



Financial Results Explanatory Material

3rd Quarter of Fiscal Year Ending March 2024

Nintendo Co., Ltd.
February 6, 2024

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1. Consolidated Financial Results and Outlook

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- We would like to talk about the consolidated financial results for the first nine months of the fiscal year ending March 2024 (hereinafter referred to as “the third quarter”).

Consolidated Financial Highlights

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
Net sales	1,295.1 bn yen	1,394.7 bn yen	+7.7 %
Operating profit	410.5 bn yen	464.4 bn yen	+13.1 %
Operating profit ratio	31.7 %	33.3 %	+1.6 pt.
Ordinary profit	482.5 bn yen	567.3 bn yen	+17.6 %
Net profit	346.2 bn yen	408.0 bn yen	+17.9 %
Net profit ratio	26.7 %	29.3 %	+2.6 pt.

· Net profit: Profit attributable to owners of parent
 · FY = Fiscal Year
 FY24/Q1-Q3 indicates the period between April 1 and December 31, 2023.

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- Year-on-year, net sales for the third quarter increased by 7.7% to 1,394.7 billion yen, operating profit rose by 13.1% to 464.4 billion yen, ordinary profit rose by 17.6% to 567.3 billion yen, and net profit attributable to owners of parent rose by 17.9% to 408.0 billion yen.

Consolidated Sales

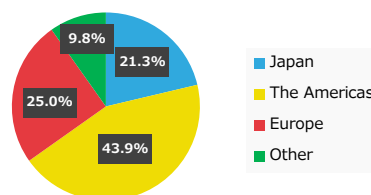
	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
Net sales	1,295.1 bn yen	1,394.7 bn yen	+7.7 %
Dedicated video game platform*1	1,252.1 bn yen	1,310.9 bn yen	+4.7 %
Mobile, IP related income, etc.*2	38.9 bn yen	75.2 bn yen	+93.4 %
Playing cards, etc.	4.1 bn yen	8.5 bn yen	+108.8 %

*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: +66.0 billion yen

FY24/Q1-Q3 Regional Sales Ratio



Proportion of sales outside of Japan: 78.7%

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- Next, we would like to give a breakdown of consolidated sales.
- Looking at sales in our dedicated video game platform business, unit sales of Nintendo Switch hardware and software both decreased year-on-year. However, net sales increased 4.7% to 1,310.9 billion yen, due in part to the continued depreciation of the yen in foreign exchange markets, the increase in proportion of hardware sales accounted for by Nintendo Switch – OLED Model, which has a higher unit price, and the growth in sales of add-on content not counted in software unit sales.
- Overall sales in our mobile and IP related business increased by 93.4% year-on-year to 75.2 billion yen, bolstered by movie-related sales and an increase in royalty income.

Gross Profit

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison	
Gross profit	697.6 bn yen	778.2 bn yen	+11.5 %	
Gross profit ratio	53.9 %	55.8 %	+1.9 pt.	
Main Variable Factors				
	FY23/Q1-Q3	FY24/Q1-Q3	Comparison	
Proportion of hardware sales*1	46.2 %	45.0 %	-1.2 pt.	
Proportion of first-party software sales*2	79.4 %	82.5 %	+3.1 pt.	
Proportion of digital sales*2	46.0 %	48.1 %	+2.1 pt.	
Average exchange rate	1 USD 1 Euro	136.39 yen 140.47 yen	143.22 yen 155.26 yen	+6.83 yen +14.79 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 11.5% year-on-year to 778.2 billion yen.
- Despite Nintendo Switch – OLED Model, which has a lower profit margin than the other models in the Nintendo Switch family, accounting for a higher proportion of console sales, our gross profit margin increased by 1.9 percentage points year-on-year to 55.8%. This was supported by several factors, such as a decrease in proportion of hardware sales as well as increases in proportion of first-party software sales and proportion of digital sales.

Selling, General and Administrative Expenses / Operating Profit

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
SG&A expenses	287.1 bn yen	313.8 bn yen	+9.3 %
SG&A expenses-to-sales ratio	22.2 %	22.5 %	+0.3 pt.
Operating profit	410.5 bn yen	464.4 bn yen	+13.1 %
Operating profit ratio	31.7 %	33.3 %	+1.6 pt.

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

Effect of changes in foreign exchange rates on operating profit: approx. +13.0 billion yen

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
Research and development expenses	78.3 bn yen	92.3 bn yen	+17.8 %
Advertising expenses	76.3 bn yen	83.7 bn yen	+9.8 %

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- Selling, general, and administrative expenses (SG&A expenses) rose by 9.3% year-on-year to 313.8 billion yen, due mainly to an increase in foreign currency-denominated expenses caused by the depreciation of the yen, but also due to a rise in advertising expenses and research and development expenses. In addition, the ratio of SG&A expenses to sales increased by 0.3 percentage points to 22.5%.
- Operating profit rose 13.1% year-on-year to 464.4 billion yen, bolstered by the increase in gross profit, and the operating profit ratio rose 1.6 percentage points to 33.3%.

Ordinary Profit and Net Profit

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
Non-operating income	72.9 bn yen	103.2 bn yen	+41.6 %
included foreign exchange gains	28.9 bn yen	34.2 bn yen	+18.5 %
Non-operating expenses	0.9 bn yen	0.3 bn yen	-62.4 %
Ordinary profit	482.5 bn yen	567.3 bn yen	+17.6 %
Net profit	346.2 bn yen	408.0 bn yen	+17.9 %
Net profit ratio	26.7 %	29.3 %	+2.6 pt.

• Net profit: Profit attributable to owners of parent

Exchange rate	FY23 (3/31/2023)	FY24/Q3 (12/31/2023)	Comparison
1 USD	133.00 yen	141.04 yen	+8.04 yen
1 Euro	144.67 yen	155.72 yen	+11.05 yen

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- Ordinary profit increased by 17.6% year-on-year to 567.3 billion yen, lifted by the increase in operating profit and factors such as growth in interest income as a result of higher foreign interest rates, and foreign exchange gains due to the yen's continued depreciation.
- Profit attributable to owners of parent grew by 17.9% year-on-year to 408.0 billion yen.

FY24 Consolidated Financial Forecast

We have revised the consolidated earnings forecast (issued on November 7, 2023) on February 6, 2024.

	Previous Forecast	Modified Forecast	Comparison
Net sales	1,580.0 bn yen	1,630.0 bn yen	+3.2 %
Operating profit	500.0 bn yen	510.0 bn yen	+2.0 %
Ordinary profit	600.0 bn yen	620.0 bn yen	+3.3 %
Net profit	420.0 bn yen	440.0 bn yen	+4.8 %

• Net profit: Profit attributable to owners of parent

• For FY24, the estimated exchange rate for USD remains 1USD = 140 yen, and the rate for Euros has been revised from 1 Euro = 150 yen to 155 yen.

	Previous Forecast	Modified Forecast	Comparison
Nintendo Switch			
Hardware	15.00 mil units	15.50 mil units	+3.3 %
Software	185.00 mil units	190.00 mil units	+2.7 %

• The revised FY24 software sales unit forecast includes bundled software for the nine months ended December 31, 2023 but does not take into account software bundled with hardware or other products on and after January 1, 2024. (The modified forecast announced on November 7, 2023 includes approximately 0.21 million units, and the modified forecast announced on February 6, 2024 includes approximately 2.80 million units of software bundled with hardware or other products.)

	Previous Forecast	Modified Forecast	Comparison
Dividend			
Annual	181 yen	189 yen	+8 yen

- Next, we would like to talk about changes to our consolidated financial forecast for the fiscal year ending March 2024.
- Considering the sales trend through the nine months ended December 31, 2023 and prospects for the remainder of the fiscal year, our revised outlook is 1,630.0 billion yen in net sales, 510.0 billion yen in operating profit, 620.0 billion yen in ordinary profit, and 440.0 billion yen in profit attributable to owners of parent.
- The estimated exchange rate at the end of the period for USD remains 1 USD = 140 yen, and the rate for Euros has been revised from 1 Euro = 150 yen to 155 yen.
- We have also modified the unit sales forecast for the fiscal year, increasing Nintendo Switch hardware by 0.50 million to 15.50 million units. The forecast for Nintendo Switch software is increased by 5.00 million to 190.00 million units.
- The annual dividend forecast has been revised from 181 yen to 189 yen per share as a result of the modification of the financial forecast.

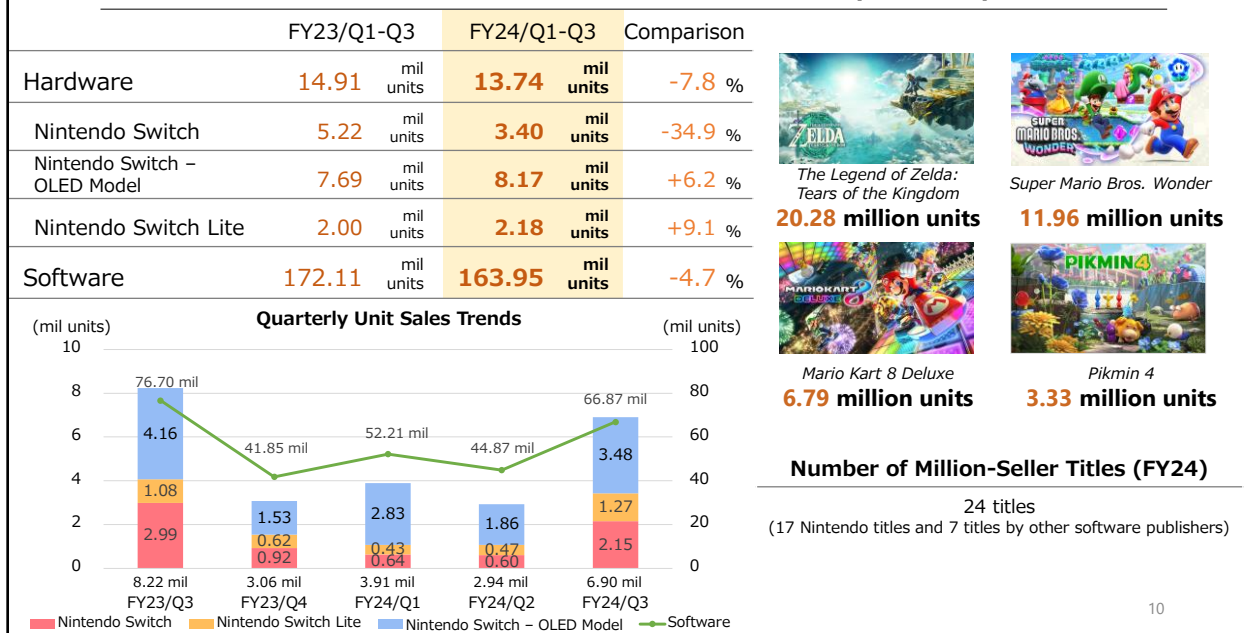
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2. Business Highlights

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- We would now like to turn to our business highlights.

Sales Status of Nintendo Switch (Sell-In)

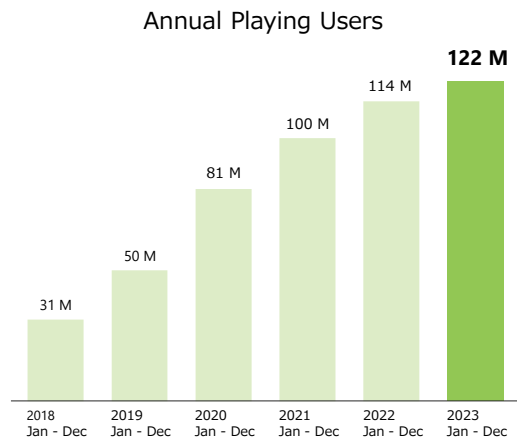
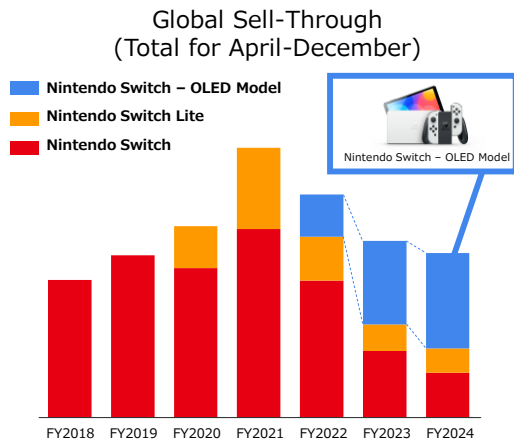


- Here, we will talk about sell-in, which is unit sales by the Nintendo group to its business partners, to describe the sales situation for Nintendo Switch.
- Unit sales for the entire Nintendo Switch family declined 7.8% year-on-year to 13.74 million units. This breaks down to 3.40 million units of Nintendo Switch, 8.17 million units of Nintendo Switch – OLED Model, and 2.18 million units of Nintendo Switch Lite. Although unit sales decreased year-on-year, sales have been stable given the fact that the platform is in its seventh year, and the results were generally in line with our expectations.
- Unit sales of software declined 4.7% year-on-year to 163.95 million units. Sales of *Super Mario Bros. Wonder*, released in October 2023, got off to a strong start, and sales also grew for other new titles released this fiscal year, including *The Legend of Zelda: Tears of the Kingdom* and *Pikmin 4*. In addition, *The Super Mario Bros. Movie*, released in April, had a positive impact on sales of Mario related titles. As a result, there were 24 titles that sold over a million copies during the period, including titles from other software publishers.

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.

Nintendo Switch: Hardware Sell-through and Annual Playing Users

- This fiscal year is the seventh year since the launch of Nintendo Switch, but sell-through has remained steady and there are more annual playing users than ever before



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Nintendo estimates

- The graph on the left shows global hardware sell-through (in other words, units purchased by consumers) for April through December. Red indicates Nintendo Switch, orange is Nintendo Switch Lite, and blue is Nintendo Switch – OLED Model. Overall hardware sell-through declined slightly compared to the same period last fiscal year, but sell-through for Nintendo Switch – OLED Model increased year-on-year. We saw demand not only for first-time purchases, but also for additional and replacement purchases. Growth in sales was also supported by the release of Nintendo Switch – OLED Model - The Legend of Zelda: Tears of the Kingdom Edition and other special-edition hardware during the fiscal year.
- The graph on the right shows the trend in the number of annual playing users, which is the number of users who played software on Nintendo Switch during the last 12 months. The number of annual playing users between January and December of 2023 was the highest ever, exceeding 122 million.

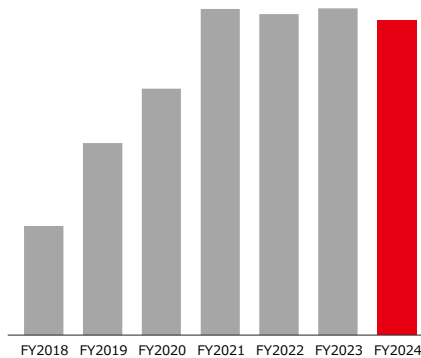
Note: *Sell-through* refers to sales made to individual consumers. In addition to units sold by retailers, this number also includes units sold to individual consumers through Nintendo's direct-sales websites and as downloadable software.

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.

Nintendo Switch First-Party Software Sell-Through

- **Solid showing for both new and evergreen titles in an environment where many people continue to play Nintendo Switch**
- **Steady growth in sales for *Super Mario Bros. Wonder*, released in October 2023**

First-Party Software Global Sell-Through
(April-December)



**Global sell-through of over
10.70 million units
(Released on October 20, 2023)**

Nintendo estimates

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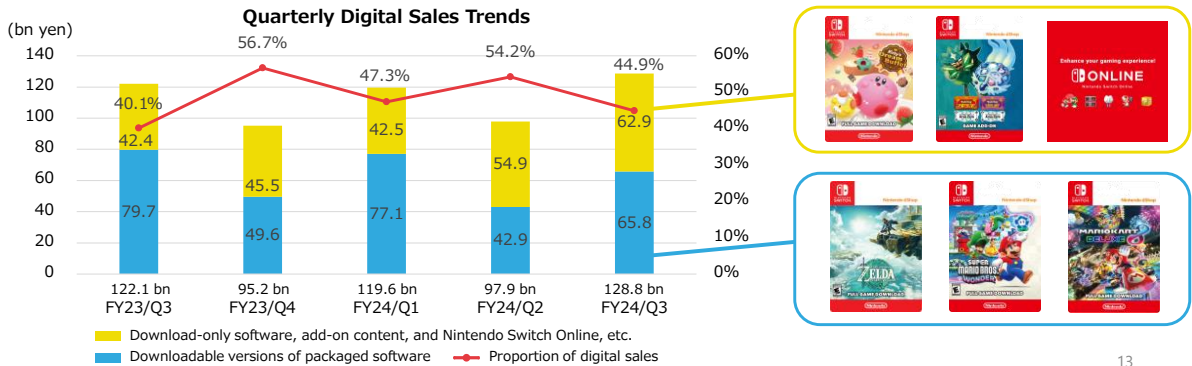
- Let's move on to a discussion of sell-through of first-party software.
- The graph on the left shows global sell-through of first-party software for Nintendo Switch for April to December. Despite being in its seventh year since launch, Nintendo Switch continues to enjoy steady growth in sales of new titles, and sales of evergreen titles continue to maintain much of their momentum. Many people have continued playing Nintendo Switch this fiscal year, and we believe this ties in with the solid sales.
- Sales of *Super Mario Bros. Wonder*, which was released in October of last year, grew steadily throughout the holiday season. By the end of the third quarter, global sell-through reached 10.70 million units, making it the fastest-selling Super Mario title to date.

Digital Sales

	FY23/Q1-Q3	FY24/Q1-Q3	Comparison
Digital sales*1	310.0 bn yen	346.4 bn yen	+11.7 %
Proportion of digital sales*2	46.0 %	48.1 %	+2.1 pt.

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

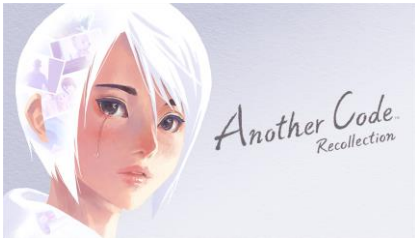
*2 Proportion to total dedicated video game platform software sales



- Digital sales through the third quarter increased by 11.7% year-on-year to 346.4 billion yen and accounted for 48.1% of total software sales for our dedicated video game platform.
- Downloadable versions of packaged software for Nintendo Switch like *The Legend of Zelda: Tears of the Kingdom* sold well, and sales also increased for Nintendo Switch Online and for add-on content such as *The Hidden Treasure of Area Zero* for *Pokémon Scarlet* and *Pokémon Violet*. Furthermore, the increase in foreign currency-denominated sales due to the depreciation of the yen contributed to the rise in digital sales, helping to raise the proportion of digital sales year-on-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.

First-Party Titles Releasing January-March 2024



January 19



February 16



March 22

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- Shown here are Nintendo titles for the fourth quarter, or the three months of January through March 2024.
- We released *Another Code: Recollection* on January 19, and we plan to follow up with the release of *Mario vs. Donkey Kong* on February 16 and *Princess Peach: Showtime!* on March 22.
- Going forward, we will continue to work to maximize software sales in an environment where many people continue playing Nintendo Switch.

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

Donkey Kong Country, an area that will expand SUPER NINTENDO WORLD, will open at Universal Studios Japan this spring



SUPER NINTENDO WORLD will open at the upcoming Universal Epic Universe in Orlando, Florida in 2025



Note: This is a concept for the area entrance.

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- Next, I would like to describe the latest initiatives in our strategy to expand the number of people who have access to the Nintendo IP, the goal of which is to continually invigorate our dedicated video game platform business.
- Donkey Kong Country, an area that will expand SUPER NINTENDO WORLD, is scheduled to open this spring at Universal Studios Japan.
- In addition, SUPER NINTENDO WORLD is scheduled to open in 2025 at Universal Epic Universe, a theme park under construction in Orlando, Florida by Universal Destinations & Experiences.
- Going forward, we will continue to create points of contact with consumers by promoting various initiatives that utilize Nintendo IP in a wide range of fields.

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

Nintendo Switch	FY24 (Apr. '23 ~ Dec. '23)			Life-to-date	units in ten thousands				
	Global	incl. Japan	incl. Overseas	Global	Global	incl. Japan	incl. Overseas	Global	
	The Legend of Zelda: Tears of the Kingdom	2,028	364	1,664	2,028	Mario Party Superstars	214	34	180
Super Mario Bros. Wonder	1,196	254	943	1,196	SUPER MARIO ODYSSEY	190	20	170	2,765
Mario Kart 8 Deluxe	679	77	603	6,058	The Legend of Zelda: Breath of the Wild	180	30	150	3,161
Pikmin 4	333	182	151	333	Super Mario 3D World + Bowser's Fury	179	15	164	1,317
Super Mario RPG	314	84	230	314	New Super Mario Bros. U Deluxe	178	15	163	1,720
Nintendo Switch Sports	288	28	260	1,248	Super Mario Party	120	18	102	2,034
Animal Crossing: New Horizons	258	49	209	4,479	Luigi's Mansion 3	115	14	102	1,398
Super Smash Bros. Ultimate	257	52	206	3,367	Splatoon 3	104	45	60	1,171
Pokémon Scarlet/ Pokémon Violet	226	69	156	2,436					

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

Key Indicators

Proportion of Sales Outside of Japan

FY24			
Q1	Q2	Q3	Q4
80.0%	76.0%	79.2%	
78.3%			
78.7%			

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%	50.0%	
41.1%			
45.0%			

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%	82.6%	
82.4%			
82.5%			

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	128.8 bn	
217.5 bn			
346.4 bn			

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			

*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

FY24			
Q1	Q2	Q3	Q4
47.3%	54.2%	44.9%	
50.2%			
48.1%			

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

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

Proportion of Downloadable Versions of Packaged Software Sales

FY24			
Q1	Q2	Q3	Q4
64.5%	43.8%	51.1%	
55.2%			
53.7%			

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

*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~December 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
Detective Pikachu Returns	10/6/2023	Pikmin 4	7/21/2023	Pikmin 4	7/21/2023
Super Mario Bros. Wonder	10/20/2023	Detective Pikachu Returns	10/6/2023	Detective Pikachu Returns	10/6/2023
WarioWare: Move It!	11/3/2023	Super Mario Bros. Wonder	10/20/2023	Super Mario Bros. Wonder	10/20/2023
Super Mario RPG	11/17/2023	WarioWare: Move It!	11/3/2023	WarioWare: Move It!	11/3/2023
		Super Mario RPG	11/17/2023	Super Mario RPG	11/17/2023

[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: January 2024~)

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
Nintendo Switch					
(Software)		(Software)		(Software)	
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.