LikeFolio

Trend Watch

Gaming's Blockbuster Season

Gaming has been in a glut, but one new release may inject life into the segment. Here are five names to watch.

September 2026

Trend Watch:

Gaming's Blockbuster Season

Grand Theft Auto VI arrives November 19. Its predecessor, Grand Theft Auto V, sold more than 230 million copies and keeps earning money from players thirteen years later.

Research firm Newzoo expects console spending on full games to grow 17.5% this year if Grand Theft Auto VI ships on time, and to fall if that date moves. Beyond that release, 2026 has been soft: Americans spent $4.5 billion on games in July, 10% less than a year earlier, with hardware down 29%.

Two facts show how uneven this stretch has been. Phones now take $121.1 billion of $213.9 billion spent on games worldwide, more than consoles and computers combined. Electronic Arts, one of gaming's biggest publishers, left public markets entirely in a $55 billion buyout.

This report features five gaming stocks to watch, several of which look like potential opportunities: their stocks sit well off highs while consumer demand holds up.

Enjoy!

Sources: Newzoo 2026 preview; Circana U.S. spending, July 2026; company results

JULY 1

PlayStation set an end date for discs

New PlayStation games go digital only from January 2028.

JULY

Americans spent 10% less on games

U.S. spending fell to $4.5 billion in July, with hardware down 29%.

JULY 30

Roblox guided its next quarter down

Roblox set player spending 14% to 18% below last year.

AUG 4

Electronic Arts left public markets

A $55 billion buyout closed, a record size.

AUG 5

AppLovin missed its own guidance

Revenue grew 53% and came in below its own range.

AUG 7

Take-Two held its full-year outlook

About 20% growth, with Grand Theft Auto VI as its reason.

NOV 19

Grand Theft Auto VI arrives

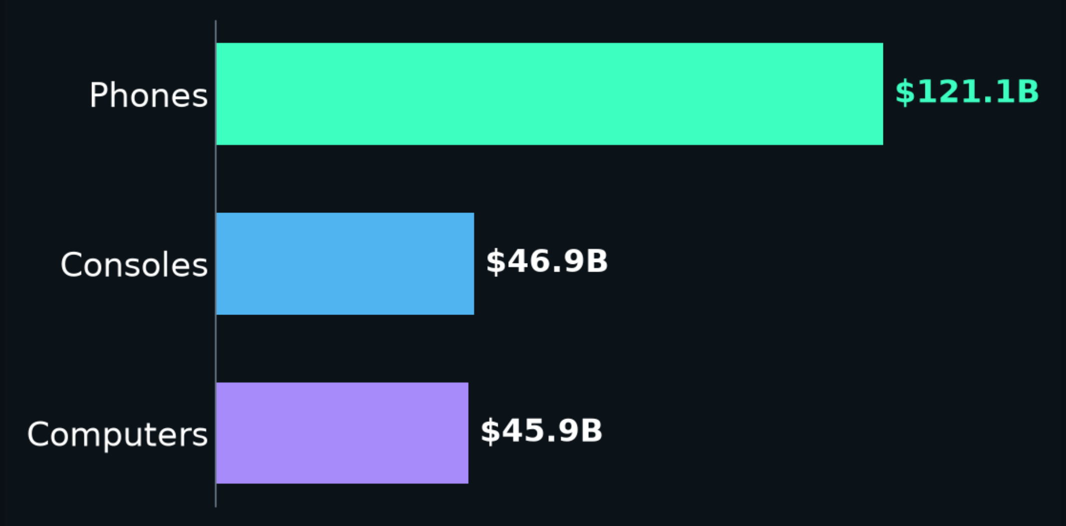
Newzoo expects console full-game spending up 17.5% if Grand Theft Auto VI ships on time.

Gaming's Blockbuster Season

01	**TTWO** Publisher	Take-Two owns Rockstar Games, maker of Grand Theft Auto, plus 2K sports labels and mobile games maker Zynga. Take-Two guides to about 20% growth this year and names its November 19 release as its reason. Management says it has never seen preorders at this level.
02	**SONY** Console	Sony makes PlayStation 5, one of two machines Grand Theft Auto VI runs on, and sells games and subscriptions to people who own one. Gaming profit rose 37% last quarter on U.S. tariff refunds, while console sales fell 36%. Sony will stop pressing discs for new games in January 2028.
03	**RBLX** Where Young Players Are	Roblox is a platform where users build games and other users play them, drawing 123 million people a day. Players are growing faster than money they spend. Roblox guided this quarter down 14% to 18%.
04	**U** Software Games Are Built With	Unity sells software developers use to build games, and an advertising system that helps them find players. About three billion people a month play something made with it. Advertising revenue grew 63% last quarter, though Unity lost money under standard accounting.
05	**APP** Ads That Pay for Free Games	AppLovin runs an auction that decides which advertisement a player sees inside a free mobile game, and takes a share. Gaming is most of its revenue. AppLovin grew 53% last quarter and missed its own guidance. Its shares have lost about half their value this year.

Phones Take More Than Consoles and Computers Together

Players worldwide are expected to spend $213.9 billion on games this year, more than half of it on a phone. Consoles draw a smaller audience than phones or computers, and their spending forecast this year rests on one release: Grand Theft Auto VI.



$213.9B
Spending on games worldwide this year, up 6.1%

3.7 billion
People who play games, up 4.4%

-10%
What Americans spent on games in July, against a year earlier

- Newzoo expects console spending on full games to rise 17.5% if Grand Theft Auto VI ships on November 19, and to close 2026 lower if that date moves. Its count covers spending on games and services only.
- Americans spent less: research firm Circana put July spending at $4.5 billion, 10% below a year earlier, with hardware down 29% and average new-hardware prices up 16% to $542.

Sources: Newzoo Global Games Market Report 2026 preview, August 25 2026; Circana U.S. spending, July 2026, published August 21 2026

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Trend Watch

TTWO

Take-Two

Publisher

- Player spending of $1.39 billion beat guidance
- Full-year outlook of about 20% growth held
- Grand Theft Auto VI dated November 19

Key Points

TTWO

01 Take-Two Holds Full-Year Outlook

Take-Two held its outlook for fiscal 2027 at $8 billion to $8.2 billion of player spending, about 20% growth, and named Grand Theft Auto VI as its reason. Its June quarter brought in $1.39 billion, above $1.32 billion to $1.37 billion guided, on NBA 2K and existing Grand Theft Auto games.

02 Zelnick Will Not Count Preorders Yet

Chief Executive Strauss Zelnick said neither Take-Two nor its peers have seen preorders at this level, then explained why Take-Two did not raise its outlook: "You can cancel a preorder." Take-Two, he said, is "sort of allergic to victory laps."

03 Take-Two Guides This Quarter Below Last Year's

Take-Two expects $1.62 billion to $1.67 billion of player spending this quarter, against $1.96 billion a year earlier. Mobile shrank 7% in its June quarter, and management expects a further decline because last year's hit phone games are earning less.

Company Updates: TTWO

Take-Two publishes games through three labels: Rockstar Games, maker of Grand Theft Auto and Red Dead; 2K, maker of NBA 2K basketball games; and Zynga, which makes games for phones. Most of what Take-Two takes in now is money players spend inside games they own.

$1.39B	$8.0-8.2B	230M+	84%
Player Spending	**Full-Year Outlook**	**Copies Sold**	**From Inside Games**
June quarter, above its guidance	about 20% growth, unchanged	Grand Theft Auto V, since 2013	share of June-quarter spending

NBA 2K26 sold more than 12 million copies, 9% above last year's edition. Spending inside NBA 2K rose 7% while daily players rose 15%, so growth came from more players, each spending a little less on average.

A cancelled project cost $43 million. Take-Two wrote that off after dropping an unannounced game from an outside developer. Costs rose 17% in its June quarter against 2% revenue growth.

Rockstar priced its standard edition at $80. Zelnick argued game prices have not kept up with inflation. Preorders opened June 25.

Source: TTWO Q1 fiscal 2027 Earnings Call and results, August 7 2026

Take-Two Guides a Smaller Quarter

Take-Two beat its guidance in its June quarter. It expects this quarter to come in below last year's, and then Grand Theft Auto VI ships.

$1.96B

Player spending a year ago

same quarter last year

→

$1.62B-1.67B

Guided for this quarter

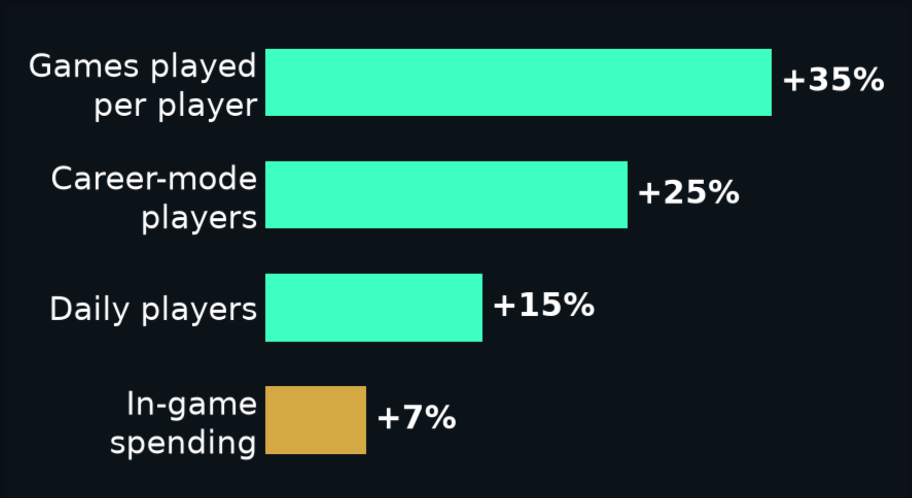
before November's release

- June-quarter spending came in at $1.39 billion, above $1.32 billion to $1.37 billion guided
- Spending inside games fell 1% in June's quarter, and Take-Two guides it down about 5% this quarter
- Rockstar Games, maker of Grand Theft Auto, should supply 37% of fiscal 2027 player spending, phone games studio Zynga 34% and sports label 2K 29%
- Take-Two expects more than $1 billion of cash from operations this year

Source: TTWO Q1 fiscal 2027 Earnings Call, August 7 2026

NBA 2K Players Played More and Spent More

NBA 2K and Grand Theft Auto games on sale today produced Take-Two's beat, before Grand Theft Auto VI arrives in November. At company level we count 31% more web visits to Take-Two than a year ago, with a step up in May that has held since.



Career mode is growing faster than NBA 2K overall. Daily players in NBA 2K's story-driven career mode rose 25%, and an average player finished 35% more games than a year earlier.

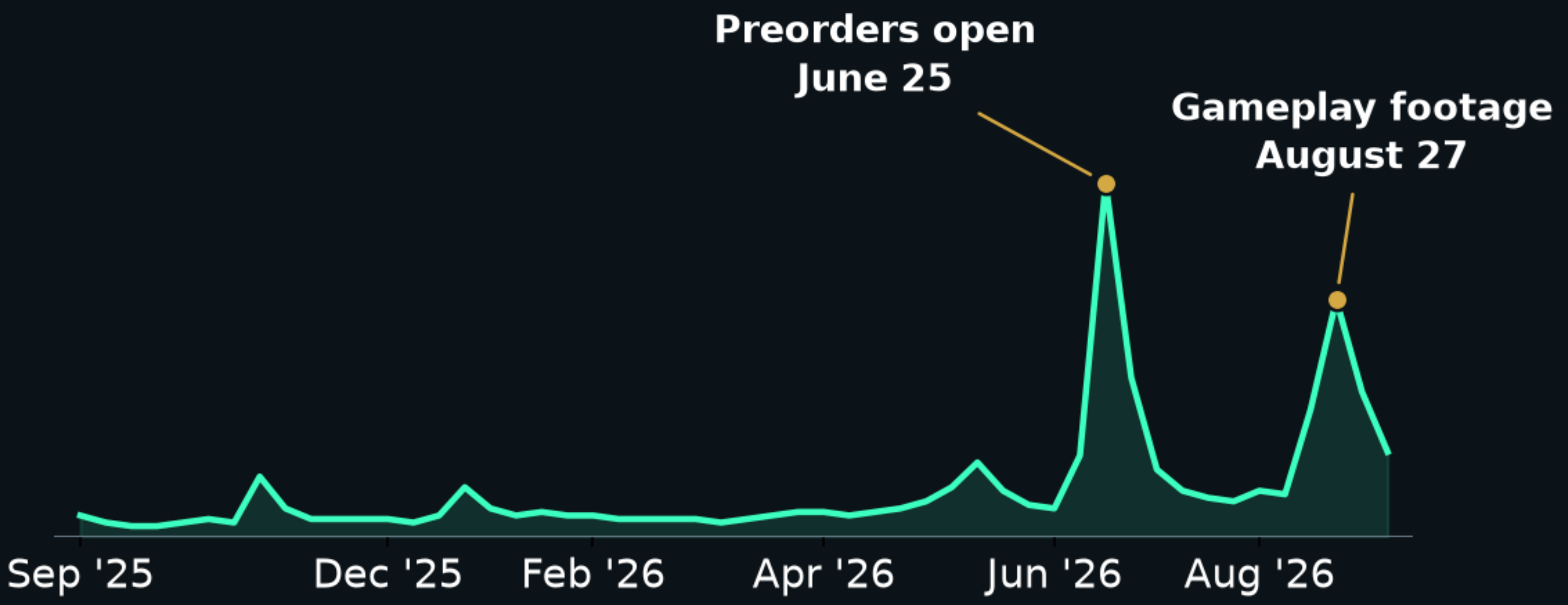
Phone games are shrinking. Zynga's titles brought in 7% less than a year ago, and management expects that decline to continue as last year's breakout puzzle game earns less.

NBA 2K27 shipped September 4. Take-Two put its yearly basketball release out eleven weeks before Grand Theft Auto VI rather than alongside it.

Source: TTWO Q1 fiscal 2027 Earnings Call, August 7 2026; LikeFolio web-visits data through August 31 2026

Search Interest Spiked Twice This Year

Search interest for Grand Theft Auto VI hit this year's highest point, 100 on Google's 0-100 scale, when preorders opened June 25. It spiked again in late August when Grand Theft Auto's studio, Rockstar, released new gameplay footage, and has stayed elevated since.



Source: Google Trends, US, pulled September 16 2026; TTWO Q1 fiscal 2027 Earnings Call, August 7 2026; Rockstar Games, August 27 2026

TTWO: Consumer Interest

LikeFolio Score: 67

Stock -16% YTD

Our LikeFolio Score reads 67 for Take-Two, up from low 40s in June, when Grand Theft Auto VI preorders opened. Consumer interest sits 8 points above Wall Street's read, and web visits are up 31% from a year ago off a small base. Take-Two stock is down about 16% this year, as management held its outlook steady even as preorders surged.

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Trend Watch

SONY

Sony

Console

- Gaming profit up 37% on tariff refunds
- Console sales down 36%
- Disc production for new games ends January 2028

Key Points

SONY

01 Gaming Profit Rose 37% on Flat Sales

Operating profit at Sony's PlayStation business reached ¥202 billion, which Sony called a record for a first quarter, on sales roughly flat at ¥937.1 billion. Sony attributed its increase mainly to refunds of U.S. tariffs that a court ruled unlawful, partly offset by spending on its next console and restructuring costs.

02 More People Are Playing, on Fewer New Machines

PlayStation counted 125 million people playing each month in June, up 2% and most for any June, while total play time fell 4% against an unusually strong comparison. Sony sold 1.6 million PlayStation 5 consoles in its June quarter, 36% fewer than a year earlier, bringing that machine to 95.3 million sold.

03 Sony Set a Date to Stop Pressing Discs

From January 2028, new PlayStation games will be sold as downloads rather than on disc. Games released before then are unaffected. Sony said on its July 31 call that it does not expect that change to hurt its business, and said buyers had moved to downloads first.

Company Updates: SONY

Sony's gaming arm sells PlayStation 5, games that run on it, and subscriptions that come with it. Grand Theft Auto VI will run on PlayStation 5 and on Microsoft's Xbox.

+37%	125M	1.6M	¥660B
Gaming Profit	**Monthly Players**	**Consoles Sold**	**Full-Year Guide**
quarter ended June 30, to ¥202B	June, most for any June	June quarter, down 36%	gaming profit, raised 10%

A tariff refund supplied most of Sony's profit increase. Sony expects about ¥80 billion of U.S. tariff refunds this fiscal year and received roughly 70% of it in its June quarter, with most going to gaming.

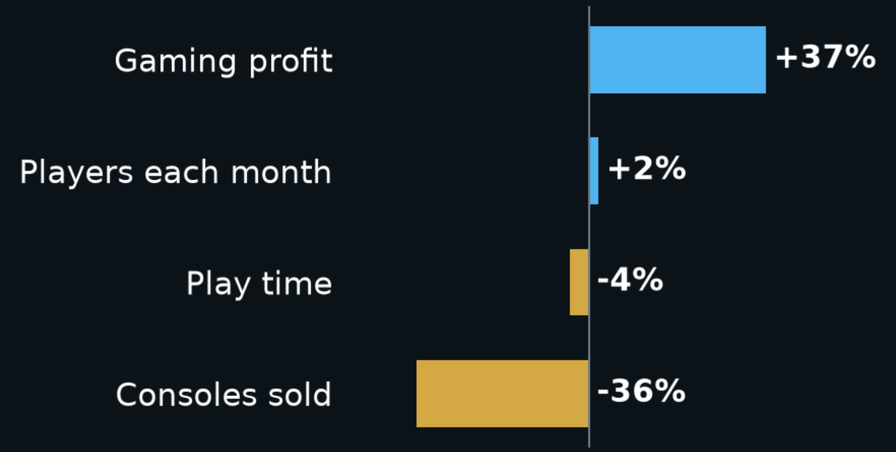
Sony raised its full-year gaming outlook on both sales and profit. Sony raised its segment forecast to ¥4.54 trillion of sales and ¥660 billion of profit, citing tariff refunds, currency movements and cost improvements.

Play time fell even as Sony's audience grew. Total hours played dropped 4%. Management blamed a strong comparison and pointed to first-party and third-party releases later in 2026.

Source: SONY Q1 fiscal 2026 results and Earnings Call, July 31 2026

Profit Up, Hardware Down

Sony earns its PlayStation profit from people who own its machine: games, subscriptions and services they buy. Profit and monthly audience grew last quarter while consoles sold and hours played fell.



PlayStation 5 launched in 2020. PlayStation 5 has sold 95.3 million units since 2020, and quarterly sales are running about a third below last year's pace.

Sony has started spending on its next machine. Sony named investment in its next-generation platform as one of several costs working against its June-quarter profit increase.

Grand Theft Auto VI arrives on a console from 2020. Grand Theft Auto VI runs on PlayStation 5, and Sony expects major releases later in 2026 to lift play time.

Source: SONY Q1 fiscal 2026 results and Earnings Call, July 31 2026

Ending Discs Changes Little for Sony and More for Stores

Sony announced on July 1 that disc production for new PlayStation games stops in January 2028. Sony does not expect a material effect on its business. Stores that sell and resell discs will have no new ones to stock after that date.

DATE

January 2028, new games only

New PlayStation games ship as downloads from that month. Anything released before it keeps its disc.

OWNER

A download cannot be resold

Used-game trading and store shelf space both need a physical copy to exist.

RETAILERS

Retailers were told early

Sony said it gave partners time, and pointed to North America, where many games ship as a code in a box.

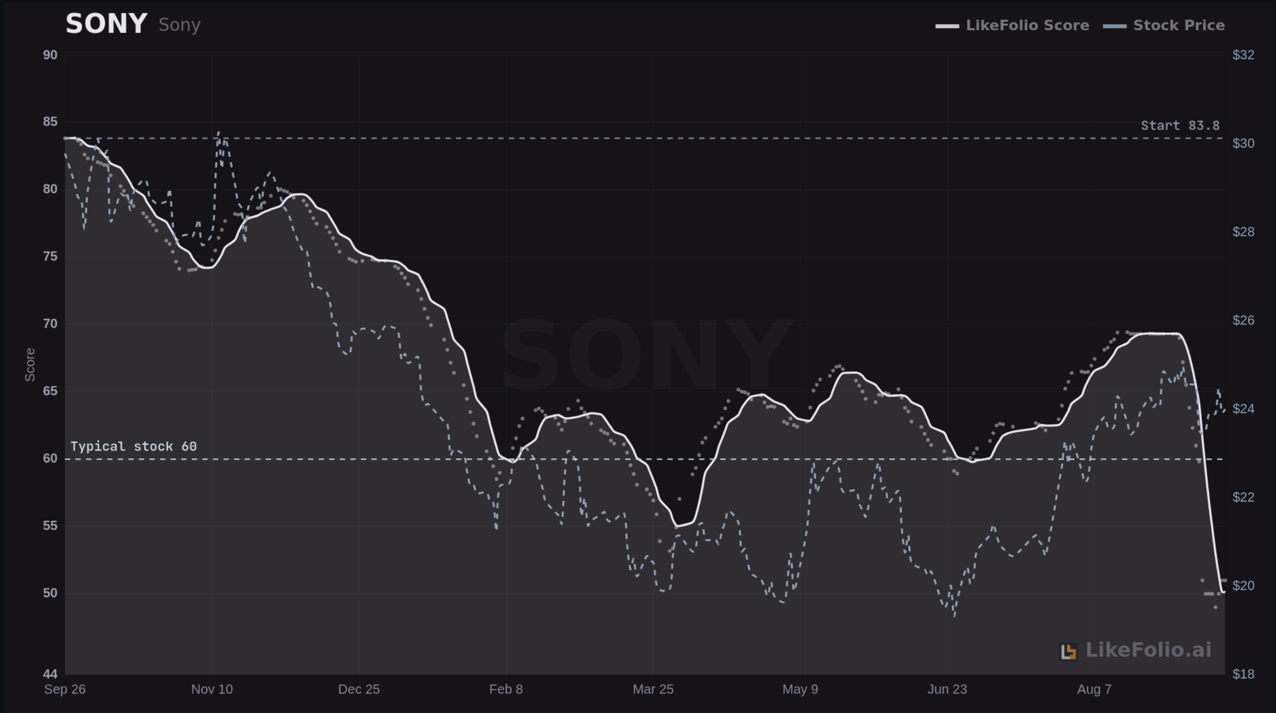
REASON

Buyers moved to downloads first

Sony says it followed its customers, and it does not expect a material effect on its business.

Source: PlayStation.Blog announcement, July 1 2026; SONY Q1 fiscal 2026 Earnings Call, July 31 2026

SONY: Consumer Interest



LikeFolio Score: 51

Stock -21% off high

Sony's LikeFolio Score fell to 51 from 64 earlier this month, as analysts cut price targets; our Main Street demand data moved far less. Consumer interest runs 40 points above Wall Street's read. Sony stock trades about 21% below its 52-week high.

Trend Watch

RBLX

Roblox

Where Young Players Are

- 123 million daily players, up 10%
- Spending inside games grew only 8%
- Current quarter guided down 14% to 18%

Key Points

RBLX

01 Roblox's Audience Grew Faster Than Spending

Daily players reached 123 million, up 10%, and hours played reached 29 billion, up 5%. Money players spent grew 8% to $1.6 billion, low end of Roblox's guidance and below its own expectations. Chief Financial Officer Naveen Chopra said spending per hour "was below our forecast, particularly with under-13 cohorts."

02 Roblox Guides This Quarter Down

Roblox expects players to spend $1.58 billion to $1.65 billion this quarter, a fall of 14% to 18% from a year ago, and declined to give a full-year outlook. A year ago Roblox had a run of viral hits that made unusual amounts of money per hour, and it is measuring against them now.

03 Roblox Now Favors Players Who Stay

Roblox rewrote how its app recommends games to favor players who stay rather than players who spend today, and it is spending heavily on artificial-intelligence infrastructure that will lower margins. Chopra said tests show retention gains eventually outweigh lost spending, without saying when.

Company Updates: RBLX

Roblox is a platform where users build games and other users play them, mostly free. Roblox sells virtual currency players spend inside those games, takes a share, and pays out to whoever made each game.

123M	29B	+8%	$294M
Daily Players	**Hours Played**	**Player Spending**	**Free Cash Flow**
June quarter, up 10%	June quarter, up 5%	to $1.6B, low end of guidance	June quarter, up 66%

Roblox depends less on hit games than it did. Roblox's top ten games account for about 20% of hours played, down from about 30% three years ago.

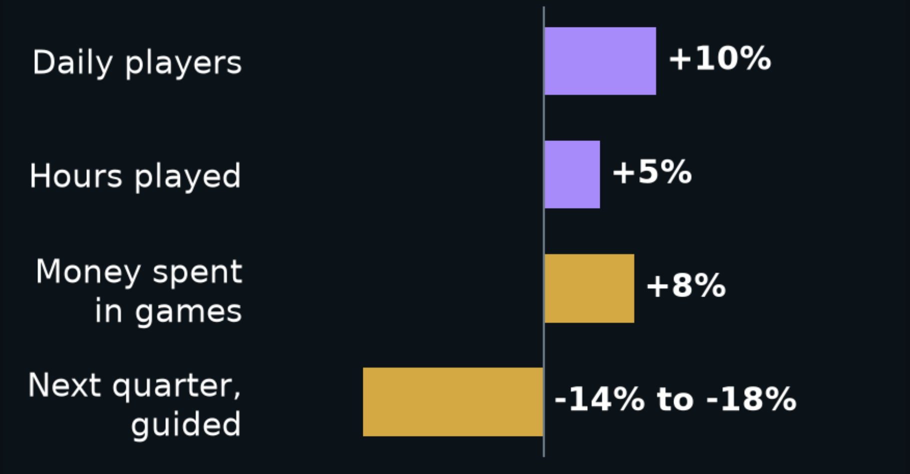
Growth is coming from older players and from abroad. People 18 and over are nearly a third of age-checked American users. Within that group, 18-to-34 daily users and hours are growing about 40%. Daily players rose 67% in Japan and 64% in India.

Age checks now cover most of Roblox. Age-check coverage reached 57% worldwide, after Roblox made face-based age estimation mandatory. Alabama's child-safety case, settled for $12.2 million in April, alleged its chat let unknown adults contact children.

Source: RBLX Q2 2026 Earnings Call and results, July 30 2026; Forbes report on Roblox's Alabama settlement, April 21 2026

Players Grew 10%, Spending 8%

Daily players grew 10% last quarter and money they spent grew 8%, below Roblox's own forecast. Its guided quarter is shown at midpoint of its range. We count about 8% fewer web visits to Roblox than a year ago, even though July was one of its busiest months in 13 months of data we hold.



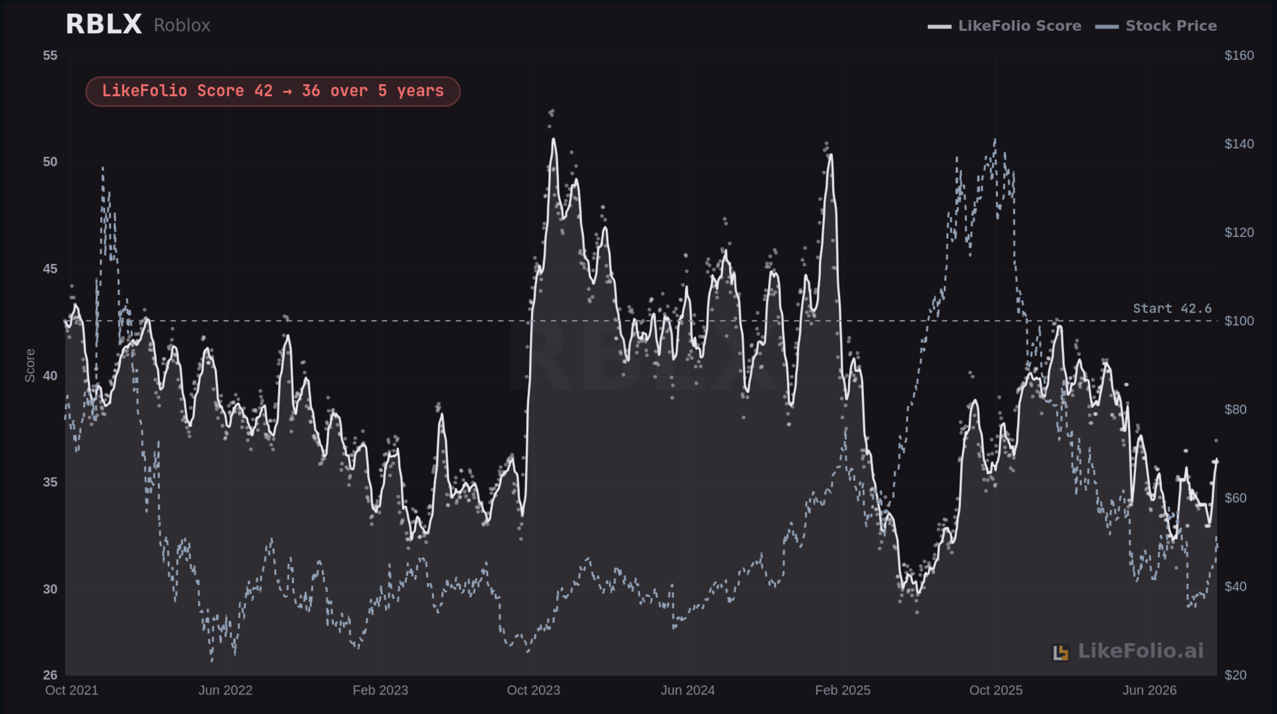
Players did not leave. Sign-ups improved through June's quarter, retention held, and hours came in as management expected. Money spent per hour is what fell short.

Roblox is raising spending on computing while revenue slows. Investment in cloud computing capacity for artificial-intelligence features will lower margins near term, and Roblox gave no full-year outlook.

State child-safety cases remain open. State child-safety suits remain outstanding after Roblox's Alabama settlement, and a coordinated federal case is proceeding.

Source: RBLX Q2 2026 Earnings Call, July 30 2026; LikeFolio web-visits data through August 31 2026

RBLX: Consumer Interest



LikeFolio Score: 36

Stock -40% YTD

Roblox's LikeFolio Score of 36 sits below every other name in this report and well under our universe median. Consumer interest sits 9 points above Wall Street's read. Roblox stock is down about 40% this year but has rallied about 28% over one month, after new creator tools and sharp analyst price-target raises.

Trend Watch

U

Unity

Software Games Are Built With

- Advertising revenue up 63%
- Profitability target pulled forward a quarter
- Losing money under standard accounting

Key Points

U

01 Advertising Grew Over Four Times as Fast as Engine Tools

Unity's advertising business grew 63% to $329 million in its June quarter, while software developers pay to build games grew 14% to $157.5 million. Together those two lines grew 38%. Everything counted together grew 24%, because Unity has been shutting and selling businesses it no longer wants.

02 Vector Hit a $1 Billion Pace Two Quarters Early

Vector, an advertising system Unity launched last year, reached an annual pace of more than $1 billion ahead of Unity's own schedule, growing 23% against its previous quarter when management had expected 12% to 13%. Unity pulled its target for a standard-accounting profit forward to this quarter.

03 Unity Lost $23 Million Under Standard Accounting

Unity lost $23 million under standard accounting in its June quarter, a far smaller loss than a year before. Stock granted to staff equals 14% of revenue, its lowest share in Unity's history. Unity plans to repay its convertible debt in November.

Company Updates: U

Unity sells software developers use to build games, along with an advertising system that helps them find players once a game is out. About three billion people a month play something built with Unity software, and that reach gives its advertising business data on how people play.

$546.5M	+63%	$160.2M	$202M
Revenue	**Advertising Revenue**	**Adjusted Earnings**	**Free Cash Flow**
June quarter, up 24%	June quarter, to $329M	29% of revenue, up 8 points	June quarter, up 59%

Unity's engine subscriptions are growing again. Subscriptions to Unity's development software grew 14% excluding a one-time item a year earlier, a fifth straight quarter of sequential growth.

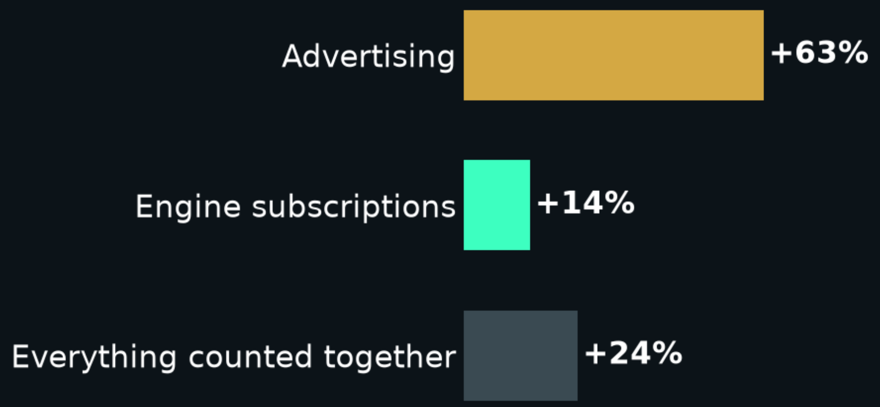
Netflix signed on for its games. Unity agreed a multi-year deal in its June quarter to supply software behind Netflix's games across platforms Netflix runs on.

Unity 7 arrives in stages. Unity 7 goes to testers in fourth-quarter 2026 and to everyone in first-quarter 2027, and Unity says existing projects will not need rebuilding.

Source: U Q2 2026 Earnings Call and results, August 6 2026

Advertising Grew 63%, Engine Tools 14%

Unity's two businesses feed each other. Every game built with Unity software sends back data on how people play, and Unity's advertising business began using that data at quarter end.



Unity's two core businesses grew 38% together. Unity sold its game-publishing arm and shut its old advertising network, so revenue it is dropping pulls its total to 24%.

Bromberg calls player data a competitive advantage. Chief Executive Matt Bromberg called software running inside three billion players' games "a deep and sustainable competitive advantage." Unity began feeding that data into its ad models at quarter end.

Unity guides its two core businesses to grow 44% to 47% this quarter. That works out at $540 million to $550 million of revenue.

Source: U Q2 2026 Earnings Call, August 6 2026

U: Consumer Interest

LikeFolio Score: 72

Stock -18% off high

Unity's LikeFolio Score of 72 sits just above our universe median. Consumer interest sits 6 points below Wall Street's read, on a Strong Buy analyst consensus. Unity sells to developers, not players, so its web visits measure developer interest, up about 4% from a year ago. Unity stock trades about 18% below its 52-week high.

Trend Watch

APP

AppLovin

Ads That Pay for Free Games

- Revenue up 53% and short of its own guidance
- Margins above 80%
- Shares down about half this year

Key Points

01 AppLovin Grew 53% and Missed Guidance

Revenue reached $1.92 billion, below midpoint of AppLovin's guided range, and adjusted earnings of $1.61 billion came in below that range as well. Chief Executive Adam Foroughi told investors that "this quarter, we fell short of that standard."

02 One Late Model Release Caused AppLovin's Shortfall

AppLovin's growth depends on how well its models predict which advertisement a player will act on. Foroughi said "our pace of meaningful model improvement was lighter than normal" and that its next improvement went live just after quarter end, which is why AppLovin guided this quarter to 46% to 48% growth.

03 Gaming Fell Short While Retail Advertising Hit a New High

Gaming remains a majority of revenue and was what fell short. Advertising spending from consumer brands, largely online retailers, set a record, 28% above its December-quarter peak, in what is normally a slower period for those advertisers.

Company Updates: APP

AppLovin runs an auction that decides which advertisement appears inside a free mobile game and what an advertiser pays for it. Free games are how most people play, and this auction is how those games make money.

$1.92B
Revenue
June quarter, up 53%

$1.61B
Adjusted Earnings
June quarter, up 58%

$863M
Free Cash Flow
June quarter, below its usual rate

$551M
Shares Bought Back
about 1.14 million shares

Compute costs are rising and are in AppLovin's guidance. AppLovin spent more on training its prediction models during its June quarter and says that higher ongoing cost is built into what it has guided to.

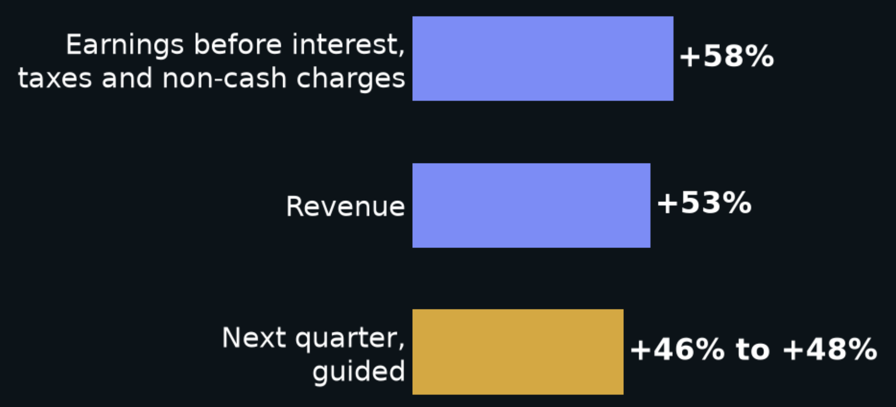
Payment timing held back cash conversion. Free cash flow fell short of its usual rate because of when international tax and interest payments fell, and AppLovin expects roughly 75% of adjusted earnings to convert to cash for full-year 2026.

An SEC inquiry ended with no action. AppLovin said U.S. securities regulators advised it that a voluntary inquiry ended with no recommended action.

Source: APP Q2 2026 Earnings Call and results, August 5 2026

Fast Growth, Missed Guidance

Revenue grew 53% and adjusted earnings 58%. Both came in below what AppLovin told investors to expect. Its guided quarter is shown at midpoint of its range.



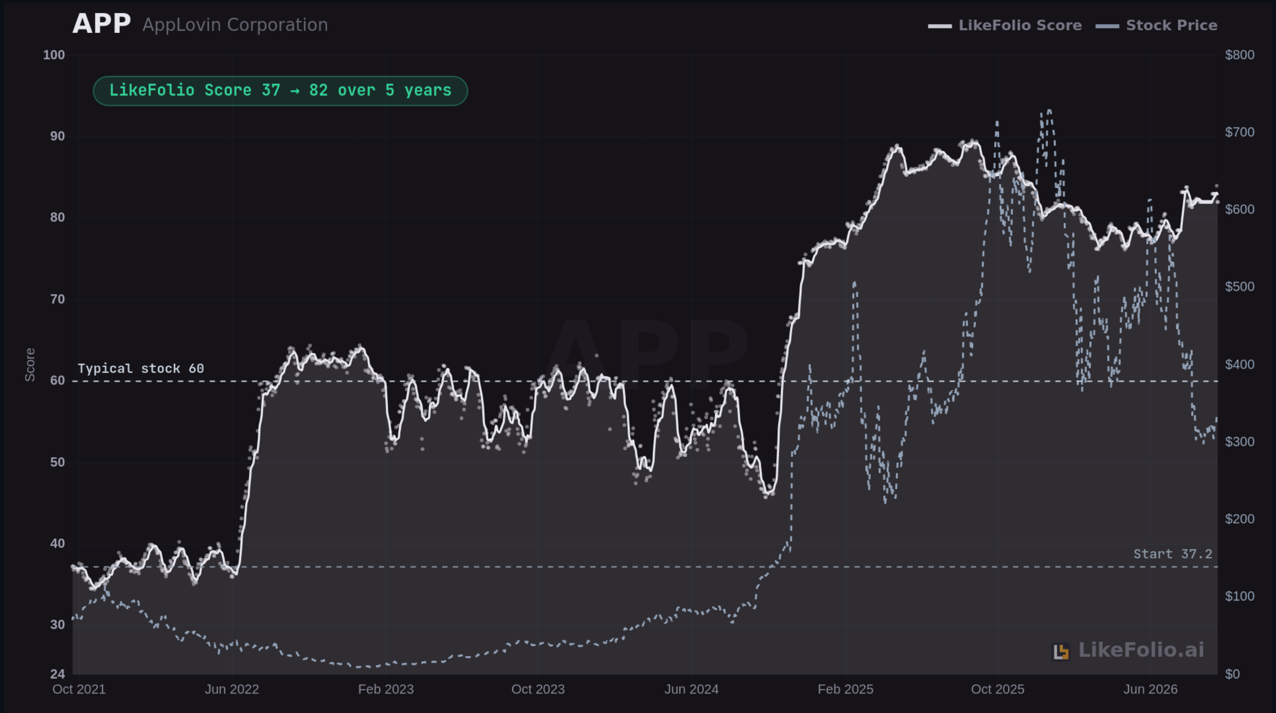
AppLovin's model improvements arrive in steps. Advertisers raise budgets when predictions get better, so a quarter without a step forward reads as a slowdown.

Debt is small against what AppLovin earns. AppLovin held $3.05 billion of cash against $3.7 billion of debt, which it puts at about a tenth of one year of adjusted earnings, and has $1.8 billion left on its buyback authorization.

AppLovin's push beyond games is early. Its consumer advertising business is growing fast but too small to steady a quarter when gaming stalls, which is what happened here.

Source: APP Q2 2026 Earnings Call, August 5 2026

APP: Consumer Interest



LikeFolio Score: 82

Stock -51% YTD

AppLovin's LikeFolio Score of 82 sits above every other name in this report and well above our universe median, holding above it since early 2025. Consumer interest runs 38 points above Wall Street's read. AppLovin stock has lost about half its value this year, after missing its own guidance this summer.

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