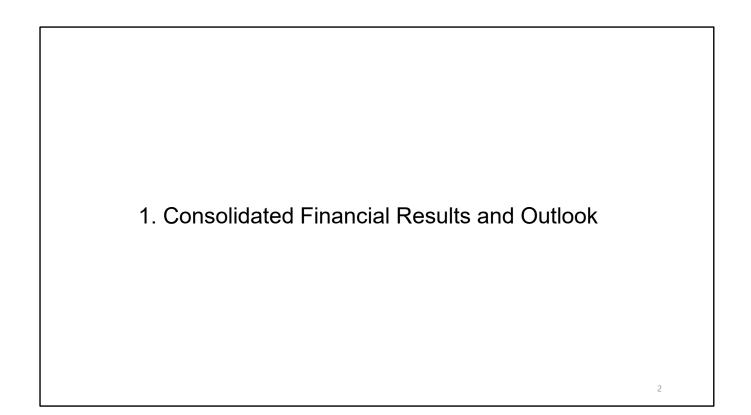


## Financial Results Explanatory Material 1st Quarter of Fiscal Year Ending March 2024

Nintendo Co., Ltd. August 3, 2023

1



Consolidated	<b>Financial</b>	Highlights
--------------	------------------	------------

	FY23/Q1	FY24/Q1	Comparison
Net sales	307.4 bn yen	461.3 bn yen	+50.0 %
Operating profit	101.6 bn yen	185.4 bn yen	+82.4 %
Operating profit ratio	33.1 %	40.2 %	+7.1 pt.
Ordinary profit	166.7 bn yen	253.7 bn yen	+52.2 %
Net profit	118.9 bn yen	181.0 bn yen	+52.1 %
Net profit ratio	38.7 %	39.2 %	+0.5 pt.

<sup>•</sup> Net profit: Profit attributable to owners of parent

• Year-on-year, net sales for the first quarter of the fiscal year increased by 50.0% to 461.3 billion yen, operating profit rose by 82.4% to 185.4 billion yen, ordinary profit rose by 52.2% to 253.7 billion yen, and profit attributable to owners of parent rose by 52.1% to 181.0 billion yen.

FY = Fiscal Year
 FY24/Q1 indicates the period between April 1, 2023 and June 30, 2023.

	FY23/Q1	FY24/Q1	Comparison
Net sales	307.4 bn yen	<b>461.3</b> bn yen	+50.0 %
Dedicated video game platform*1	295.6 bn yen	<b>427.4</b> bn yen	+44.6 %
Mobile, IP related income, etc.*2	10.9 bn yen	<b>31.8</b> bn yen	+190.1 %
Playing cards, etc.	0.8 bn yen	<b>1.9</b> bn yen	+147.3 %
*1 Includes hardware, software (including downloadable packaged software, download-only software, add-on and Nintendo Switch Online) and accessories.  *2 Includes income from visual content, smart-device contents of changes in foreign exchange on net sales: +20.5 billion yen	content, Fontent and royalties.	EY24/Q1 Regional Sales Ra 12.5% 20.0% 22.9%	Japan The Americas Europe Other

- Sales from our dedicated video game platform business increased by 44.6% year-on-year to 427.4 billion yen. In addition to the increase year-on-year in unit sales of both Nintendo Switch hardware and software, another main factor in this growth in net sales was the larger percentage of hardware sales accounted for by Nintendo Switch OLED Model, which has a higher unit price. The depreciation of the yen also had an effect.
- In the mobile and IP related business, overall sales rose by 190.1% year-on-year to 31.8 billion yen, bolstered by an increase in income from royalties and income from visual content related to *The Super Mario Bros. Movie*.

Gross Profit			
	FY23/Q1	FY24/Q1	Comparison
Gross profit	184.5 bn yen	281.0 bn yen	+52.3 %
Gross profit ratio	60.0 %	60.9 %	+0.9 pt.
	Main Variable Fac	tors	
	FY23/Q1	FY24/Q1	Comparison
Proportion of hardware sales*1	43.8 %	40.9 %	-2.9 pt.
Proportion of first-party software sales*2	76.3 %	88.8 %	+12.5 pt.
Proportion of digital sales*2	53.0 %	47.3 %	-5.7 pt.
Average 1 USD exchange rate 1 Euro	129.66 yen 138.10 yen	137.34 yen 149.48 yen	+7.68 yen +11.38 yen

- With the increase in net sales, gross profit rose by 52.3% year-on-year to 281.0 billion yen.
- Although the proportion of hardware sales declined and the proportion of firstparty software sales increased, our gross profit margin remained at the same level
  year-on-year. This was due in part to the lower proportion of digital sales and
  Nintendo Switch OLED Model, which has a lower profit margin than the other
  models in the Nintendo Switch family of systems, accounting for a greater
  percentage of hardware sales.

## Selling, General and Administrative Expenses / Operating Profit

	FY23/Q1	FY24/Q1	Comparison
SG&A expenses	82.9 bn yen	95.6 bn yen	+15.3 %
SG&A expenses-to-sales ratio	27.0 %	20.7 %	-6.3 pt.
Operating profit	101.6 bn yen	185.4 bn yen	+82.4 %
Operating profit ratio	33.1 %	40.2 %	+7.1 pt.

<sup>·</sup> SG&A expenses: Selling, general and administrative expenses

Effect of changes in foreign exchange rates on operating profit: approx. -1.5 billion yen

	FY23/Q1	FY24/Q1	Comparison
Research and development expenses	23.7 bn yen	29.3 bn yen	+23.6 %
Advertising expenses	19.4 bn yen	<b>21.9</b> bn yen	+12.9 %

• Selling, general, and administrative expenses (SG&A expenses) rose by 15.3% year-on-year to 95.6 billion yen, due mainly to an increase in advertising and related expenses that accompanied the increase in net sales, as well as increases in research and development expenses and a rise in foreign currency expenses due to the depreciation of the yen. On the other hand, the ratio of SG&A expenses to sales decreased by 6.3 percentage points to 20.7%, due to the large year-on-year increase in net sales.

• Operating profit increased by 82.4% year-on-year to 185.4 billion yen, in step with the rise in gross profit, and the operating profit margin increased by 7.1 percentage points to 40.2%.

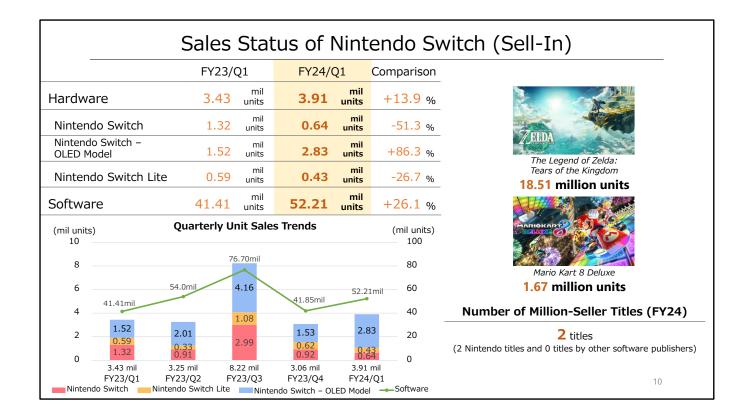
Ordinary Profit and Net Profit				
	FY23/Q1	FY24/Q1	Comparison	
Non-operating income	65.7 bn yen	68.4 bn yen	+4.0 %	
included foreign exchange gains	51.7 bn yen	47.2 bn yen	-8.9 %	
Non-operating expenses	0.7 bn yen	0.1 bn yen	-84.1 %	
Ordinary profit	166.7 bn yen	253.7 bn yen	+52.2 %	
Net profit	118.9 bn yen	<b>181.0</b> bn yen	+52.1 %	
Net profit ratio	38.7 %	39.2 %	+0.5 pt.	
Net profit: Profit attributable to owners of parent				
Exchange rate	FY23	FY24/Q1	Comparison	
1 USD 1 Euro	133.00 yen 144.67 Yen	144.56 yen 157.35 yen	+11.56 yen +12.68 yen	
			7	

- Ordinary profit increased by 52.2% year-on-year to 253.7 billion yen, as a result of the increase in operating profit and the growth in interest income due to higher foreign interest rates.
- Profit attributable to owners of parent grew by 52.1% year-on-year to 181.0 billion yen.

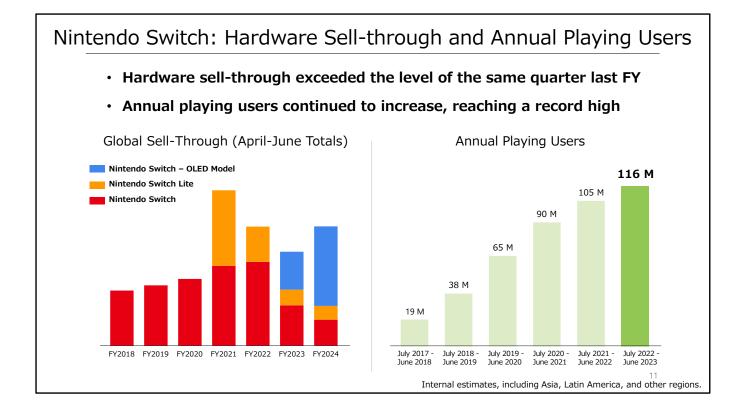
	FY23	FY24	
	(Actual)	(Forecast)	Comparison
Net sales	1,601.6 bn yen	1,450.0 bn yen	-9.5 %
Operating profit	504.3 bn yen	450.0 bn yen	-10.8 %
Ordinary profit	601.0 bn yen	480.0 bn yen	-20.1 %
Net profit	432.7 bn yen	340.0 bn yen	-21.4 %
Net profit: Profit attributable to over Estimated exchange rate for FY24	vners of parent : 1 USD = 130 yen, 1 Euro = 135 yen		
		FY24 (Forecast)	Comparison
• Estimated exchange rate for FY24	: 1 USD = 130 yen, 1 Euro = 135 yen FY23	FY24	Comparison -
Estimated exchange rate for FY24  Dividend  Annual  A 10-for-1 split of common stock was a	: 1 USD = 130 yen, 1 Euro = 135 yen FY23 (Actual)	FY24 (Forecast)  147 yen  If the stock split were enacted	-
Estimated exchange rate for FY24  Dividend  Annual  A 10-for-1 split of common stock was a	: 1 USD = 130 yen, 1 Euro = 135 yen  FY23 (Actual)  * yen  vas enacted, effective October 1, 2022.	FY24 (Forecast)  147 yen  If the stock split were enacted	-
Estimated exchange rate for FY24     Dividend     Annual     A 10-for-1 split of common stock vectors, the annual dividend for the formula stock vectors.	: 1 USD = 130 yen, 1 Euro = 135 yen  FY23 (Actual)  * yen  was enacted, effective October 1, 2022. iscal year ended March 31, 2023, would  FY23	FY24 (Forecast)  147 yen  I. If the stock split were enacted ld be 186 yen per share.  FY24	at the start of the fiscal

- There are no changes to the consolidated financial forecast for the fiscal year ending March 31, 2024 that was announced on May 9, 2023.
- In the first quarter of this fiscal year, both sales and profits were notably large for a first quarter mainly due to the concurrent releases of *The Super Mario Bros. Movie* and *The Legend of Zelda: Tears of the Kingdom*, and we made steady progress toward our full-year earnings forecast.





- Unit sales for the entire Nintendo Switch family of systems rose by 13.9% year-on-year to 3.91 million units. Software unit sales grew by 26.1% year-on-year to 52.21 million units.
- The new title *The Legend of Zelda: Tears of the Kingdom* sold 18.51 million units during the first quarter, which not only significantly increased software unit sales, but also drove hardware sales.
- Thanks in part to the theatrical release of *The Super Mario Bros. Movie* and promotions tied to that movie, sales of *Mario Kart 8 Deluxe* and other Mario related titles posted solid sales.

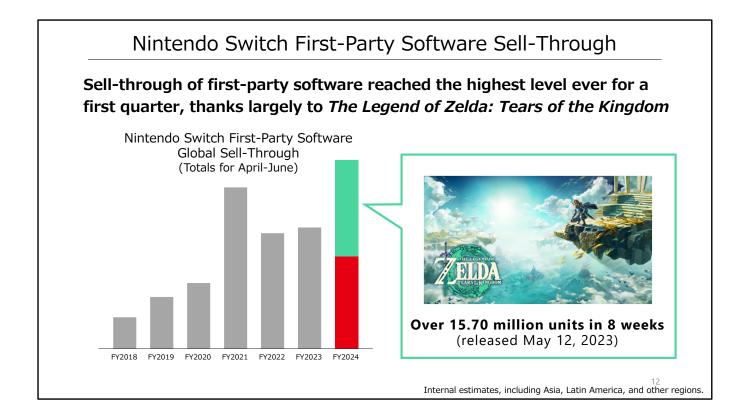


- So far, we have been talking about sell-in, or unit sales by the Nintendo group to its business partners. Now let's turn the discussion to sell-through, which is the number of units purchased by consumers, and to the number of consumer accounts that have opened software on Nintendo Switch.
- The graph on the left shows global hardware sell-through from April through June. Global hardware sell-through in the first quarter increased compared to the same quarter last fiscal year, helped by sales of Nintendo Switch – OLED Model, including Nintendo Switch – OLED Model - The Legend of Zelda: Tears of the Kingdom Edition, which was launched at the end of April.
- On a region-by-region basis, sell-in declined in Europe and the Americas compared to the same period last fiscal year, but sell-through increased for all regions, including Europe and the Americas.
- The graph on the right shows the trend in the number of annual playing users for Nintendo Switch. The number of annual playing users between July 2022 and June 2023 was the highest ever, exceeding 116 million users.

**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 websites and as downloadable software.

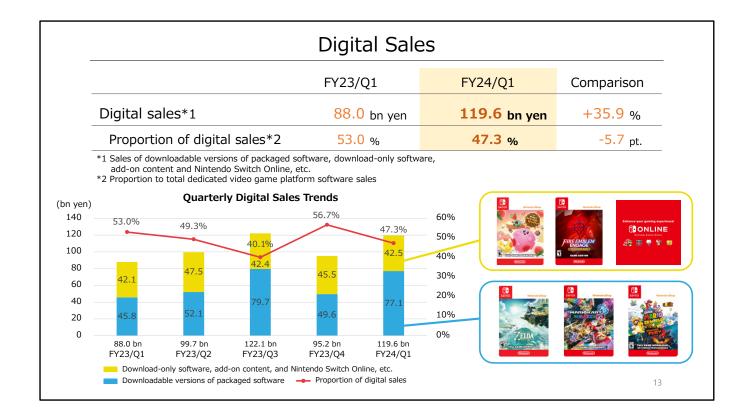
*Sell-through* refers to sales made to individual consumers. In addition to units sold by retailers, this number also includes units sold to individual consumers through Nintendo's direct-sales websites and as downloadable software.

**Note:** The number of Nintendo Switch annual playing users refers to the number of Nintendo Accounts, out of all Nintendo Accounts registered to a Nintendo Switch system, that used Nintendo Switch software one or more times during the 12-month data aggregation period. Only consumers who connected to the internet and agreed to provide statistical information to Nintendo are counted. The count does not include use of certain services such as Nintendo eShop.



- Next, let's move on to a discussion of sell-through of first-party software for Nintendo Switch.
- Global sell-through of first-party software this quarter reached the highest level for a first quarter since the launch of Nintendo Switch.
- The Legend of Zelda: Tears of the Kingdom, which was released on May 12, has made a major contribution to Q1 sales in the current environment, in which we see widespread adoption of Nintendo Switch hardware and continued play engagement by many consumers. Sell-through of this one title constitutes approximately half of the first-party software sold this fiscal year. Consumers who played the previous entry, The Legend of Zelda: Breath of the Wild, have been the primary driver, but as the weeks have passed, we have seen that a growing percentage of purchases are being made by consumers who have not yet played that title.

Sales also remained solid for previously released titles.



- Digital sales during the first quarter increased by 35.9% year-on-year to 119.6
   billion yen and accounted for 47.3% of total software sales for our dedicated video game platform.
- Several factors contributed to the increase in digital sales. The depreciation of the yen in foreign exchange markets increased the sales amount when converted to yen. In addition, the downloadable versions of packaged software for Nintendo Switch like *The Legend of Zelda: Tears of the Kingdom* sold well, and sales related to Nintendo Switch Online increased. On the other hand, sales of the packaged version of *The Legend of Zelda: Tears of the Kingdom* were also strong, resulting in a lower overall digital sales ratio compared to the same period last fiscal year.

**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.

### Examples of Announced Nintendo Products (2023)









July 21

October 6

October 20

**November 3** 



**November 17** 



Wave 5: July 12 Wave 6: 2023



Part 1: Fall 2023 (Part 2: Planned for release in the winter of 2023)

14

- These are the Nintendo products already announced for release in 2023.
- *Pikmin 4*, the latest addition to the Pikmin series, was released on July 21. On October 6, we will release *Detective Pikachu Returns*, a completely new title. October 20 will see the first completely new entry in the side-scrolling action series Super Mario Bros. in 11 years, *Super Mario Bros. Wonder*. After that, the newest entry in the WarioWare series, *WarioWare: Move It!*, will be released on November 3, followed on November 17 by a return of the Mario RPG title that started it all, *Super Mario RPG*, with updated graphics.
- For add-on content, Wave 5 of the *Mario Kart 8 Deluxe Booster Course Pass* was released on July 12, and *The Teal Mask*, the first part of the add-on content *The Hidden Treasure of Area Zero* for *Pokémon Scarlet* and *Pokémon Violet*, will be released this fall.

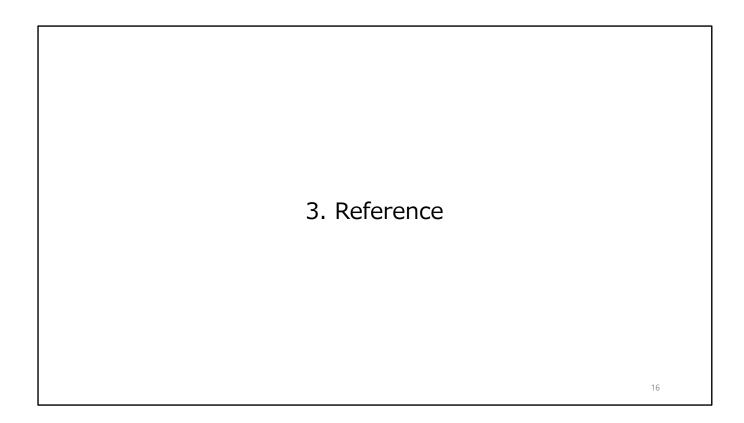
Examples of Initiatives to Expand the Number of People Who Have Access to Nintendo IP



- The Super Mario Bros. Movie box office numbers: 168.10 million viewers\*1
- Total box-office revenue of 1.349 billion dollars\*2, the highest ever for an original film based on a video game, and the second-highest for an animated film
- Viewed by people of all ages, not only in Japan, North America, Europe, and Australia, but also in South America and Asia
- Expanding outside the dedicated video game platform business to create new opportunities to encounter Nintendo IP, invigorating our overall business

\*1 Estimate provided by Universal Pictures / \*2 According to IMDb

- Next, we would like to cover our efforts to expand the number of people who have access to the Nintendo IP, which is one of our strategies for continually invigorating our dedicated video game platform business.
- The Super Mario Bros. Movie, which began its theatrical release in various markets around the world on April 5, has now been viewed by 168.10 million people worldwide (as of July 30).
- As of July 26, global box-office revenues totaled 1.349 billion dollars, which is the highest ever for an original film based on a video game, and the second-highest for an animated film.
- This film has been well received by audiences of all ages in theaters, not only in Japan, North America, Europe, and Australia, which are the main markets for our dedicated video game platform business, but also in South America and Asia. This is helping us build a lasting affection for our Super Mario IP around the world.
- Moreover, the heightened consumer interest in Super Mario is having positive effects in a wide range of fields, including growing sales of Mario related titles, and sales of smart device apps and merchandise.
- By expanding Nintendo IP in areas outside the dedicated video game platform we create new opportunities for consumers to encounter Nintendo IP, and this invigorates our overall business. Based on the various effects that we have confirmed through the release of this movie, we will continue our efforts towards visual content-related initiatives.



#### [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 First-Party Titles

units in ten thousands

	FY24	FY24 (April ~ June '23)		
Nintendo Switch	Global	Japan	Outside of Japan	Global
The Legend of Zelda: Tears of the Kingdom	1,851	326	1,526	1,851
Mario Kart 8 Deluxe	167	19	148	5,546

[Note] Software unit sales include the quantity bundled with hardware and other products, as well as downloadable versions.

17

## **Key Indicators**

#### Proportion of Sales Outside of Japan

# FY24 Q1 Q2 Q3 Q4 80.0%

#### Proportion of Hardware Sales

FY24				
Q1	Q2	Q3	Q4	
40.9%				

#### Proportion of First-Party Software Sales

FY24				
Q1	Q2	Q3	Q4	
88.8%				

EV22					
FY23					
Q2	Q3	Q4			
72.4%	76.8%	80.6%			
75.9%					
76.4%					
77.2%					
	Q2 72.4% 9% 76.4%	72.4% 76.8% 9% 76.4%			

<sup>\*</sup>Proportion of sales outside of Japan to total sales

	FY23					
Q1	Q2	Q3	Q4			
43.8%	39.8%	50.9%	42.7%			
41.						
	45.6%					

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

FY23					
Q2	Q3	Q4			
72.7%	85.0%	77.9%			
74.3%					
79.4%					
79.1%					
	Q2 72.7% 3% 79.4%	Q2 Q3 72.7% 85.0% 3% 79.4%			

<sup>\*</sup>Proportion of first-party software sales to total dedicated video game platform software sales

18

## **Digital Sales Indicators**

#### Digital Sales

(yen)

			(,,
	FY	24	
Q1	Q2	Q3	Q4
119.6 bn			
			•

#### Proportion of Digital Sales

	FY	24	
Q1	Q2	Q3	Q4
47.3%			

## Proportion of Downloadable Versions of Packaged Software Sales

FY24					
Q1	Q2	Q3	Q4		
64.5%					

FY23					
Q1	Q2	Q3	Q4		
88.0 bn	99.7 bn	122.1 bn	95.2 bn		
187.					
405.2 bn					

<sup>\*</sup>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) addon content and (d) Nintendo Switch Online, etc.

FY23						
Q1	Q2	Q3	Q4			
53.0%	49.3%	40.1%	56.7%			
51.						
48.2%						

<sup>\*</sup>Proportion of digital sales to total dedicated video game platform software sales

FY23						
Q1	Q2	Q3	Q4			
52.1%	52.3%	65.3%	52.2%			
52.						
	56.1%					

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

19

Japan		The United States		Europe	
litle little	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
Software)		(Software)		(Software)	
he Legend of Zelda: Tears of the Kingdom	5/12/2023	Advance Wars 1+2: Re-Boot Camp	4/21/2023	Advance Wars 1+2: Re-Boot Camp	4/21/2023
kmin 1 *	6/22/2023	The Legend of Zelda: Tears of the Kingdom	5/12/2023	The Legend of Zelda: Tears of the Kingdom	5/12/2023
ikmin 2 *	6/22/2023	Pikmin 1 *	6/21/2023	Pikmin 1 *	6/21/2023
ikmin 1+2 **	6/22/2023	Pikmin 2 *	6/21/2023	Pikmin 2 *	6/21/2023
verybody 1-2-Switch!	6/30/2023	Pikmin 1+2 **	6/21/2023	Pikmin 1+2 **	6/21/2023
		Everybody 1-2-Switch!	6/30/2023	Everybody 1-2-Switch!	6/30/2023

20

Japan		The United States	The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date	
Nintendo Switch						
(Software)		(Software)		(Software)		
Pikmin 4	7/21/2023	Pikmin 4	7/21/2023	Pikmin 4	7/21/2023	
Detective Pikachu Returns	10/6/2023	Detective Pikachu Returns	10/6/2023	Detective Pikachu Returns	10/6/2023	
Super Mario Bros. Wonder	10/20/2023	Super Mario Bros. Wonder	10/20/2023	Super Mario Bros. Wonder	10/20/2023	
WarioWare: Move It!	11/3/2023	WarioWare: Move It!	11/3/2023	WarioWare: Move It!	11/3/2023	
Super Mario RPG	11/17/2023	Super Mario RPG	11/17/2023	Super Mario RPG	11/17/2023	
Luigi's Mansion: Dark Moon (temp.)	2024	Luigi's Mansion: Dark Moon (temp.)	2024	Luigi's Mansion: Dark Moon (temp.)	2024	
Princess Peach will star as the main character in a brand new game (temp.)	2024	Princess Peach will star as the main character in a brand new game (temp.)	2024	Princess Peach will star as the main character in a brand new game (temp.)	2024	
Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA	
		(Notes) Launch dates and ti Launch dates may o		ct to change. nited States and European regions depending on territo	ories or countries.	

21

Region	Title	Publisher	Title	Publisher
	Persona 5 Tactica	ATLUS	Fae Farm	Phoenix Labs
	Baten Kaitos I & II HD Remaster	Bandai Namco Entertainment	Vampire Survivors	poncle
	EA SPORTS FC 24	Electronic Arts	Samba de Amigo: Party Central	SEGA
	MAMEDA NO BAKERU	Good-Feel	Sonic Superstars	SEGA
	Fate/Samurai Remnant	KOEI TECMO GAMES	Palia	Singularity 6
Japan	METAL GEAR SOLID: MASTER COLLECTION Vol.1	KONAMI	DRAGON QUEST MONSTERS: The Dark Prince	SQUARE ENIX
	MOMOTARO DENTETSU WORLD $\sim$ Chikyuu wa Kibou de Mawatteru ! $\sim$	KONAMI	STAR OCEAN THE SECOND STORY R	SQUARE ENIX
	SUPER BOMBERMAN R 2	KONAMI	Jinsei game for Nintendo Switch	TOMY
	Fashion Dreamer	Marvelous	Just Dance 2024 Edition	UBISOFT
	YsX NORDICS	Nihon Falcom	Hogwarts Legacy	Warner Bros. Games
	NBA 2K24	2K	Song of Nunu: A League of Legends Story	Riot Forge
	MythForce	Aspyr	Sea of Stars	Sabotage Studio
	Baten Kaitos I & II HD Remaster	Bandai Namco Entertainment	Samba de Amigo: Party Central	SEGA
The	Disney Illusion Island	Disney Games	Bomb Rush Cyberfunk	Team Reptile
Jnited	EA SPORTS FC 24	Electronic Arts	Blasphemous 2	Team17
States	Mineko's Night Market	Humble Games	Moving Out 2	Team17
	SUPER BOMBERMAN R 2	KONAMI	Batman: Arkham Trilogy	Warner Bros. Games
	OXENFREE II: Lost Signals	Netflix	Mortal Kombat 1	Warner Bros. Games
	Fae Farm	Phoenix Labs		
	NBA 2K24	2K	Song of Nunu: A League of Legends Story	Riot Forge
	MythForce	Aspyr	Sea of Stars	Sabotage Studio
	Baten Kaitos I & II HD Remaster	Bandai Namco Entertainment	Samba de Amigo: Party Central	SEGA
	Disney Illusion Island	Disney Games	Bomb Rush Cyberfunk	Team Reptile
urope	EA SPORTS FC 24	Electronic Arts	Blasphemous 2	Team17
	Mineko's Night Market	Humble Games	Moving Out 2	Team17
	SUPER BOMBERMAN R 2	KONAMI	Batman: Arkham Trilogy	Warner Bros. Games
	OXENFREE II: Lost Signals	Netflix	Mortal Kombat 1	Warner Bros. Games
	Fae Farm	Phoenix Labs		

## Supplementary Information on Our Website

#### 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 · Consolidated Balance Sheet
- · Consolidated Cash Flows
- $\cdot$  Key Figures per Share
- Geographical Sales Breakdown
- · Sales Breakdown by Category

(Annual/ Quarterly) (Annual/ Quarterly) (Annual)

(Annual)

(Annual/ Quarterly) (Annual/ Quarterly)

#### **Dedicated Video Game Sales Units**

- · Total Unit Sales
- Unit Sales
- · Number of Titles Released

(Life-to-date) (Annual/ Quarterly)

(Annual)

#### **Top Selling Title Sales Units**

Top selling Nintendo software sales units on an accumulated basis

#### <u>Historical Data</u> (Updated at fiscal year-end)

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

23

<sup>\*</sup>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.