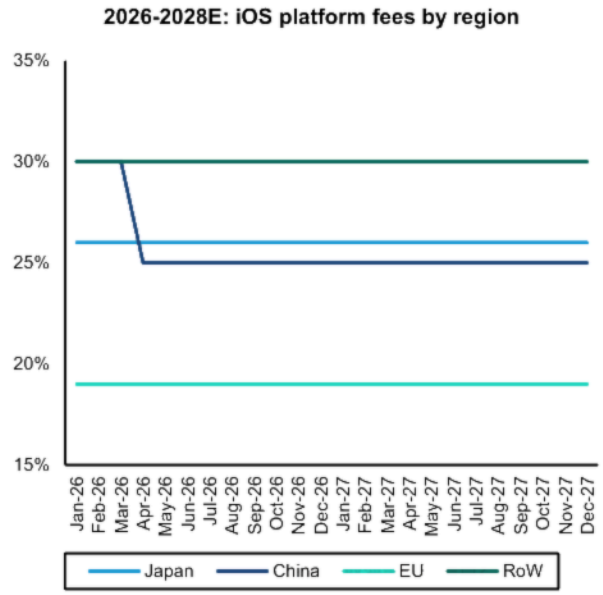
Source: Sensor Tower, Bernstein estimates and analysis.

EXHIBIT 33: **Google's announcement of lower platform fees will represent an earnings tailwind for mobile developers**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 34: **iOS platform fees were recently cut in Europe and China, which helps too**



Source: Corporate reports and Bernstein analysis.

WE MODEL CONSOLE BOTTOM-UP

Our estimates for the console market are built chiefly using our estimates for Nintendo and Sony's GNS segment, and estimates of Xbox trends with reference to consensus estimates (see Exhibit 35 and Exhibit 36). While Microsoft only discloses high-level financials for Xbox, the company does sometimes give our US software colleagues additional colour on Xbox trends. To arrive at the total size of the console industry, we've grossed up third-party software sales where appropriate by a c. 30% platform fee, to estimate total gross billings from these games. While Nintendo books all third-party game revenues on a net basis (i.e. only the platform fee as revenue), Sony only books physical third-party game sales on a net basis — while digital third-party games

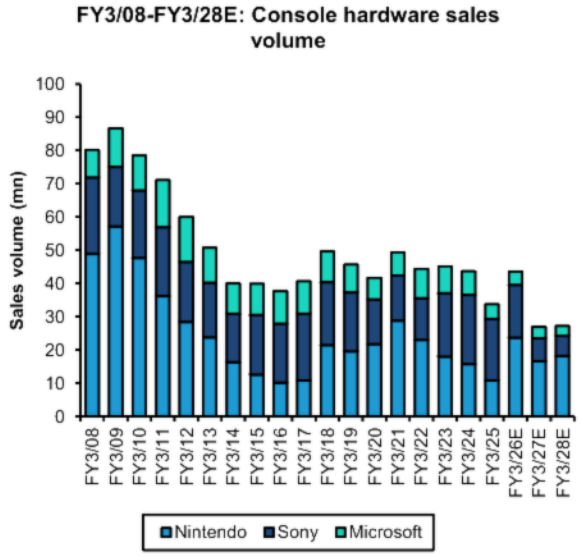
are booked on a gross basis.

On aggregate, we estimate that the console gaming industry reached US$72bn of total revenue in 2025, 9.8% higher compared with US$65bn in 2024. Exhibit 37 shows our estimate for console platform revenues broken down by hardware, video game software, and subscriptions. Exhibit 38 shows our estimate for billings, with third-party revenues grossed up.

The memory price risk to console hardware growth

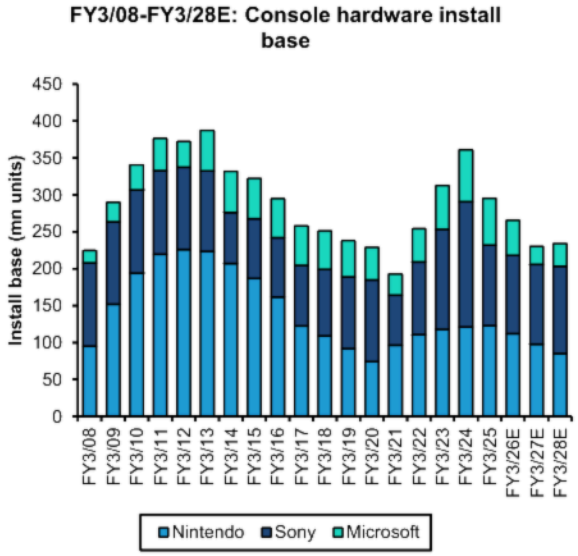
The risk that high memory prices pose to console and, to a lesser extent, PC gaming growth has become much discussed among investors, and we've cut both Nintendo and Sony estimates year to date. But the latest projections from our semis colleagues - as well as third-party sources like TrendForce - continue to point to price increases through the remainder of 2026 (see Exhibit 39 and Exhibit 40). On the margin, supply chain disruptions driven by war and broader geopolitical omnishambles (e.g. helium, energy) have the potential to make supply chain disruptions worse. Sony has already resolved to let PS5 hardware shipments fall by roughly half… before a PS6 debut which also sounds contingent on clarity on memory prices. Both Nintendo and Sony secured memory pricing deals for FY3/27E that were more favourable than we and the street had modelled. But another step up is likely for FY3/28E. The hope for Nintendo is that a stronger first-party game pipeline can make further price increases more palatable, should the need arise.

EXHIBIT 35: **Our console modelling is based to a large extent on our projections for Sony and Nintendo**



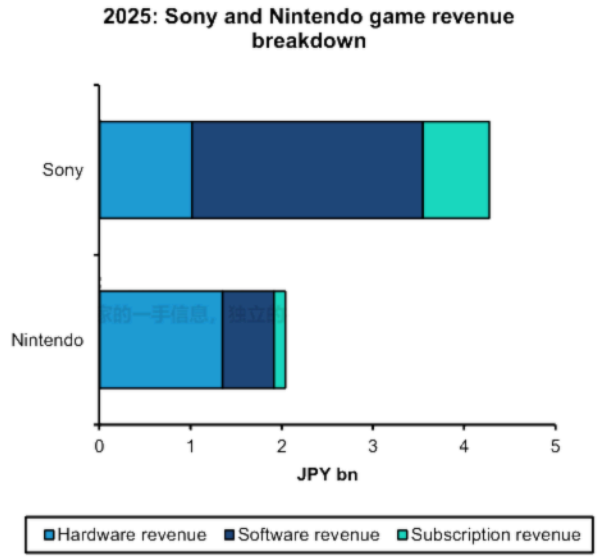
Source: Corporate reports, Bernstein estimates and analysis.

EXHIBIT 36: **This drives our estimate of the respective console installed bases**



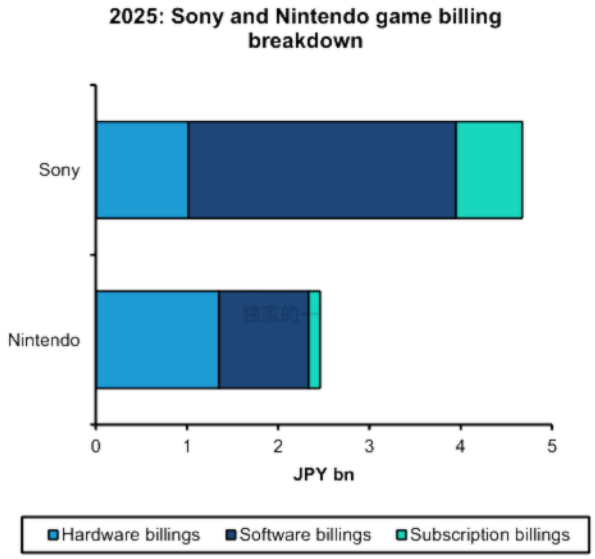
Source: Corporate reports, Bernstein estimates and analysis.

EXHIBIT 37: **Software sales revenue outweighs hardware sales for console platforms**



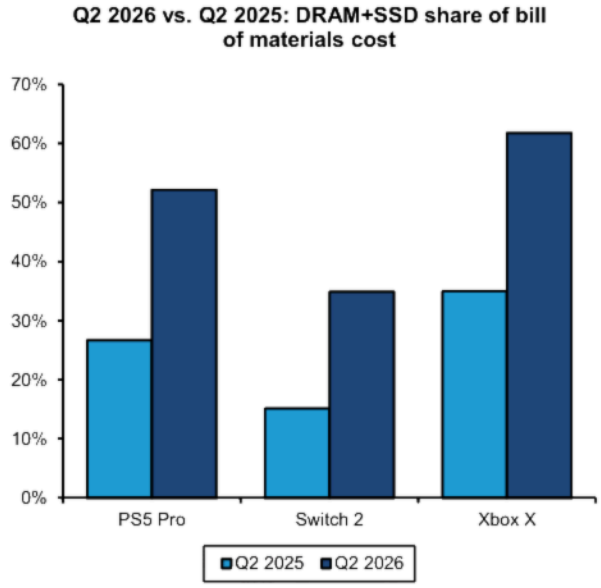
Source: Corporate reports and Bernstein analysis.

EXHIBIT 38: **We model both Sony and Nintendo on the basis of billings, grossing up third-party games**



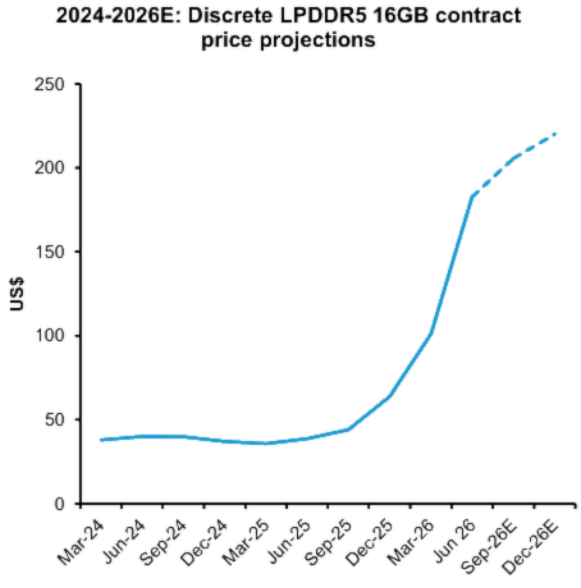
Source: Corporate reports and Bernstein analysis.

EXHIBIT 39: **High memory prices represent an obvious headwind for both in 2026 and onwards**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 40: **Current contract pricing implies further downside to hardware margins**



Source: Corporate reports, Bernstein estimates and analysis.

AI ADOPTION UPDATE: JAPAN NOW ON BOARD

Amid jittery markets already fearful of AI disruption, Google's Project Genie announcement at the end of January drove a wave of selling across global video gaming assets, including most of our coverage. Since then, our discussions with investors have pointed to some normalisation of sentiment, in part as (1) investors re-examined what the technology actually does—and more importantly, does not do; and (2) as geopolitical upheaval forced investors to prioritise nearer-term realities over what might happen in 2030. Take-Two CEO Strauss Zelnick notably called the notion that AI might make games like GTA VI "laughable", while Tencent management on their recent Q4 call made a strong case for human creativity as an essential ingredient during the

game development process. But at a high level our sense is the sector remains a funding source for AI winners.

In research earlier this year (LINK) we argued that generative AI models were probabilistic in nature, and were ill-suited for the creation of video games as highly structured and deterministic systems. A racing track that changes every time you turn a corner would fly in the face of how gamers learn to play such games. The run-backs to boss rooms are already debated among gamers… without AI changing the layout every time the player respawns. For investors who don't play, we'd point to the fact 20k new games were launched on Steam last year… of which only 130 or so games received more than 10k reviews (see Exhibit 41 to Exhibit 43). While AI can shortcut the development process to some degree, we doubt that the star power of tier-one IP can be replicated anytime. AI causing the number of new long-tail releases to rise from 20k to 200k to 2mn a year most likely only has a limited impact on the handful of industry leading franchises that actually matter for listed company earnings.

The possibility of alternate entertainment media is worth monitoring… but this isn't just a gaming issue

One area where we've been more open-minded in the context of exponential AI growth has been the possible emergence of new entertainment formats which are able to win some user engagement share. For example, we can imagine the new tech being used as a sort of interactive environment explorer, where users can look around 3D rendered environments - sort of like the Discovery Tour mode in Assassin's Creed Origins. But just as the AI chatbot experience is highly dependent on users' ability to steer a conversation (or give an OpenClaw agent work that's of comparable value to the tokens being consumed), we'd imagine such experiences are most compelling when anchored off worlds based on popular IP (e.g. Night City from Cyberpunk 2077, or Nintendo's Hyrule, the Caribbean islands in Assassin's Creed Black Flag, Raccoon City from Resident Evil Requiem…) rather than empty landscapes one can walk around in but do little else besides.

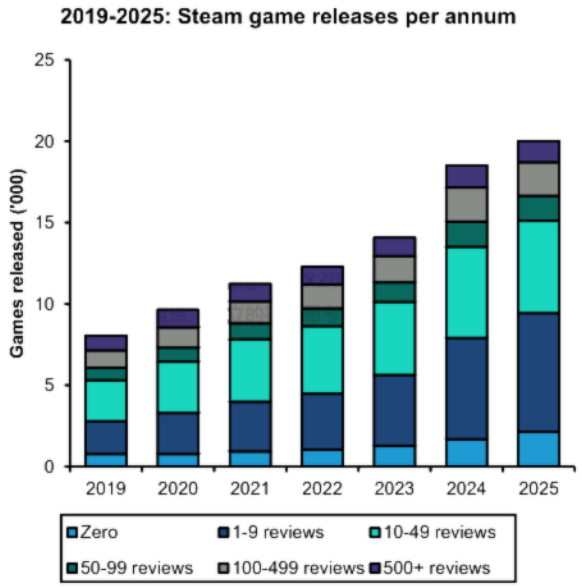
AI development in video gaming

One can debate whether small teams of start-ups or large multi-studio organisations are better at being agile and experimenting with new tech like generative AI, but the latter unquestionably have access to libraries of existing IP, far greater development resources, and meaningful distribution advantages which we expect will represent important advantages.

All things considered, instead of video gaming getting disrupted by AI, our best guess is video gaming developers adept at leveraging AI for content creation will gain share on the margin from those that fail or refuse to do so. The Western industry aversion to anything AI-related remains bewildering to us, though despite ground-level animosity it's clear AI use has become increasingly pervasive in video game development.

Exhibit 44 and Exhibit 45 summarise where we think AI adoption has already started to influence video gaming development - for the most part in a positive manner.

EXHIBIT 41: **AI has already led to a jump in the number of new games launching on Steam, but...**

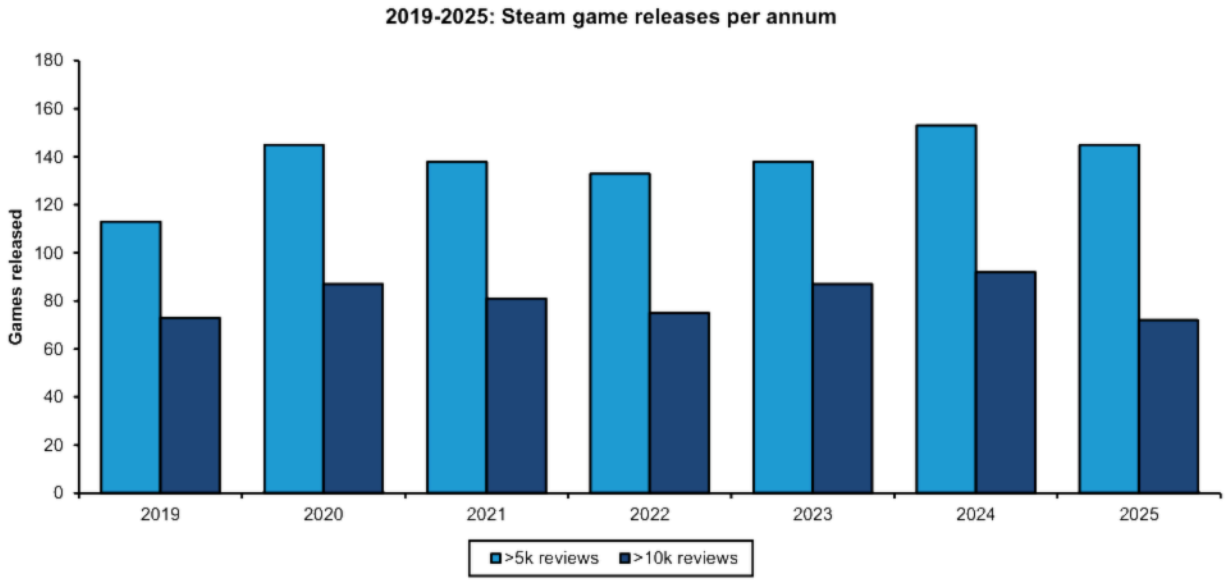


Source: SteamDB and Bernstein analysis.

EXHIBIT 42: **It's not clear to us that this increase has had much impact on the games that really matter**

Source: SteamDB and Bernstein analysis.

EXHIBIT 43: **AI doesn't solve for visibility, IP and name recognition do... the number of truly popular games launched each year has remained roughly constant over time**



Source: Corporate reports and Bernstein analysis.

EXHIBIT 44: **The video gaming industry has increasingly found ways to integrate AI into development workflows...**

Development stage	Work stream	Potential AI impact, state of the art
Concept	• Idea generation	• LLMs have shown an ability to help originate high-level concepts, settings, and branching narrative ideas, especially during early • Generative AI can be used to explore "what if" variants on existing IP (alternative timelines, side stories) that designers then curate
	• Storyboarding & prototyping	• Generative AI can assist art teams in exploring variations on defined style guides, then refining promising directions • Generative AI can help to review and debug code, or even generate new code for game prototypes
	• Art style development	• Generative AI can help to create concept art based on existing IP and art libraries, or create new renderings • Several AAA publishers indicate current use is "co-pilot" for ideation, not final asset generation, due to quality and fan backlash concerns
Production	• Vertical slice	• Faster creation of playable sections/prototypes, by reusing AI-assisted code snippets and auto-generated placeholder art and UI • Some studios report using internal code assistants to stand up prototype gameplay systems and tools pipelines weeks faster vs prior cycles
	• In-game asset production, e.g. 2D art, 3D models, textures,	• Generative AI tools are already embedded in major 3D modeling/DCC suites (e.g. texture upscaling, material variation, background fills) • Research and early tools focus on automating rigging and retargeting for 3D meshes and textures to skeletons; adoption is still limited at scale • Generative AI has shown promise in the generation of sounds and sound effects
	• Programming of in-game AI, physics and other gameplay	• Code assistants can suggest boilerplate or refactoring for gameplay and tools code, improving development productivity
	• Quality assurance and bug fixes	• Capcom and Google describe "visual inspection agents" and "predictive agents" that autonomously explore builds, identify bugs, and focus testing on high-risk areas, 30,000+ hours of autonomous playtesting per month
	• Game optimisation	• AI can assist with performance tuning by surfacing asset and code-level bottlenecks (e.g. heavy materials, inefficient scripts), and by summarizing profiling logs for engineers • Capcom's "data inefficiency agents" use Gemini to mine technical logs and optimize game performance
	• Integration of in-game assets with game environment	Generative tools can help organize assets, propose placements consistent with level design rules, and check for collisions or visibility

Source: Corporate reports and Bernstein analysis.

EXHIBIT 45: **...as well as post launch, for example in marketing, community management, data analytics, and the development of derivative content**

Development stage	Work stream	Potential AI impact, state of the art
Post-production	• Alpha/beta	• As games become feature complete, AI agents can pressure-test builds to uncover edge-case bugs and balance issues • Capcom's Gemini-based playtesting platform runs tens of thousands of automated play hours monthly pre-launch
	• Marketing & promotion	• Models trained on game IP and in-game assets can be used to accelerate creation and localization of marketing creatives (trailers, key Commentary from several publishers points to use of gen AI for copy, segmentation, and A/B creative testing
	• Localisation	• LLMs have demonstrated strong multilingual performance and can provide a "first pass" for localization, cut-scene scripts, and store
	• Certification and submission to platform owners, gold	• AI can help auto-generate compliance checklists, flag missing requirements in TRCs/TCRs, and summarize crash logs
Launch	• Further bug fixes and patches	• Continuous AI-driven telemetry analysis can flag new crash signatures and balancing issues in live builds, suggesting candidate fixes or test
	• Live ops and community engagement	• LLMs can support search within fan communities (forums, support sites) and generate responses to FAQs, reducing support burden
	• Creation of incremental content e.g. DLCs, in-game	• Generative AI can accelerate production of cosmetic content (e.g. early concepts for skins, weapons, in-game environments) • AI-driven analytics can segment player cohorts and surface content preferences, helping teams prioritize content pipelines

Source: Corporate reports and Bernstein analysis.