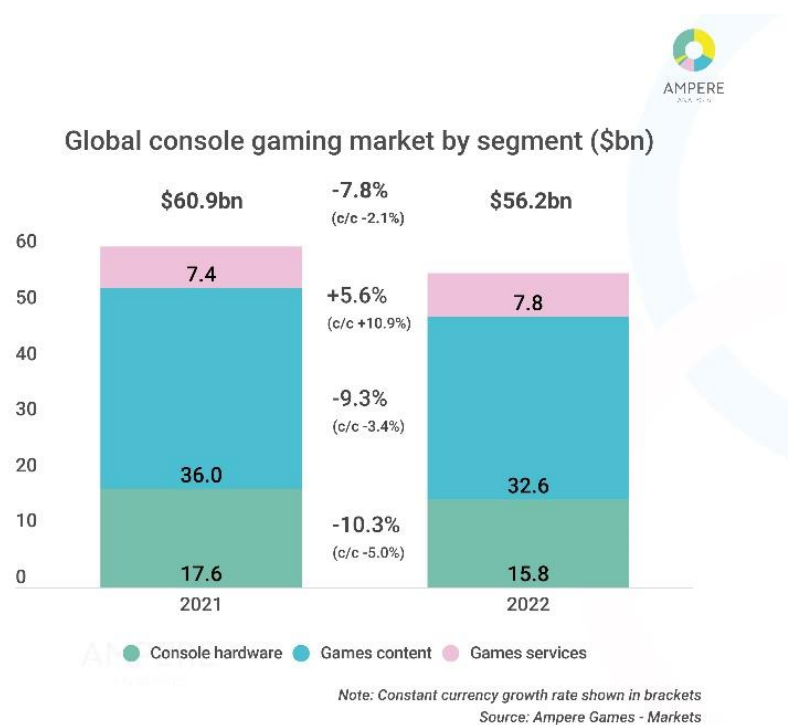


Console market hampered by lack of hardware availability

Supply chain challenges particularly impact sales of PlayStation 5 and Xbox Series X

PlayStation 5 reaches 30m installed base; Xbox Series 18.5 million

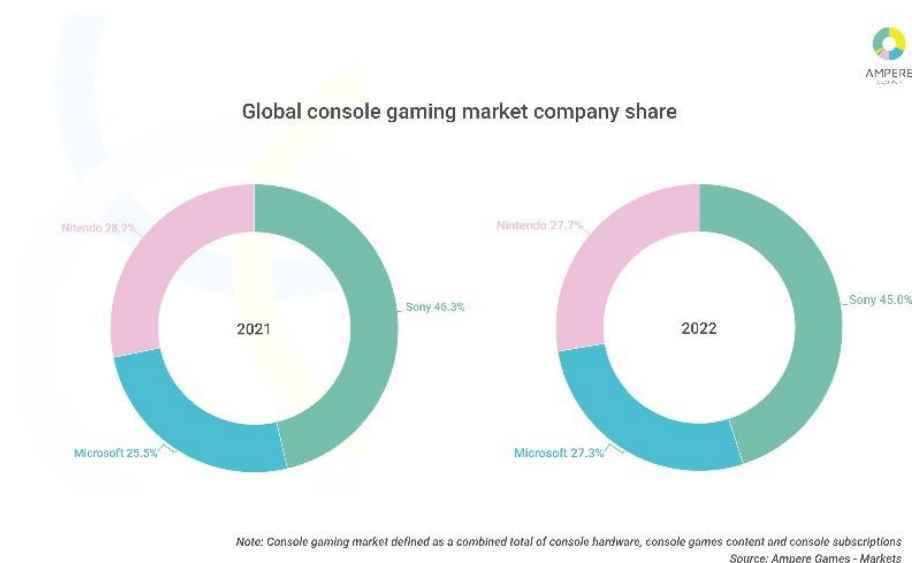
London, 28th February 2023: Ampere Analysis data reveals that the 2022 global console gaming market declined by 7.8%* (constant currency -2.1%) to \$56.2bn, down from \$60.9bn in 2021. The potential for better performance in 2022 was undermined by the lack of availability of PlayStation 5 and Xbox Series X console hardware and some major games releases being delayed into 2023 and later. However, market performance remains 18% ahead of pre-pandemic levels in 2019.



Piers Harding-Rolls, Research Director at Ampere Analysis says: “The potential for a record year for console gaming was partially undone by supply chain challenges for PlayStation 5 and Xbox Series X hardware. While there were some great games in 2022 that sold very well, there were also delays to major games that impacted the chance for premium games sales. A mix of a post-pandemic shift in consumer attention and the cost-of-living squeeze contributed to in-game spending softening from its high in 2021 as mainstream users dialed down their outlay. Considering this backdrop, a 2.1% decline in constant currency (removing the impact of the increased strength of the US dollar), can be considered a generally positive - if mixed - result.”

Sony sheds market share to Microsoft

Sony continues to lead the global console market with a 45% share of total console hardware, games and services spending across PlayStation consoles. This is a 1.3% fall from 2021, which Microsoft claimed. Nintendo shed 0.5% share, while Microsoft's share grew from 25.5% to 27.3% as spending on Xbox console hardware and console-based Game Pass services grew. Sony retains a commanding position in the console market due to sales of its relatively expensive PlayStation 5 hardware, the ongoing scale of its service business and much greater in-game monetisation across games available on PlayStation consoles versus Nintendo's.



Microsoft and Nintendo had a very similar global market share of spending on console gaming in 2022. With Nintendo's Switch now in decline, Microsoft can match Nintendo's share primarily due to the strength of its console services business, which generated almost four times the spending compared to Nintendo's Switch Online services.

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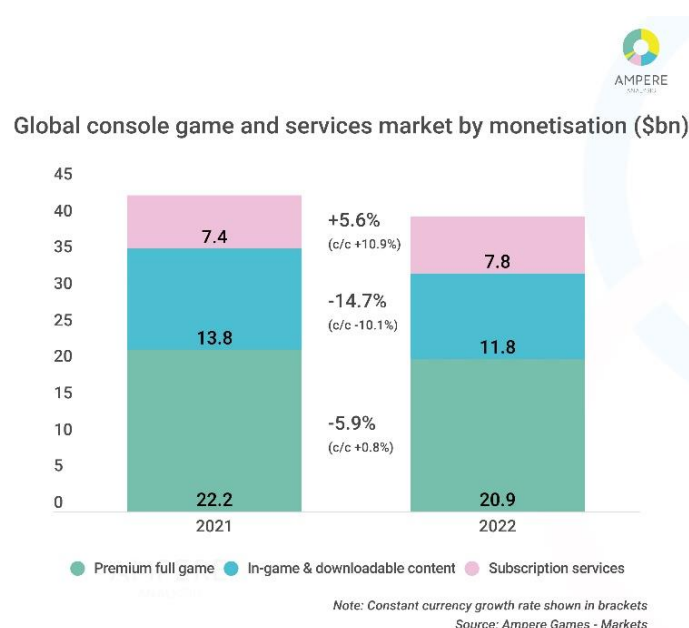
Sales of PlayStation 5 and Xbox Series X were held back in 2022 due to a lack of availability. Microsoft's dual product strategy for its Xbox Series devices, which include the lower specification and more readily available Series S, means that it was able to maximise some of Sony's supply chain challenges and marginally increase its share of unit sales over the year. However, the level of demand for Series S during the holiday season, even with pricing promotions, suggests that it does not have the high-end pull of its bigger brother.

The sales gap between PlayStation and Xbox unit sales will widen in H1 2023

Availability of PlayStation 5 improved towards the end of the year, especially in the US, and global stock has been much more regularly available in 2023. Ampere expects the gap between PlayStation and Xbox unit sales to widen in the first half of 2023, with Xbox Series X only becoming more consistently available in the second half of the year. Nintendo's Switch ended 2022 with an installed base of 119.5m, surpassing PlayStation 4's installed base during the year. Ampere currently expects the next generation of Nintendo consoles to launch towards the end of 2024.

Services are the bright spot as spending on premium content falls by 9%

Spending on console subscription services was the one area of growth in 2022, increasing 5.6% (10.9% in constant currency) to reach \$7.8bn. Global subscription volume was down YOY but the multi-tiered service strategy of Microsoft, Sony and Nintendo meant that average spending per subscription grew 7% across the year (in \$ terms) as consumers traded up to more expensive tiers. Microsoft extended its market share lead in the console subscription segment and delivered an all-time high for Xbox Game Pass subscribers in the final three months of the year.



The weakest area of monetisation was in-game and downloadable content, which fell almost 15% (10% in constant currency) as the market re-acclimatised to more normal post-pandemic consumer behaviour and the macroeconomic backdrop began to bite. Premium game sales also declined in volume and value. While games sales volume was down 7% year-on-year, some of this drop was mitigated by higher average sales prices.

Ends

Note to Editors

The console market is defined as consumer spending on console hardware, games content and services. Subscription service monetisation includes 100% contribution from Xbox Game Pass Ultimate and PlayStation Plus Premium.

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About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks. www.ampereanalysis.com