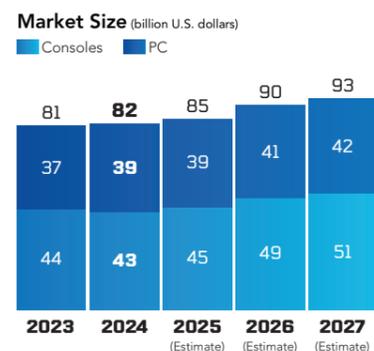


Market Analysis

Consumer Market (Console + PC)



Market Trends

The consumer (console + PC) market in 2024 increased year on year to 82.4 billion dollars (0.66% increase), remaining at the same level as 2023. While the console market is in a transitional period ahead of the release of new hardware, causing growth to slow overall, the PC market continues to grow and maintains stable demand. The PC platform accounts for 47% of the total market, making it a significant component.

In 2025, the overall consumer market is expected to grow to 85.8 billion dollars, driven by the launch of new hardware in the console market and a strong performance in the PC market. In the medium term, the spread of cloud gaming and subscription-based services, as well as an expansion of the user base in emerging regions, are expected to drive growth, leading to stable market expansion.

*Source: Newzoo Global Games Market Report, May 2025

Major opportunities

- Creation of highly competitive products using new technology
- More channels for product distribution with the appearance of new platforms
- Diversification of supply channels through technological innovation
- Expanded number of sales regions and greater adoption using digital technology
- Market expansion driven by economic growth in emerging and developing countries
- Achievement of extended product life cycles through digital sales
- Reduction of the used market due to penetration of digital sales

Major risks

- ◆ Rising development costs with the emergence of new technologies and improvements in hardware capabilities
- ◆ Development schedule delays
- ◆ Dependence on popular series and shortage of hit titles
- ◆ Declining IP value due to brand saturation in long-running series
- ◆ Platform adoption trends
- ◆ Changes in user purchasing behavior with the next generation of platforms
- ◆ Risks in overseas markets due to a country's politics, culture, or religion
- ◆ Rising societal concerns about in-game purchasing systems
- ◆ Information leakage risk
- ◆ Concerns about copyright infringement and damage to brand value due to the spread of AI

Game Industry Characteristics

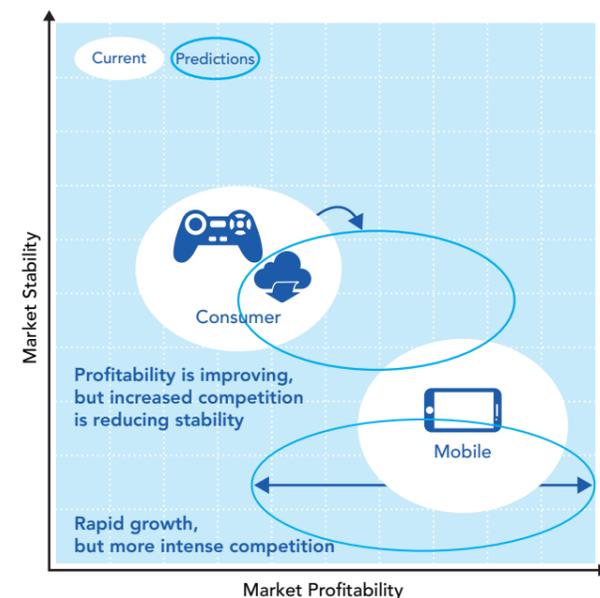
Consumer Market Characteristics (Console + PC)

Console and digital download contents are an 82.4-billion-dollar market, forecast to grow to 93.7 billion dollars by 2027. The customer base is primarily composed of core users who are loyal to game titles. They are seen as having relatively high willingness to purchase sequels and remakes along with low sensitivity to price and economic conditions. In recent years, with the spread of PCs as a game platform and the standardization of digital software sales over the Internet, market growth is expected in Asia and emerging regions. Hereafter, we expect the market to grow at a faster pace with the capture of the casual user segment, which has high sensitivity to price conditions, as well as new users. This will result from expansion of online gaming on consoles, primarily in North America, and diversification of console game distribution models. On the other hand, as barriers to entry fall, the stability of the industry as a whole may be shaken.

Mobile Market Characteristics

This is a 100.3-billion-dollar market, forecast to continue growing to 107.7 billion dollars by 2027. The customer base is primarily composed of casual users, many of whom play games in their spare time, thus they demonstrate the lowest loyalty toward game titles. In contrast to core users, they have a limited willingness to purchase games and have the highest sensitivity to price and economic conditions. Although this is the most profitable market, only a limited number of titles are able to generate stable earnings over the long term even if they become hits. This makes brand establishment a challenge. Furthermore, changes in the regulatory environment are contributing to market uncertainty. However, with advancements in communication technology and device performance driven by next-generation communication standards, we expect smartphones will continue to drive rapid growth as the most pervasive game device.

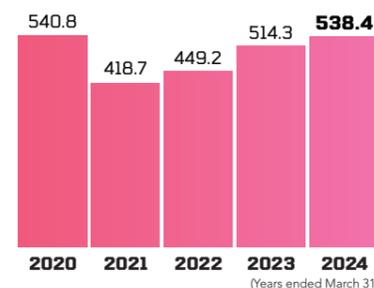
Characteristics of Each Market



Source: Created by Capcom based on data from the Newzoo Global Games Market Report, May 2025.

Arcade Operations Market

Market Size



* Source: JAMMA Survey on the Amusement Industry

Market Trends

The domestic arcade facilities market in the previous fiscal year (ended March 31, 2024) was valued at 538.4 billion yen (a 4.7% increase from the previous fiscal year). With COVID-19 being reclassified as a Class 5 infectious disease (the same category as seasonal flu) by the Japanese government, economic activity has returned to normal, showing signs of recovery to pre-pandemic levels. In the fiscal year under review (ended March 31, 2025), the use of prize games has increased amid increased inbound tourism and the popularity of oshikatsu prizes, which allow players to support their favorite entertainers and characters with merchandise. Looking ahead to the next fiscal year (ending March 31, 2026), we expect demand in the market to remain high if crane games continue to grow and inbound tourism remains strong.

Major opportunities

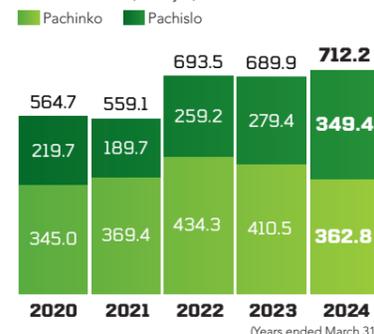
- Acquisition of new customers through multifaceted roll-out of stores including themed venues, merchandise specialty stores, VR experiences, etc.
- Increased awareness with new business formats and new technologies

Major risk

- ◆ Popularity of machines
- ◆ Changes to the market environment due to the diversification of leisure activities and declining birthrate

Gaming Machines Markets

Market Size



* Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2024); Yano Research Institute Ltd.

Market Trends

In the previous fiscal year (ended March 31, 2024), gaming machines markets experienced a turnaround, growing year on year to 712.2 billion yen. The pachinko machine market fell below the previous year's level for the second consecutive year, and while the situation remains severe due to increased demand for pachislo machines, improvements in ball output performance and gameplay brought about by smart pachinko are expected to be the starting point for market expansion.

The pachislo market is recovering rapidly with the introduction of Smart Pachislo (Smart Slot) in fiscal 2022. Supported by the arrival of the 6.5 version pachislo machines, there has been an exodus of customers from pachinko to pachislo. Operators are stepping up investment in pachislo, with the trend toward increased machine numbers becoming evident in fiscal 2023. Investment focused on Smart Slot machines is expected to continue, but Smart Pachinko may also become popular depending on new models, and the spread of smart gaming machines could accelerate this market trend.

Major opportunities

- Expanded sales volume by responding to regulations appropriately
- Development of machines using popular IPs created for home video games

Major risk

- ◆ Non-compliance with model testing of pachislo machines