



# Financial Results Explanatory Material

## 2nd Quarter of Fiscal Year Ending March 2023

Nintendo Co., Ltd.  
November 8, 2022

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# 1. Consolidated Financial Results and Outlook

## Consolidated Financial Highlights

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Net sales	624.2 bn yen	<b>656.9 bn yen</b>	+5.2 %
Operating profit	219.9 bn yen	<b>220.3 bn yen</b>	+0.2 %
Operating profit ratio	35.2 %	<b>33.5 %</b>	-1.7 pt.
Ordinary profit	236.2 bn yen	<b>322.4 bn yen</b>	+36.5 %
Net profit	171.8 bn yen	<b>230.4 bn yen</b>	+34.1 %
Net profit ratio	27.5 %	<b>35.1 %</b>	+7.6 pt.

• Net profit: Profit attributable to owners of parent

• FY = Fiscal Year

FY23/Q1-Q2 indicates the period between April 1, 2022 and September 30, 2022.

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- Year-on-year, net sales during the first half of the fiscal year increased by 5.2% to 656.9 billion yen, operating profit rose by 0.2% to 220.3 billion yen, ordinary profit rose by 36.5% to 322.4 billion yen, and net profit attributable to owners of parent rose by 34.1% to 230.4 billion yen.

## Consolidated Sales

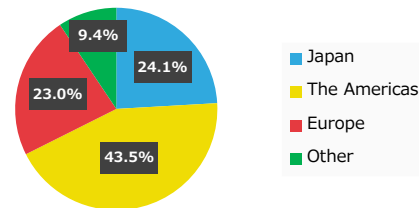
	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Net sales	624.2 bn yen	<b>656.9 bn yen</b>	<b>+5.2 %</b>
Dedicated video game platform*1	597.4 bn yen	<b>631.4 bn yen</b>	<b>+5.7 %</b>
Mobile, IP related income, etc.*2	25.5 bn yen	<b>23.5 bn yen</b>	<b>-7.5 %</b>
Playing cards, etc.	1.3 bn yen	<b>1.9 bn yen</b>	<b>+51.6 %</b>

\*1 Includes hardware, software (including downloadable versions of packaged software, download-only software, add-on content, and Nintendo Switch Online) and accessories.

\*2 Includes income from smart-device content and royalty income.

Effect of changes in foreign exchange rates on net sales: +64.7 billion yen

**FY23/Q1-Q2 Regional Sales Ratio**



Proportion of overseas sales: 75.9%

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- Sales from our dedicated video game business grew by 5.7% year-on-year to 631.4 billion yen. While hardware unit sales declined by volume year-on-year due in part to the semiconductor shortage, overall hardware sales increased mainly due to the depreciation of the yen.
- Looking at our mobile and IP related business, royalty income remained stable, but income from smart-device content declined, with the result that overall sales declined by 7.5% to 23.5 billion yen.

## Gross Profit

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Gross profit	372.7 bn yen	<b>391.6 bn yen</b>	+5.1 %
Gross profit ratio	59.7 %	<b>59.6 %</b>	-0.1 pt.
Main Variable Factors			
	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Proportion of hardware sales*1	46.5 %	<b>41.7 %</b>	-4.8 pt.
Proportion of first-party software sales*2	70.6 %	<b>74.3 %</b>	+3.7 pt.
Proportion of digital sales*2	45.1 %	<b>51.0 %</b>	+5.9 pt.
Average exchange rate	1 USD 1 Euro	109.78 yen 130.83 yen	<b>133.93 yen</b> <b>138.66 yen</b>
			+24.15 yen +7.83 yen

\*1 Proportion of sales to total dedicated video game platform sales

\*2 Proportion of sales to total dedicated video game platform software sales

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- Gross profit increased in accordance with the increase in net sales, rising by 5.1% year-on-year to 391.6 billion yen.
- Although software sales accounted for a larger percentage of overall sales for our dedicated video game platform business, and first-party software accounted for a larger percentage of overall software sales, the gross profit margin remained at the same level as the same period last fiscal year. This was due to the addition of Nintendo Switch – OLED Model to the hardware lineup with its lower profit margin compared to other models, and the increase in component costs due to factors such as the semiconductor shortage.

## Selling, General and Administrative Expenses / Operating Profit

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
SG&A expenses	152.7 bn yen	<b>171.2 bn yen</b>	+12.1 %
SG&A expenses-to-sales ratio	24.5 %	<b>26.1 %</b>	+1.6 pt.
Operating profit	219.9 bn yen	<b>220.3 bn yen</b>	+0.2 %
Operating profit ratio	35.2 %	<b>33.5 %</b>	-1.7 pt.

· SG&A expenses: Selling, general and administrative expenses

Effect of changes in foreign exchange rates on operating profit: approx. +27.0 billion yen

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Research and development expenses	44.1 bn yen	<b>51.3 bn yen</b>	+16.4 %
Advertising expenses	38.2 bn yen	<b>39.0 bn yen</b>	+2.2 %

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- Selling, general, and administrative expenses (SG&A expenses) increased by 12.1% year-on-year to 171.2 billion yen, due to the depreciation of the yen, which primarily increased costs such as advertising expenses reported by the overseas subsidiaries, and due to increases in research and development expenses and shipping expenses, etc.
- Operating profit increased with the increase in net sales, rising by 0.2% year-on-year to 220.3 billion yen. However, the SG&A expenses-to-sales ratio increased, with the result that the operating margin declined by 1.7 percentage points to 33.5%.

## Ordinary Profit and Net Profit

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Non-operating income	16.7 bn yen	<b>103.2 bn yen</b>	+514.5 %
included foreign exchange gains	1.7 bn yen	<b>76.4 bn yen</b>	+4,153.4 %
Non-operating expenses	0.4 bn yen	<b>1.1 bn yen</b>	+143.5 %
Ordinary profit	236.2 bn yen	<b>322.4 bn yen</b>	+36.5 %
Net profit	171.8 bn yen	<b>230.4 bn yen</b>	+34.1 %
Net profit ratio	27.5 %	<b>35.1 %</b>	+7.6 pt.

· Net profit: Profit attributable to owners of parent

Exchange rate	FY22	FY23/Q2	Comparison	Dividend	FY22	FY23	Comparison
1 USD	121.83 yen	<b>144.61 yen</b>	+22.78 yen	Interim	620 yen	<b>630 yen</b>	+10 yen
1 Euro	135.41 yen	<b>141.70 yen</b>	+6.29 yen				

· A 10-for-1 stock split of Nintendo's common stock took effect on October 1, 2022. The interim dividend shown for the fiscal year ending March 2023 does not take into account this stock split.

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- Ordinary profit increased by 36.5% year-on-year to 322.4 billion yen, helped by foreign exchange gains of 76.4 billion yen on the yen's significant depreciation at the end of this second quarter compared to the end of last fiscal year, and such factors as an increase in interest income.
- Profit attributable to owners of parent increased by 34.1% year-on-year to 230.4 billion yen.

## FY23 Consolidated Financial Forecast

We have revised the consolidated earnings forecast (issued on May 10, 2022) on November 8, 2022.

	Previous Forecast	Modified Forecast	Comparison
Net sales	1,600.0 bn yen	1,650.0 bn yen	+3.1 %
Operating profit	500.0 bn yen	500.0 bn yen	-
Ordinary profit	480.0 bn yen	560.0 bn yen	+16.7 %
Net profit	340.0 bn yen	400.0 bn yen	+17.6 %

• Net profit: Profit attributable to owners of parent  
 • For FY23, the estimated exchange rate for USD has been revised from 1 USD = 115 yen to 135 yen, and the rate for Euros has been revised from 1 Euro = 125 yen to 135 yen.

	Previous Forecast	Modified Forecast	Comparison
Nintendo Switch			
Hardware	21.00 mil units	19.00 mil units	-9.5 %
Software	210.00 mil units	210.00 mil units	-

• The revised FY23 software sales unit forecast includes bundled software for the six months ended September 30, 2022 (approx. 80 thousand units), but does not take into account software bundled with hardware or other products on or after October 1, 2022.

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- We have modified the forecast for net sales, ordinary profit and profit attributable to owners of parent for the fiscal year ending March 31, 2023 mainly due to the adjustment of unit sales forecast for Nintendo Switch hardware and exchange rate assumptions.
- For Nintendo Switch hardware, we reduced our forecast by 2.00 million units to 19.00 million units. While there is a gradual improvement in semiconductor and other component supplies and a recovery trend in hardware manufacturing for Nintendo Switch, taking into consideration production and sales performances thus far, we have modified the Nintendo Switch hardware sales units forecast for the fiscal year.
- By continually working to front-load production and selecting appropriate transportation methods in preparation for the holiday season, we will work to deliver as many Nintendo Switch systems as possible to consumers around the world.

**Note:** A 10-for-1 split of the Company's common stock took effect on October 1, 2022. As a result, the interim dividends are calculated based on the number of shares prior to the stock split, and the year-end dividends are calculated based on the number of shares after the stock split. Due to this difference, the annual dividend per share for the year ending March 31, 2023 cannot be calculated and thus has been omitted.



## 2. Business Highlights

## Sales Status of Nintendo Switch (Sell-In)

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Hardware	8.28 mil units	6.68 mil units	-19.2 %
Nintendo Switch	6.40 mil Units	2.23 mil units	-65.2 %
Nintendo Switch – OLED Model	0.06 mil Units	3.53 mil units	+6,211.8 %
Nintendo Switch Lite	1.82 mil Units	0.92 mil units	-49.5 %
Software	93.89 mil units	95.41 mil units	+1.6 %



Splatoon 3

7.90 million units



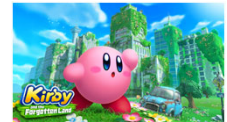
Nintendo Switch Sports

6.15 million units



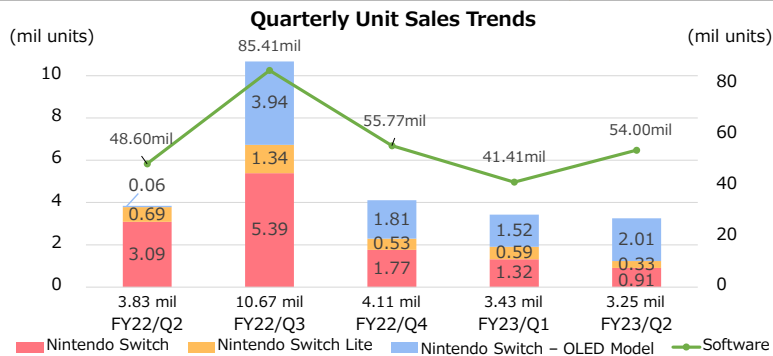
Mario Kart 8 Deluxe

3.07 million units



Kirby and the Forgotten Land

2.61 million units



### Number of Million-Seller Titles (FY23)

**15** titles

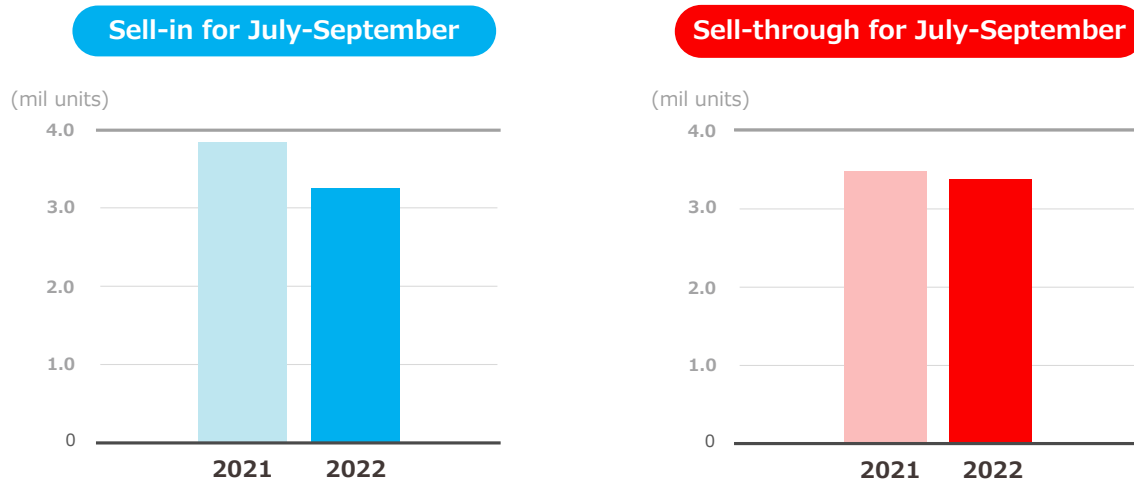
(11 Nintendo titles and 4 titles by other software publishers)

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- Unit sales for the Nintendo Switch family of systems declined by 19.2% year-on-year to 6.68 million units in the first half, affected by factors including the semiconductor shortage.
- For software, sales for titles such as *Splatoon 3* and *Nintendo Switch Sports* that were released during this fiscal year have continued to grow steadily, and titles released in previous fiscal years as well as titles from other software publishers have also performed well. The total number of million-seller titles during this fiscal year has reached 15 titles. As a result of these factors, software unit sales grew by 1.6% year-on-year to 95.41 million units.

## Nintendo Switch Hardware Sales for July-September

**While sell-in decreased year-on-year, sell-through maintained sales momentum at the same level.**



Internal estimates, including Asia and Latin America / Graph shows totals for each 13-week period / Source: Nintendo

- Sell-in for the Nintendo Switch family of systems in the second quarter (July-September) decreased by 15.0% year-on-year.
- On the other hand, overall hardware demand and sales momentum remained stable, and although there were slight differences by region and model, hardware sell-through remained at the same level year-on-year. Hardware sales were driven by new titles such as *Splatoon 3*, as well as evergreen titles during this period.
- Going forward, we will continue working on maintaining the sales momentum towards the holiday season by releasing compelling titles such as *Pokémon Scarlet* and *Pokémon Violet*.

**Note:** *Sell-in* refers to sales by the Nintendo group to outside entities. In addition to units sold to corporate business partners, this number also includes units sold to individual consumers through Nintendo's direct-sales sites or as downloadable software.

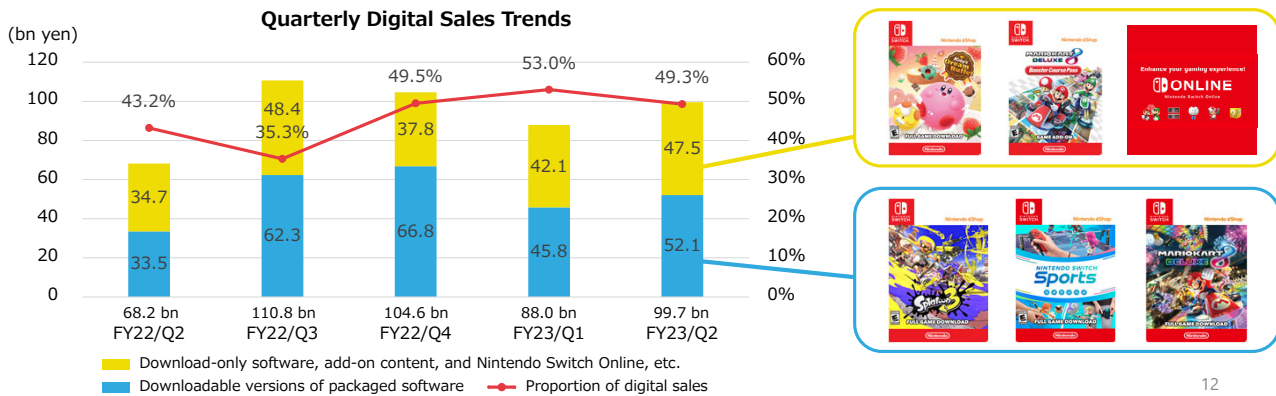
*Sell-through* refers to sales made to individual consumers. In addition to units sold by retailers, this number also includes units sold to individual consumers through Nintendo's direct-sales sites and as downloadable software.

## Digital Sales

	FY22/Q1-Q2	FY23/Q1-Q2	Comparison
Digital sales*1	144.2 bn yen	<b>187.8 bn yen</b>	<b>+30.2 %</b>
Proportion of digital sales*2	45.1 %	<b>51.0 %</b>	<b>+5.9 pt.</b>

\*1 Sales of downloadable versions of packaged software, download-only software, add-on content and Nintendo Switch Online, etc.

\*2 Proportion to total dedicated video game platform software sales



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- Digital sales for the first half of the fiscal year increased by 30.2% year-on-year to 187.8 billion yen. Digital sales accounted for 51.0% of total software sales for our dedicated video game platform.
- Sales of downloadable versions of packaged software titles were robust, including for *Splatoon 3* and *Nintendo Switch Sports*, which were both released in the first half of this fiscal year, and sales from Nintendo Switch Online also increased. In addition, sales increased for add-on content and download-only software as well.

**Note:** When calculating digital sales, sales of Nintendo software are recognized as gross sales, while sales of software released by other software publishers are recognized as net sales. For software released by other publishers, the sales commissions that Nintendo receives based on contracts with the software publishers or other parties are recognized as revenue.

### 3. Reference

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[Disclaimers]

The contents of these materials are based upon the information available and the judgments which can be made at the time of the announcement. Nintendo is not responsible for updating or changing these materials if the information presented changes due to future circumstances or for other reasons.

Also, forecasts referred to in these materials involve known and unknown risks and uncertainties. Please note that such risks and uncertainties may cause actual results to be materially different from the forecasts.

## Million-Seller Nintendo Titles

units in ten thousands

Nintendo Switch	FY23 (April ~ September '22)			Life-to-date
	Global	incl. Japan	incl. Overseas	Global
Splatoon 3	790	501	289	790
Nintendo Switch Sports	615	123	491	615
Mario Kart 8 Deluxe	307	59	248	4,841
Kirby and the Forgotten Land	261	60	202	527
Mario Strikers: Battle League	217	15	201	217
Xenoblade Chronicles 3	172	48	124	172
Animal Crossing: New Horizons	153	26	127	4,017
Super Smash Bros. Ultimate *	135	28	107	2,953
Pokémon Legends: Arceus	128	12	115	1,391
The Legend of Zelda: Breath of the Wild *	122	22	100	2,779
Mario Party Superstars	119	19	100	807

[Notes] Software sales units include the quantity bundled with hardware and other products. Software sales units include their downloadable versions.

\*This number has been adjusted to reflect a revision of sales units in previous years.

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## Key Indicators

### Proportion of Overseas Sales

FY23			
Q1	Q2	Q3	Q4
79.9%	72.4%		
75.9%			

### Proportion of Hardware Sales

FY23			
Q1	Q2	Q3	Q4
43.8%	39.8%		
41.7%			

### Proportion of First-Party Software Sales

FY23			
Q1	Q2	Q3	Q4
76.3%	72.7%		
74.3%			

FY22			
Q1	Q2	Q3	Q4
77.9%	78.7%	79.6%	78.2%
78.3%			
79.0%			
78.8%			

FY22			
Q1	Q2	Q3	Q4
47.6%	45.2%	53.9%	41.5%
46.5%			
50.4%			
48.4%			

FY22			
Q1	Q2	Q3	Q4
72.3%	68.9%	84.1%	82.3%
70.6%			
77.7%			
78.8%			

\*Proportion of overseas (outside of Japan) sales to total sales

\*Proportion of hardware (including accessories) sales to total dedicated video game platform sales

\*Proportion of first-party software sales to total dedicated video game platform software sales

## Digital Sales Indicators

**Digital Sales**  
(yen)

FY23			
Q1	Q2	Q3	Q4
88.0 bn	99.7 bn		
187.8 bn			

**Proportion of Digital Sales**

FY23			
Q1	Q2	Q3	Q4
53.0%	49.3%		
51.0%			

**Proportion of Downloadable Versions of Packaged Software Sales**

FY23			
Q1	Q2	Q3	Q4
52.1%	52.3%		
52.2%			

FY22			
Q1	Q2	Q3	Q4
75.9 bn	68.2 bn	110.8 bn	104.6 bn
144.2 bn			
255.0 bn			
359.6 bn			

FY22			
Q1	Q2	Q3	Q4
46.9%	43.2%	35.3%	49.5%
45.1%			
40.2%			
42.6%			

FY22			
Q1	Q2	Q3	Q4
52.1%	49.1%	56.3%	63.9%
50.7%			
53.1%			
56.2%			

\*Digital sales include (a) downloadable version of packaged software (the downloadable version of software that is offered both physically and digitally), (b) download-only software, (c) add-on content and (d) Nintendo Switch Online, etc.

\*Proportion of digital sales to total dedicated video game platform software sales

\*Proportion of downloadable versions of packaged software sales to total digital sales as indicated on the left:  $a/(a+b+c+d)$



Launch Dates of Primary Nintendo Products by Region (April 2022~September 2022)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
<b>Nintendo Switch</b>					
(Software)		(Software)		(Software)	
Nintendo Switch Sports	4/29/2022	Nintendo Switch Sports	4/29/2022	Nintendo Switch Sports	4/29/2022
Mario Strikers: Battle League	6/10/2022	Mario Strikers: Battle League	6/10/2022	Mario Strikers: Battle League Football	6/10/2022
Xenoblade Chronicles 3	7/29/2022	Fire Emblem Warriors: Three Hopes **	6/24/2022	Fire Emblem Warriors: Three Hopes **	6/24/2022
Kirby's Dream Buffet *	8/17/2022	LIVE A LIVE **	7/22/2022	LIVE A LIVE **	7/22/2022
Splatoon 3	9/9/2022	Xenoblade Chronicles 3	7/29/2022	Xenoblade Chronicles 3	7/29/2022
		Kirby's Dream Buffet *	8/17/2022	Kirby's Dream Buffet *	8/17/2022
		Splatoon 3	9/9/2022	Splatoon 3	9/9/2022

[Notes] Launch dates may differ within the United States and European regions depending on territories or countries.  
 \*This title is available in downloadable format only.  
 \*\*This title is licensed to be released and sold as a Nintendo product.

Launch Schedule of Primary Nintendo Products by Region (extracts: October 2022~)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
<b>Nintendo Switch</b>					
(Software)		(Software)		(Software)	
Bayonetta 3	10/28/2022	Bayonetta 3	10/28/2022	Bayonetta 3	10/28/2022
Pokémon Scarlet	11/18/2022	Pokémon Scarlet	11/18/2022	Pokémon Scarlet	11/18/2022
Pokémon Violet	11/18/2022	Pokémon Violet	11/18/2022	Pokémon Violet	11/18/2022
Mario + Rabbids Sparks of Hope *	12/2/2022	Fire Emblem Engage	1/20/2023	Fire Emblem Engage	1/20/2023
Fire Emblem Engage	1/20/2023	Kirby's Return to Dream Land Deluxe	2/24/2023	Kirby's Return to Dream Land Deluxe	2/24/2023
Kirby's Return to Dream Land Deluxe	2/24/2023	The Legend of Zelda: Tears of the Kingdom	5/12/2023	The Legend of Zelda: Tears of the Kingdom	5/12/2023
The Legend of Zelda: Tears of the Kingdom	5/12/2023	Pikmin 4	2023	Pikmin 4	2023
Pikmin 4	2023	Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA
Metroid Prime 4 (temp.)	TBA	Advance Wars 1+2: Re-Boot Camp	TBA	Advance Wars 1+2: Re-Boot Camp	TBA

[Notes] Launch dates and titles etc. are subject to change.  
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## Upcoming Software Publishers' Title Lineup (extracts: October 2022~)

### Nintendo Switch

Region	Title	Publisher	Title	Publisher
Japan	Persona 3 Portable	ATLUS	Rune Factory 3 Special	Marvelous
	Persona 4 Golden	ATLUS	STORY OF SEASONS: A Wonderful Life	Marvelous
	Tales of Symphonia REMASTERED	Bandai Namco Entertainment	Disgaea 7	Nippon Ichi Software
	RESIDENT EVIL 2 CLOUD	CAPCOM	Master Detective Archives: RAIN CODE	Spike Chunsoft
	RESIDENT EVIL 3 CLOUD	CAPCOM	CRISIS CORE –FINAL FANTASY VII– REUNION	SQUARE ENIX
	RESIDENT EVIL 7 biohazard CLOUD	CAPCOM	DRAGON QUEST TREASURES	SQUARE ENIX
	FRONT MISSION 1st: Remake	Forever Entertainment	OCTOPATH TRAVELER II	SQUARE ENIX
	Fitness Boxing Fist of the North Star	Imagineer	Tactics Ogre: Reborn	SQUARE ENIX
	Atelier Ryza 3: Alchemist of the End & the Secret Key	KOEI TECMO GAMES	THEATRHYTHM FINAL BAR LINE	SQUARE ENIX
	FATAL FRAME: Mask of the Lunar Eclipse	KOEI TECMO GAMES	Just Dance 2023 Edition	UBISOFT
The United States	New Tales from the Borderlands	2K	Sifu	SLOCLAP
	DRAGON BALL: THE BREAKERS	Bandai Namco Entertainment	CRISIS CORE –FINAL FANTASY VII– REUNION	SQUARE ENIX
	Overwatch 2	Blizzard Entertainment	DRAGON QUEST TREASURES	SQUARE ENIX
	It Takes Two	Electronic Arts	HARVESTELLA	SQUARE ENIX
	Nickelodeon Kart Racers 3: Slime Speedway	GameMill Entertainment	NieR:Automata The End of YoRHa Edition	SQUARE ENIX
	No Man's Sky	Hello Games	Tactics Ogre: Reborn	SQUARE ENIX
	Jackbox Party Pack 9	Jackbox Games	The Knight Witch	Team17
	Them's Fightin' Herds	Modus Games	Just Dance 2023 Edition	Ubisoft
	Persona 5 Royal	SEGA	MARIO + RABBIDS SPARKS OF HOPE	Ubisoft
	Sonic Frontiers	SEGA	River City Girls 2	WayForward Technologies
Europe	New Tales from the Borderlands	2K	Sonic Frontiers	SEGA
	Bus Simulator City Ride	astragon	Sifu	SLOCLAP
	DRAGON BALL: THE BREAKERS	Bandai Namco Entertainment	CRISIS CORE –FINAL FANTASY VII– REUNION	SQUARE ENIX
	Taiko no Tatsujin: Rhythm Festival Deluxe Edition	Bandai Namco Entertainment	DRAGON QUEST TREASURES	SQUARE ENIX
	Overwatch 2	Blizzard Entertainment	HARVESTELLA	SQUARE ENIX
	It Takes Two	Electronic Arts	NieR:Automata The End of YoRHa Edition	SQUARE ENIX
	Alan Wake Remastered	Epic Games	Tactics Ogre: Reborn	SQUARE ENIX
	A Plague Tale: Requiem - Cloud Version	Focus Entertainment	Just Dance 2023 Edition	Ubisoft
	No Man's Sky	Hello Games	MARIO + RABBIDS SPARKS OF HOPE	Ubisoft
	Jackbox Party Pack 9	Jackbox Games	River City Girls 2	WayForward Technologies
Persona 5 Royal	SEGA			

[Note] Launch schedules, software names etc. are subject to change. Launch titles are listed by publisher alphabetically. This list includes download-only software and add-on content.

## Supplementary Information on Our Website

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### Earnings Releases, etc.

- Earning Releases
- Timely Disclosure of Information, etc.

### Financial Results Announcement/IR Events

- Corporate Management Policy Briefing Presentation Materials
- Financial Results Explanatory Materials, etc.

### Financial Highlights

- Consolidated Statements of Income (Annual/ Quarterly)
- Consolidated Balance Sheet (Annual/ Quarterly)
- Consolidated Cash Flows (Annual)
- Key Figures per Share (Annual)
- Geographical Sales Breakdown (Annual/ Quarterly)
- Sales Breakdown by Category (Annual/ Quarterly)

### Dedicated Video Game Sales Units

- Total Unit Sales (Life-to-date)
- Unit Sales (Annual/ Quarterly)
- Number of Titles Released (Annual)

### Top Selling Title Sales Units

- Top selling Nintendo software sales units on an accumulated basis

### Historical Data (Updated at fiscal year-end)

- Consolidated Statements of Income Transition
- Consolidated Sales Transition by Region
- Number of Software Titles Released

\*Corresponding pages on our website can be accessed by clicking on the titles above.

\*Financial Highlights will be updated **within 2 business days** of our financial announcement.