



Financial Results Explanatory Material

2nd Quarter of Fiscal Year Ending March 2024

Nintendo Co., Ltd.
November 7, 2023

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1. Consolidated Financial Results and Outlook

Consolidated Financial Highlights

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Net sales	656.9 bn yen	796.2 bn yen	+21.2 %
Operating profit	220.3 bn yen	279.9 bn yen	+27.0 %
Operating profit ratio	33.5 %	35.2 %	+1.7 pt.
Ordinary profit	322.4 bn yen	380.0 bn yen	+17.8 %
Net profit	230.4 bn yen	271.2 bn yen	+17.7 %
Net profit ratio	35.1 %	34.1 %	-1.0 pt.

• Net profit: Profit attributable to owners of parent

• FY = Fiscal Year

FY24/Q1-Q2 indicates the period between April 1, 2023 and September 30, 2023.

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- Year-on-year, net sales during the first half of the fiscal year increased 21.2% to 796.2 billion yen, operating profit rose 27.0% to 279.9 billion yen, ordinary profit rose 17.8% to 380.0 billion yen, and profit attributable to owners of parent rose 17.7% to 271.2 billion yen.

Consolidated Sales

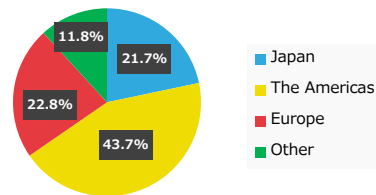
	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Net sales	656.9 bn yen	796.2 bn yen	+21.2 %
Dedicated video game platform*1	631.4 bn yen	736.7 bn yen	+16.7 %
Mobile, IP related income, etc.*2	23.5 bn yen	55.0 bn yen	+133.3 %
Playing cards, etc.	1.9 bn yen	4.4 bn yen	+125.2 %

*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 visual content, smart-device content and royalties.

Effect of changes in foreign exchange rates on net sales: +36.8 billion yen

FY24/Q1-Q2 Regional Sales Ratio



Proportion of sales outside of Japan: 78.3%

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- Sales in the first half of the fiscal year were the largest since the launch of Nintendo Switch, due to an increase in sales in our dedicated video game platform business, as well as a rise in mobile and IP related income (including revenue associated with *The Super Mario Bros. Movie*), coupled with the significant depreciation of the yen.
- Looking at sales in our dedicated video game platform business, unit sales of Nintendo Switch hardware and software both increased year-on-year. The larger percentage of hardware sales accounted for by Nintendo Switch – OLED Model, which has a higher unit price, helped further increase sales to a total of 736.7 billion yen, up 16.7% year-on-year.
- Overall sales in our mobile and IP-related business increased by 133.3% year-on-year to 55.0 billion yen, bolstered by revenue related to the movie release and an increase in income from royalties.

Gross Profit

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison	
Gross profit	391.6 bn yen	472.0 bn yen	+20.5 %	
Gross profit ratio	59.6 %	59.3 %	-0.3 pt.	
Main Variable Factors				
	FY23/Q1-Q2	FY24/Q1-Q2	Comparison	
Proportion of hardware sales*1	41.7 %	41.1 %	-0.6 pt.	
Proportion of first-party software sales*2	74.3 %	82.4 %	+8.1 pt.	
Proportion of digital sales*2	51.0 %	50.2 %	-0.8 pt.	
Average exchange rate	1 USD 1 Euro	133.93 yen 138.66 yen	140.96 yen 153.40 yen	+7.03 yen +14.74 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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- With the increase in sales, gross profit rose by 20.5% year-on-year to 472.0 billion yen.
- Our gross profit margin remained at the same level as last year. There were factors that had a positive impact on the gross profit margin, such as a decrease in the proportion of hardware sales and an increase in the proportion of first-party software sales. However, these factors were offset by a decline in the proportion of digital sales and an increase in the percentage of hardware sales accounted for by Nintendo Switch – OLED Model, which has a lower profit margin than the other models in the Nintendo Switch family.

Selling, General and Administrative Expenses / Operating Profit

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
SG&A expenses	171.2 bn yen	192.1 bn yen	+12.2 %
SG&A expenses-to-sales ratio	26.1 %	24.1 %	-2.0 pt.
Operating profit	220.3 bn yen	279.9 bn yen	+27.0 %
Operating profit ratio	33.5 %	35.2 %	+1.7 pt.

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

Effect of changes in foreign exchange rates on operating profit: approx. -0.0 billion yen

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Research and development expenses	51.3 bn yen	59.4 bn yen	+15.8 %
Advertising expenses	39.0 bn yen	44.3 bn yen	+13.5 %

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- Selling, general, and administrative expenses (SG&A expenses) rose by 12.2% year-on-year to 192.1 billion yen, due mainly to the depreciation of the yen, which primarily increased expenses reported by subsidiaries outside of Japan, but also due to a rise in advertising expenses and R&D expenses. On the other hand, the ratio of SG&A expenses to sales decreased by 2.0 percentage points to 24.1%, due to the year-on-year increase in net sales.
- Operating profit rose 27.0% year-on-year to 279.9 billion yen, due to the increase in gross profit and the decline in the ratio of SG&A expenses to sales. The operating profit margin rose 1.7 percentage points to 35.2%.

Ordinary Profit and Net Profit

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Non-operating income	103.2 bn yen	100.4 bn yen	-2.7 %
included foreign exchange gains	76.4 bn yen	57.7 bn yen	-24.4 %
Non-operating expenses	1.1 bn yen	0.3 bn yen	-73.0 %
Ordinary profit	322.4 bn yen	380.0 bn yen	+17.8 %
Net profit	230.4 bn yen	271.2 bn yen	+17.7 %
Net profit ratio	35.1 %	34.1 %	-1.0 pt.

• Net profit: Profit attributable to owners of parent

Exchange rate	FY23	FY24/Q2	Comparison	Dividend	FY23	FY24	Comparison
1 USD	133.00 yen	149.37 yen	+16.37 yen	Interim	*	80 yen	-
1 Euro	144.67 yen	157.94 yen	+13.27 yen		*	80 yen	-

• A 10-for-1 split of common stock was enacted, effective October 1, 2022. If the stock split were enacted at the start of the fiscal year, the interim dividend for the fiscal year ended March 31, 2023, would be 63 yen per share.

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- Ordinary profit increased by 17.8% year-on-year to 380.0 billion yen, lifted by factors like the increase in operating profit as well as growth in interest income resulting from higher interest rates outside of Japan.
- Profit attributable to owners of parent increased by 17.7% year-on-year to 271.7 billion yen.

FY24 Consolidated Financial Forecast

We have revised the consolidated earnings forecast (issued on May 9, 2023) on November 7, 2023.

	Previous Forecast	Modified Forecast	Comparison
Net sales	1,450.0 bn yen	1,580.0 bn yen	+9.0 %
Operating profit	450.0 bn yen	500.0 bn yen	+11.1 %
Ordinary profit	480.0 bn yen	600.0 bn yen	+25.0 %
Net profit	340.0 bn yen	420.0 bn yen	+23.5 %

· Net profit: Profit attributable to owners of parent

· For FY24, the estimated exchange rate for USD has been revised from 1 USD = 130 yen to 140 yen, and the rate for Euros has been revised from 1 Euro = 135 yen to 150 yen.

	Previous Forecast	Modified Forecast	Comparison
Dividend			
Annual	147 yen	181 yen	+34 yen

	Previous Forecast	Modified Forecast	Comparison
Nintendo Switch			
Hardware	15.00 mil units	15.00 mil units	-
Software	180.00 mil units	185.00 mil units	+2.8 %

· The revised FY24 software sales unit forecast includes bundled software for the six months ended September 30, 2023 (approx. 210 thousand units,) but does not take into account software bundled with hardware or other products on or after October 1, 2023. ⁸

- We have modified the financial forecast for the fiscal year ending March 2024, originally published on May 9, 2023.
- We have revised our exchange rate assumptions in consideration of recent exchange rate fluctuations and other economic conditions and reflected the sales results of the first half of this fiscal year in our full-year forecast.
- Our revised outlook is 1,580.0 billion yen in net sales, 500.0 billion yen in operating profit, 600.0 billion yen in ordinary profit, and 420.0 billion yen in profit attributable to owners of parent.
- The assumed exchange rates have been changed from 130 yen to 140 yen per U.S. dollar and 135 yen to 150 yen per euro.
- The annual dividend forecast has been revised from 147 yen to 181 yen per share as a result of the modification of the financial forecast.
- For Nintendo Switch software, we increased our forecast by 5.00 million units to 185.00 million units.

2. Business Highlights

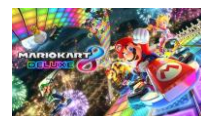
Sales Status of Nintendo Switch (Sell-In)

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Hardware	6.68 mil units	6.84 mil units	+2.4 %
Nintendo Switch	2.23 mil units	1.25 mil units	-44.0 %
Nintendo Switch – OLED Model	3.53 mil units	4.69 mil units	+32.8 %
Nintendo Switch Lite	0.92 mil units	0.90 mil units	-1.9 %
Software	95.41 mil units	97.08 mil units	+1.8 %



The Legend of Zelda: Tears of the Kingdom

19.50 million units



Mario Kart 8 Deluxe

3.22 million units



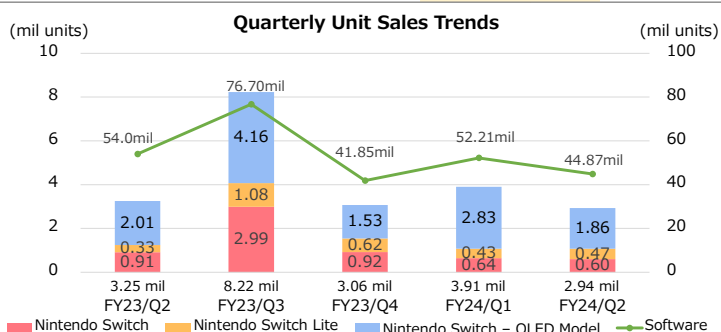
Pikmin 4

2.61 million units



Super Smash Bros. Ultimate

1.35 million units



Number of Million-Seller Titles (FY24)

16 titles

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

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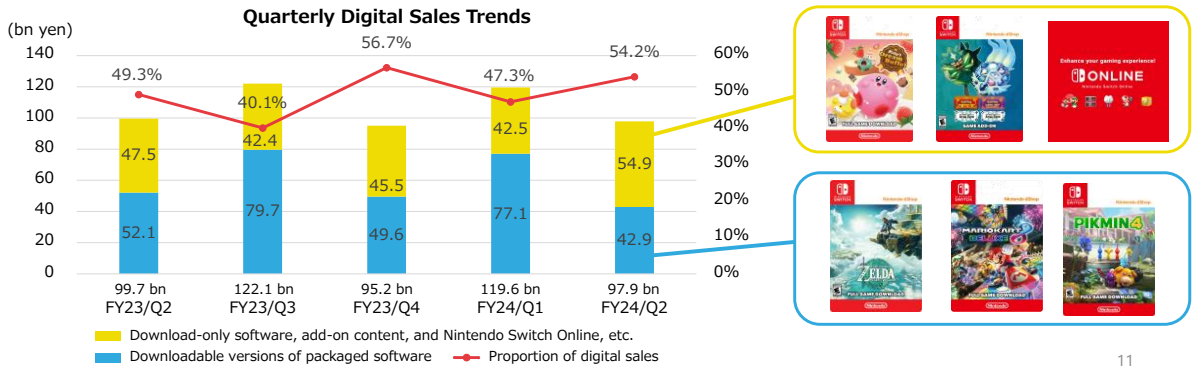
- Unit sales for the entire Nintendo Switch family rose by 2.4% year-on-year to 6.84 million units. This breaks down to 1.25 million units of Nintendo Switch, 4.69 million units of Nintendo Switch – OLED Model, and 0.90 million units of Nintendo Switch Lite. Total software sales grew 1.8% year-on-year to 97.08 million units.
- In the first half of the fiscal year, sales of new titles released this fiscal year sold well, with *The Legend of Zelda: Tears of the Kingdom* (released in May) posting sales of 19.50 million units, and *Pikmin 4* (released in July) posting sales of 2.61 million units. In addition, *The Super Mario Bros. Movie*, released in April, had a positive impact on sales of Mario related titles. Sales of other titles also continued to grow steadily, bringing the total number of million-seller titles during this period to 16, including titles from other software publishers.

Digital Sales

	FY23/Q1-Q2	FY24/Q1-Q2	Comparison
Digital sales*1	187.8 bn yen	217.5 bn yen	+15.8 %
Proportion of digital sales*2	51.0 %	50.2 %	-0.8 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 for the first half of the year increased by 15.8% year-on-year to 217.5 billion yen. Digital sales accounted for 50.2% of total software sales for our dedicated video game platform.
- The downloadable versions of Nintendo Switch packaged software titles such as *The Legend of Zelda: Tears of the Kingdom* sold well, and sales related to add-on content and Nintendo Switch Online increased. The depreciation of the yen also contributed to growth by causing foreign currency-denominated sales to increase when converted into yen. On the other hand, the ratio of digital sales to overall sales declined compared to last year, pushed down by the robust sales of the physical version of *The Legend of Zelda: Tears of the Kingdom*.

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 First-Party Titles

units in ten thousands

Nintendo Switch	FY24 (April ~ September '23)			Life-to-date
	Global	Japan	Outside of Japan	Global
The Legend of Zelda: Tears of the Kingdom	1,950	351	1,599	1,950
Mario Kart 8 Deluxe	322	44	278	5,701
Pikmin 4	261	136	124	261
Super Smash Bros. Ultimate	135	28	107	3,244
The Legend of Zelda: Breath of the Wild	133	26	108	3,115
New Super Mario Bros. U Deluxe	128	11	117	1,670
Mario Party Superstars	127	18	108	1,144
SUPER MARIO ODYSSEY	120	12	108	2,695
Super Mario 3D World + Bowser's Fury	120	10	110	1,258
Animal Crossing: New Horizons	117	23	95	4,338
Nintendo Switch Sports	117	18	99	1,077
Pokémon Scarlet/ Pokémon Violet	113	29	84	2,323

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

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Key Indicators

Proportion of Sales Outside of Japan

FY24			
Q1	Q2	Q3	Q4
80.0%	76.0%		
78.3%			

FY23			
Q1	Q2	Q3	Q4
79.9%	72.4%	76.8%	80.6%
75.9%			
76.4%			
77.2%			

*Proportion of sales outside of Japan to total sales

Proportion of Hardware Sales

FY24			
Q1	Q2	Q3	Q4
40.9%	41.5%		
41.1%			

FY23			
Q1	Q2	Q3	Q4
43.8%	39.8%	50.9%	42.7%
41.7%			
46.2%			
45.6%			

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

Proportion of First-Party Software Sales

FY24			
Q1	Q2	Q3	Q4
88.8%	72.1%		
82.4%			

FY23			
Q1	Q2	Q3	Q4
76.3%	72.7%	85.0%	77.9%
74.3%			
79.4%			
79.1%			

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

Digital Sales Indicators

Digital Sales

(yen)

FY24			
Q1	Q2	Q3	Q4
119.6 bn	97.9 bn		
217.5 bn			

Proportion of Digital Sales

FY24			
Q1	Q2	Q3	Q4
47.3%	54.2%		
50.2%			

Proportion of Downloadable Versions of Packaged Software Sales

FY24			
Q1	Q2	Q3	Q4
64.5%	43.8%		
55.2%			

FY23			
Q1	Q2	Q3	Q4
88.0 bn	99.7 bn	122.1 bn	95.2 bn
187.8 bn			
310.0 bn			
405.2 bn			

FY23			
Q1	Q2	Q3	Q4
53.0%	49.3%	40.1%	56.7%
51.0%			
46.0%			
48.2%			

FY23			
Q1	Q2	Q3	Q4
52.1%	52.3%	65.3%	52.2%
52.2%			
57.4%			
56.1%			

*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 2023~September 2023)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
(Software)		(Software)		(Software)	
The 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
Pikmin 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
Pikmin 2 *	6/22/2023	Pikmin 1 *	6/21/2023	Pikmin 1 *	6/21/2023
Pikmin 1+2 **	6/22/2023	Pikmin 2 *	6/21/2023	Pikmin 2 *	6/21/2023
Everybody 1-2-Switch!	6/30/2023	Pikmin 1+2 **	6/21/2023	Pikmin 1+2 **	6/21/2023
Pikmin 4	7/21/2023	Everybody 1-2-Switch!	6/30/2023	Everybody 1-2-Switch!	6/30/2023
		Pikmin 4	7/21/2023	Pikmin 4	7/21/2023

[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.
 **Release date of downloadable version. Packaged version released on September 22, 2023.

Launch Schedule of Primary Nintendo Products by Region (extracts: October 2023~)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
(Software)		(Software)		(Software)	
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
Another Code: Recollection	1/19/2024	Another Code: Recollection	1/19/2024	Another Code: Recollection	1/19/2024
Mario vs. Donkey Kong	2/16/2024	Mario vs. Donkey Kong	2/16/2024	Mario vs. Donkey Kong	2/16/2024
Princess Peach: Showtime!	3/22/2024	Princess Peach: Showtime!	3/22/2024	Princess Peach: Showtime!	3/22/2024
Luigi's Mansion 2 HD	Summer 2024	Luigi's Mansion 2 HD	Summer 2024	Luigi's Mansion 2 HD	Summer 2024
Paper Mario: The Thousand-Year Door	2024	Paper Mario: The Thousand-Year Door	2024	Paper Mario: The Thousand-Year Door	2024
Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	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.

Upcoming Software Publishers' Title Lineup

Please refer to the URLs below for upcoming software publishers' titles.

Japan

<https://www.nintendo.co.jp/schedule/#switch>

The United States

<https://www.nintendo.com/store/games/coming-soon/#sort=df>

Europe

<https://www.nintendo.co.uk/Search/Search-299117.html?f=147394-14-73>

※In addition to software publishers' titles, other information, such as Nintendo titles, is also included in the URL above.

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.