

Nintendo vs. Sony — Console Wars 2025

- Switch 2 dominates 2025, lifting Nintendo's sales and profits sharply.
- Sony's PS5 faces slow demand, price rises, and margin pressure.
- Nintendo stands out as the structural winner of this cycle.

Switch 2 Flips Momentum

July U.S. videogame sales rose 5% YoY, but the standout was hardware: Switch 2 became the best-selling console YTD, topping 2M units and running ~75% ahead of the original Switch's early pace. Rivals slumped — PS5 sales -47% YoY, Xbox -69%, old Switch -52% — underscoring a decisive share shift. July's \$384M in hardware spend was the strongest since 2008, showing Switch 2 has reignited demand. Nintendo's Q1 FY2026 (Apr–Jun 2025) echoed this, with net sales ¥654B (+47% YoY) and operating profit ¥186B (+82% YoY), powered by Switch 2 hardware and first-party hits.

Share Shift in Numbers

Nintendo sold 5.82M Switch 2 units in its first quarter post-launch, boosting its base to ~129M active users. Sony shipped 2.5M PS5s (LTD ~80.3M). While Sony's Games & Network Services revenue grew to ¥936.5B (+7% YoY), operating profit fell 7% to ¥148B as hardware slowed and margins tightened. The divergence is clear: Nintendo is early-cycle with rising profitability; Sony is mid-cycle, leaning on services.

Elasticity & Policy Risks

Nintendo's Sept 12 Direct should unveil the Switch 2 holiday slate, with new titles to sustain momentum. Sony's G&NS remains profitable but must deliver blockbuster exclusives and promotions to offset higher prices and fading hardware growth. Nintendo only needs a solid slate to extend its lead; Sony requires exceptional execution. The setup is asymmetric: Nintendo needs "good" software, Sony needs "great."

Catalysts into Holiday

Looking ahead, Nintendo's Sept 12 Direct is expected to lay out the Switch 2 holiday software slate, including new first-party titles that should strengthen attach rates and keep momentum high into Q4. For Sony, the Games & Network Services division remains its largest revenue driver (¥936.5B sales, ¥148B OP in Q1), but the execution bar has risen sharply with the U.S. price hike. To defend share, Sony will need both high-profile exclusive and aggressive promotions throughout the holiday season. The dynamic is clear: Nintendo only needs a "good enough" slate to dominate year-end sales, while Sony requires a "great" slate and marketing push to offset pricing headwinds.

Recommendation — prefer Nintendo over Sony for 2025–26

We recommend BUY on Nintendo with a TP of THB 32.3 (¥14,646, based on JPY/THB at 0.22), reflecting early-cycle growth, operating leverage, and market share gains. At ~20x forward P/E, valuation is reasonable given structural upside. Sony, at ~18x forward P/E, offers stability but limited growth as margins compress. In our view, Nintendo is the structural winner of this cycle; Sony is a tactical hold, reliant on promotions and services.

Analyst

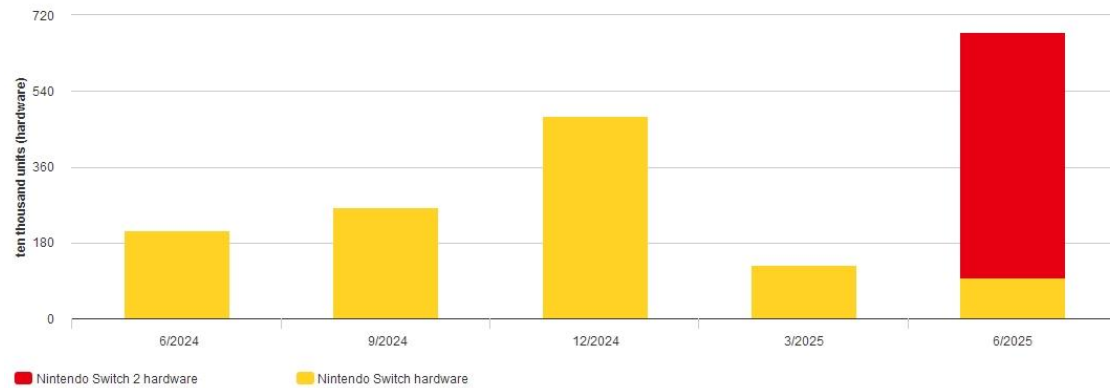
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Exhibit 1: Nintendo Hardware Unit Sales Transition (Switch vs. Switch 2)

Consolidated Hardware Unit Sales Transition



		6/2024	9/2024	12/2024	3/2025	6/2025
Nintendo Switch 2 hardware	ten thousand units (hardware)	-	-	-	-	582
Nintendo Switch hardware	ten thousand units (hardware)	210	263	482	126	98

Notes

1. The figures above are rounded to the nearest ten thousands.
2. Hardware includes Nintendo Switch hardware and Nintendo Switch 2 hardware.
3. Nintendo Switch hardware includes Nintendo Switch, Nintendo Switch - OLED Model and Nintendo Switch Lite.

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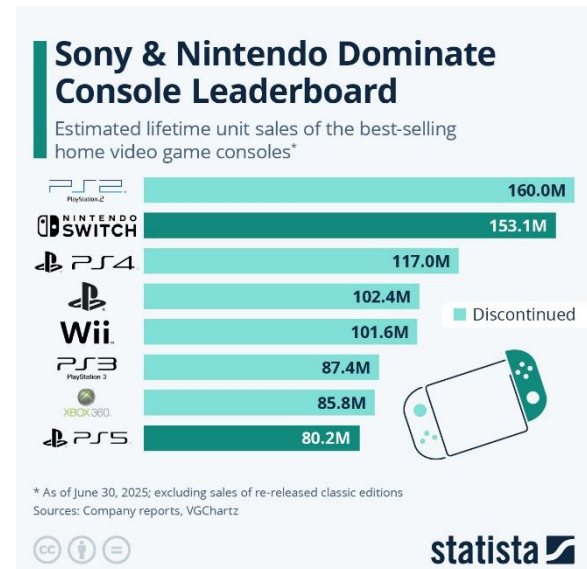
Sources: nintendo.co.jp

Exhibit 2: Global Gaming Market Revenue Forecast by Country (2025 vs. 2030)



Sources: statista

Exhibit 3: Lifetime Console Sales — Sony & Nintendo Leaderboard (as of June 2025)



Sources: statista

GENERAL DISCLAIMER

Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.