



Financial Results Explanatory Material

1st Quarter of Fiscal Year Ending March 2023

Nintendo Co., Ltd.
August 3, 2022

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1. Consolidated Financial Results and Outlook

Consolidated Financial Highlights

	FY22/Q1	FY23/Q1	Comparison
Net sales	322.6 bn yen	307.4 bn yen	-4.7 %
Operating profit	119.7 bn yen	101.6 bn yen	-15.1 %
Operating profit ratio	37.1 %	33.1 %	-4.0 pt.
Ordinary profit	128.6 bn yen	166.7 bn yen	+29.6 %
Net profit	92.7 bn yen	118.9 bn yen	+28.3 %
Net profit ratio	28.7 %	38.7 %	+10.0 pt.

- Net profit: Profit attributable to owners of parent
- FY = Fiscal Year
- FY23 indicates the period between April 1, 2022 and March 31, 2023.

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- Year-on-year, net sales for the first quarter declined by 4.7% to 307.4 billion yen, operating profit declined by 15.1% to 101.6 billion yen, ordinary profit increased by 29.6% to 166.7 billion yen, and profit attributable to owners of parent increased by 28.3% to 118.9 billion yen.

Consolidated Sales

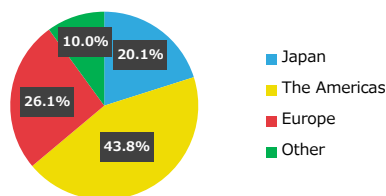
	FY22/Q1	FY23/Q1	Comparison
Net sales	322.6 bn yen	307.4 bn yen	-4.7 %
Dedicated video game platform*1	308.9 bn yen	295.6 bn yen	-4.3 %
Mobile, IP related income, etc.*2	13.1 bn yen	10.9 bn yen	-16.8 %
Playing cards, etc.	0.5 bn yen	0.8 bn yen	+56.9 %

*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: +26.5 billion yen

FY23/Q1 Regional Sales Ratio



Proportion of overseas sales: 79.9%

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- Sales from our dedicated video game business declined by 4.3% year-on-year to 295.6 billion yen. Positive factors included the depreciation of the yen and the addition of Nintendo Switch – OLED Model with its high unit price to the hardware lineup, but hardware production was impacted by factors such as the global shortage of semiconductor components, resulting in a decrease in hardware shipments and subsequent decline in overall sales.
- Looking at our mobile and IP related business, royalty income remained stable and income from smart-device content declined year-on-year, causing overall sales to decrease by 16.8% for a total of 10.9 billion yen.

Gross Profit

	FY22/Q1	FY23/Q1	Comparison
Gross profit	192.8 bn yen	184.5 bn yen	-4.3 %
Gross profit ratio	59.8 %	60.0 %	+0.2 pt.

Main Variable Factors

	FY22/Q1	FY23/Q1	Comparison
Proportion of hardware sales*1	47.6 %	43.8 %	-3.8 pt.
Proportion of first-party software sales*2	72.3 %	76.3 %	+4.0 pt.
Proportion of digital sales*2	46.9 %	53.0 %	+6.1 pt.
Average exchange rate	1 USD 1 Euro	109.46 yen 131.87 yen	+20.20 yen +6.23 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 declined by 4.3% year-on-year to 184.5 billion yen due to the decrease in net sales.
- Although first-party software and digital sales accounted for a larger percentage of overall software sales, the gross profit margin remained at the same level as the same period last year, 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	FY23/Q1	Comparison
SG&A expenses	73.1 bn yen	82.9 bn yen	+13.5 %
SG&A expenses-to-sales ratio	22.7 %	27.0 %	+4.3 pt.
Operating profit	119.7 bn yen	101.6 bn yen	-15.1 %
Operating profit ratio	37.1 %	33.1 %	-4.0 pt.

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

Effect of changes in foreign exchange rates on operating profit: approx. +8.5 billion yen

	FY22/Q1	FY23/Q1	Comparison
Research and development expenses	20.3 bn yen	23.7 bn yen	+16.8 %
Advertising expenses	18.2 bn yen	19.4 bn yen	+6.6 %

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- Selling, general, and administrative expenses (SG&A expenses) increased by 13.5% year-on-year to 82.9 billion yen, due to the depreciation of the yen, which primarily increased costs such as advertising expenses reported by overseas subsidiaries, and due to increases in research and development expenses and shipping expenses, etc. The ratio of SG&A expenses to sales increased by 4.3 percentage points to 27.0%.
- Operating profit decreased by 15.1% year-on-year to 101.6 billion yen due to the decline in gross profit and the rise in SG&A expenses. The operating profit ratio declined by 4.0 percentage points to 33.1%.

Ordinary Profit and Net Profit

	FY22/Q1	FY23/Q1	Comparison
Non-operating income	8.9 bn yen	65.7 bn yen	+633.1 %
included foreign exchange gains	0.7 bn yen	51.7 bn yen	+6,907.5 %
Non-operating expenses	0.1 bn yen	0.7 bn yen	+511.8 %
Ordinary profit	128.6 bn yen	166.7 bn yen	+29.6 %
Net profit	92.7 bn yen	118.9 bn yen	+28.3 %
Net profit ratio	28.7 %	38.7 %	+10.0 pt.

• Net profit: Profit attributable to owners of parent

Exchange rate	FY22	FY23/Q1	Comparison
1 USD	121.83 yen	136.11 yen	+14.28 yen
1 Euro	135.41 Yen	142.24 yen	+6.83 yen

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- Ordinary profit rose by 29.6% year-on-year to 166.7 billion yen, due in part to foreign exchange gains of 51.7 billion yen on the yen's depreciation at the end of this first 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 28.3% year-on-year to 118.9 billion yen.

Consolidated Financial Forecast

	FY22 (Actual)	FY23 (Forecast)	Comparison
Net sales	1,695.3 bn yen	1,600.0 bn yen	-5.6 %
Operating profit	592.7 bn yen	500.0 bn yen	-15.6 %
Ordinary profit	670.8 bn yen	480.0 bn yen	-28.4 %
Net profit	477.6 bn yen	340.0 bn yen	-28.8 %

- Net profit: Profit attributable to owners of parent
- Estimated exchange rate for FY23: 1 USD = 115 yen, 1 Euro = 125 yen.

	FY22 (Actual)	FY23 (Forecast)	Comparison
Dividend			
Annual	2,030 yen	*	-

	FY22 (Actual)	FY23 (Forecast)	Comparison
Nintendo Switch			
Hardware	23.06 mil units	21.00 mil units	-8.9 %
Software	235.07 mil units	210.00 mil units	-10.7 %

- Software sales units for FY22 include the quantity bundled with hardware (1.50 million units).

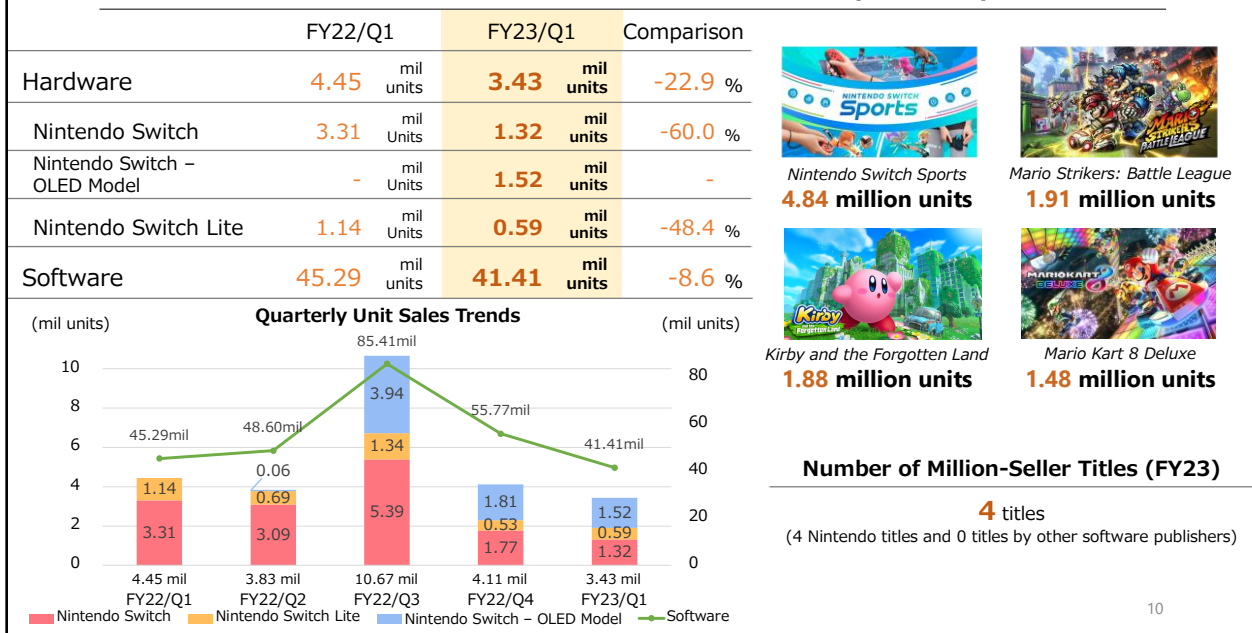
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- There are no changes to the consolidated financial forecast for the fiscal year ending March 31, 2023 that was announced on May 10, 2022.
- Due to delays in the procurement of components such as semiconductors this year, we have not been able to conduct production as planned. However, we expect procurement to gradually improve from late summer towards autumn, giving us a clearer outlook regarding production for the remaining calendar year. In preparation for the holiday season, we will leverage appropriate means of shipment, and work to deliver as many Nintendo Switch systems as possible to consumers in every region.

* A 10-for-1 split of Nintendo's common stock is scheduled to take effect on October 1, 2022. Dividends for the fiscal year ending March 31, 2023 will be paid twice during the period, following the end of the second quarter and at the fiscal year-end, in accordance with our Dividend Policy. The annual dividend per share remains undecided due to the interim dividend being calculated based on the number of common shares pre-split and the year-end dividend being calculated post-split. The interim dividend and the year-end dividend forecast will be announced at the timing of the 2023 fiscal year second quarter earnings release.

2. Business Highlights

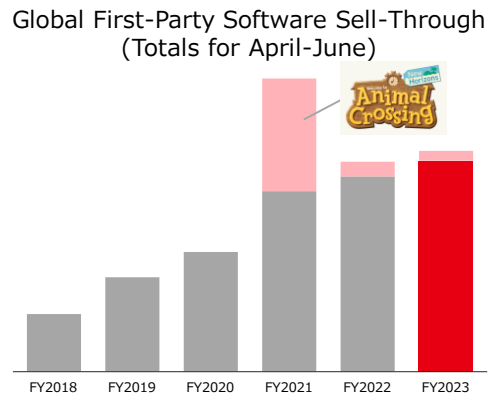
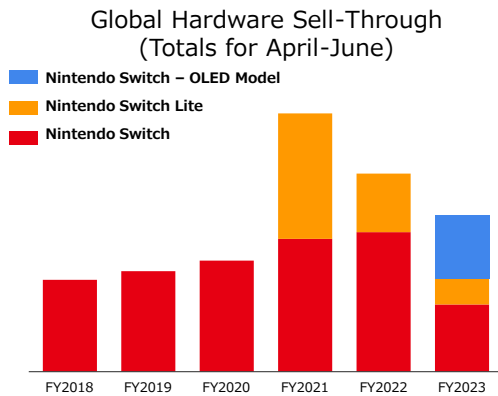
Sales Status of Nintendo Switch (Sell-In)



- Unit sales for the entire Nintendo Switch family of systems declined by 22.9% year-on-year to 3.43 million units. In the first quarter of last fiscal year, titles from other software publishers helped drive hardware sales, particularly in Japan, but with the semiconductor shortage affecting production this first quarter, unit sales of hardware declined year-on-year.
- Nintendo Switch is now in its sixth year since launch, and while there are some differences by region and model, the demand remains stable in all regions.
- Regarding software sales, *Nintendo Switch Sports* and *Mario Strikers: Battle League*, both released this quarter, are off to a strong start, and sales of evergreen titles such as *Mario Kart 8 Deluxe* continued steady, but overall software sales did not keep pace with the strong showing of the first quarter of last fiscal year and totaled 41.41 million units, down by 8.6% year-on-year.

Nintendo Switch Sell-Through

- While hardware sell-through decreased, first-party software sell-through increased year-on-year.
- First-party software sell-through reached the second highest level for a first quarter since the launch of Nintendo Switch.



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Internal estimates, including Asia and Latin America / Source: Nintendo

- 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.
- Sell-through of hardware declined from the first quarter of the previous fiscal year, affected in part by the shortage of semiconductor components.
- Overall sell-through of first-party software increased year-on-year to reach the second-highest level for a first quarter since the launch of Nintendo Switch, though it could not keep pace with the first quarter of FY2021, which was fueled by strong sales of *Animal Crossing: New Horizons*.

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.

New Titles in Q1

- ***Nintendo Switch Sports* and other new titles helped propel sell-through.**



Nintendo Switch Sports
April 29



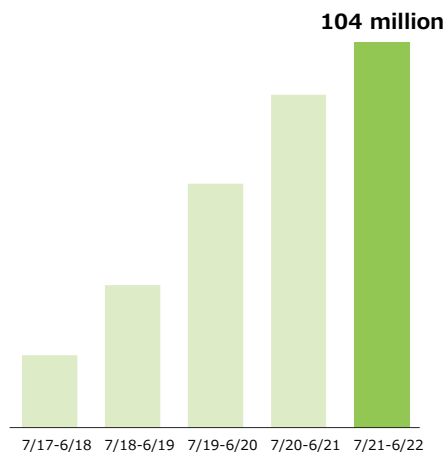
Mario Strikers: Battle League
June 10



Fire Emblem Warriors: Three Hopes
June 24

Annual Playing Users

- **Annual playing users continued to rise.**



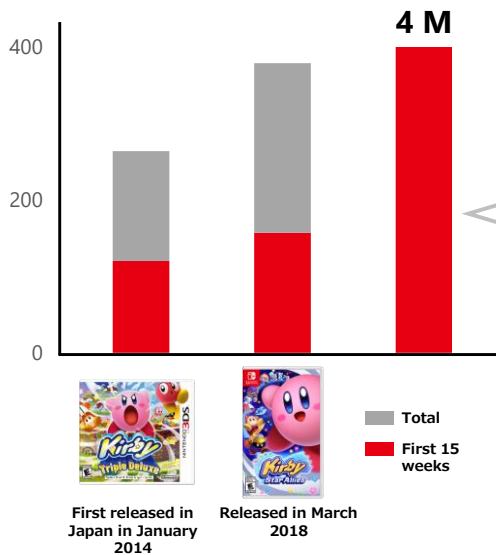
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- The growth in sell-through during the quarter was supported not only by evergreen titles, but also by a number of newly released titles. *Nintendo Switch Sports*, released on April 29, had a global cumulative sell-through of over 4 million units in its first 10 weeks. Since its release, sell-through has remained stable without a significant decline in sales pace, suggesting that the title has the potential for long-term growth in sales.
- The graph on the right shows trends in the number of annual playing users for the Nintendo Switch family of systems. To align with the data aggregation period, we have shown the number of annual playing users for the 12 months starting in July, rather than for the fiscal year. More than 100 million users played Nintendo Switch in the latest 12-month period.

Note: *Fire Emblem Warriors: Three Hopes* will be sold in Japan by Koei Tecmo Games, but it will be sold elsewhere by Nintendo.

Note: The number of annual playing users of Nintendo Switch refers to the number of Nintendo Accounts, out of all Nintendo Accounts registered to a Nintendo Switch, 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 software such as Nintendo eShop.

Comparative Sell-Through of Kirby Series



Kirby and the Forgotten Land, released on March 25, saw the highest sell-through for any entry in the series to date



Internal estimates, including Asia and Latin America / Sources: Nintendo, Media Create

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- *Kirby and the Forgotten Land*, released on March 25, saw global cumulative sell-through in its first 15 weeks of over 4 million units. This marks the highest sell-through* of any entry to date in the Kirby series, which celebrated its 30th anniversary in April of this year.

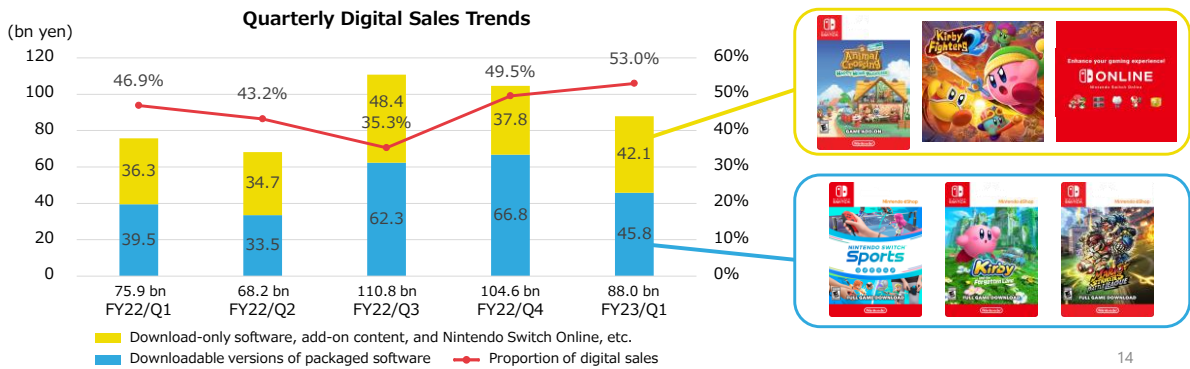
*Limited to titles released for Wii and Nintendo DS onwards, when software sell-through data collection began.

Digital Sales

	FY22/Q1	FY23/Q1	Comparison
Digital sales*1	75.9 bn yen	88.0 bn yen	+16.0 %
Proportion of digital sales*2	46.9 %	53.0 %	+6.1 pt.

*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



- Digital sales in the first quarter increased by 16.0% year-on-year to 88.0 billion yen, accounting for 53.0% of total software sales for our dedicated video game platform.
- Sales of downloadable versions of packaged software titles such as *Nintendo Switch Sports* and *Mario Strikers: Battle League* fared well, and sales were also steady for add-on content including *Animal Crossing: New Horizons – Happy Home Paradise*.
- Regarding Nintendo Switch Online, because more consumers have now purchased multiple consoles, growth in the number of members has become more moderate. However, with the additional increase in sales from the new Nintendo Switch Online + Expansion Pack, overall Nintendo Switch Online sales are showing further growth.

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 (July-September) ①



Xenoblade Chronicles 3
July 29



Mario Kart 8 Deluxe – Booster Course Pass: Wave 2
August 4



Splatoon 3
September 9



Kirby's Dream Buffet
This Summer

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- This is a partial list of new products currently announced for release in the second quarter of this fiscal year.
- In addition to *Xenoblade Chronicles 3*, which was released on July 29, we also have the paid add-on content *Mario Kart 8 Deluxe – Booster Course Pass: Wave 2* slated for release on August 4, and *Splatoon 3* due out on September 9. Furthermore, the download-only title *Kirby's Dream Buffet* will be released this summer.

Examples of Announced Nintendo Products (July-September) ②



**Nintendo Switch – OLED Model Splatoon 3 Edition
August 26**

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- In addition, we'll be launching the Nintendo Switch – OLED Model Splatoon 3 Edition, featuring an original *Splatoon 3* design, on August 26, ahead of the release of *Splatoon 3*. On that same day, we'll also be releasing a Nintendo Switch Pro Controller and a carrying case with original *Splatoon 3* designs.

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 First-Party Titles

units in ten thousands

	FY23 (April ~ June '22)			Life-to-date
	Global	incl. Japan	incl. Overseas	Global
Nintendo Switch				
Nintendo Switch Sports	484	90	394	484
Mario Strikers: Battle League	191	13	179	191
Kirby and the Forgotten Land	188	41	147	453
Mario Kart 8 Deluxe	148	30	118	4,682

[Note] Software sales units include the quantity bundled with hardware. Software sales units include their downloadable versions.

Key Indicators

Proportion of Overseas Sales

FY23			
Q1	Q2	Q3	Q4
79.9%			

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

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

Proportion of Hardware Sales

FY23			
Q1	Q2	Q3	Q4
43.8%			

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

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

Proportion of First-Party Software Sales

FY23			
Q1	Q2	Q3	Q4
76.3%			

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

*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			

Proportion of Digital Sales

FY23			
Q1	Q2	Q3	Q4
53.0%			

Proportion of Downloadable Versions of Packaged Software Sales

FY23			
Q1	Q2	Q3	Q4
52.1%			

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~June 2022)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
(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
		Fire Emblem Warriors: Three Hopes *	6/24/2022	Fire Emblem Warriors: Three Hopes *	6/24/2022

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

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

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
(Software)		(Software)		(Software)	
Xenoblade Chronicles 3	7/29/2022	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
Bayonetta 3	10/28/2022	Splatoon 3	9/9/2022	Splatoon 3	9/9/2022
Pokémon Scarlet	11/18/2022	Bayonetta 3	10/28/2022	Bayonetta 3	10/28/2022
Pokémon Violet	11/18/2022	Pokémon Scarlet	11/18/2022	Pokémon Scarlet	11/18/2022
Kirby's Dream Buffet *	Summer 2022	Pokémon Violet	11/18/2022	Pokémon Violet	11/18/2022
Mario + Rabbids Sparks of Hope **	Winter 2022	Kirby's Dream Buffet *	Summer 2022	Kirby's Dream Buffet *	Summer 2022
The sequel to The Legend of Zelda: Breath of the Wild (temp.)	Spring 2023	The sequel to The Legend of Zelda: Breath of the Wild (temp.)	Spring 2023	The sequel to The Legend of Zelda: Breath of the Wild (temp.)	Spring 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.
 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.

Upcoming Software Publishers' Title Lineup (extracts: July 2022~)

Nintendo Switch

Region	Title	Publisher	Title	Publisher
Japan	RPG Time: The Legend of Wright	Aniplex	Idol Manager	PLAYISM
	Persona 5 Royal	ATLUS	Sonic Frontiers	SEGA
	Ultra Kaiju Monster Rancher	Bandai Namco Entertainment	DISCO ELYSIUM THE FINAL CUT	Spike Chunsoft
	DORAEMON STORY OF SEASONS: Friends of the Great Kingdom	Bandai Namco Entertainment	NieR:Automata The End of YoRHa Edition	SQUARE ENIX
	Taiko no Tatsujin: Rhythm Festival	Bandai Namco Entertainment	DRAGON QUEST TREASURES	SQUARE ENIX
	Ace Angler Fishing Spirits	Bandai Namco Entertainment	HARVESTELLA	SQUARE ENIX
	SD GUNDAM BATTLE ALLIANCE	Bandai Namco Entertainment	The DioField Chronicle	SQUARE ENIX
	Overwatch 2	Blizzard Entertainment	DRAGON QUEST X offline	SQUARE ENIX
	Hakuoki Shinkai Tenun-no-shou	IDEA FACTORY	CRISIS CORE -FINAL FANTASY VII- REUNION	SQUARE ENIX
	LOOP8	Marvelous		
The United States	NBA 2K23	2K	Brewmaster	Fireshine Games/Sold Out
	Hindsight	Annapurna Interactive	Disney Dreamlight Valley	Gameloft
	KLONOA Phantasy Reverie Series	Bandai Namco Entertainment	Tribes of Midgard	Gearbox Publishing
	Digimon Survive	Bandai Namco Entertainment	Ooblets	Glumberland
	Taiko no Tatsujin: Rhythm Festival	Bandai Namco Entertainment	Two Point Campus	SEGA
	Cult of the Lamb	Devolver Digital	The DioField Chronicle	SQUARE ENIX
	Return to Monkey Island	Devolver Digital	Life Is Strange Remastered Collection	SQUARE ENIX
	EA SPORTS FIFA 23 Nintendo Switch Legacy Edition	Electronic Arts	Batora: Lost Haven	Team17
	RAILGRADE	Epic Games	River City Girls 2	WayForward/Limited Run Games
Europe	NBA 2K23	2K	Brewmaster	Fireshine Games/Sold Out
	Hindsight	Annapurna Interactive	Disney Dreamlight Valley	Gameloft
	KLONOA Phantasy Reverie Series	Bandai Namco Entertainment	Tribes of Midgard	Gearbox Publishing
	Digimon Survive	Bandai Namco Entertainment	Ooblets	Glumberland
	Taiko no Tatsujin: Rhythm Festival	Bandai Namco Entertainment	Two Point Campus	SEGA
	Cult of the Lamb	Devolver Digital	The DioField Chronicle	SQUARE ENIX
	Return to Monkey Island	Devolver Digital	Life Is Strange Remastered Collection	SQUARE ENIX
	EA SPORTS FIFA 23 Nintendo Switch Legacy Edition	Electronic Arts	Batora: Lost Haven	Team17
	RAILGRADE	Epic Games	River City Girls 2	WayForward

[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

[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.