

# Nintendo raises profit forecast but cuts Switch sales outlook

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Nintendo has faced persistent speculation about its plans for a new version of its Switch console.

Nintendo raised its full-year profit forecast Thursday, citing strong performances by recent game releases, but it again cut its sales target for

the Switch over global supply chain problems.

The Japanese giant posted its highest-ever annual profit in 2020-21, buoyed by a surge in gaming as the coronavirus pandemic forced people indoors.

Even as restrictions ease, Nintendo said it expects to post a 400 billion yen (\$3.5 billion) net profit at the end of the fiscal year in March, up 50 billion yen from its forecast in November.

The Kyoto-based firm also hiked its sales forecast for the year to March 2022 to 1.65 trillion yen, from a previous estimate of 1.60 trillion yen.

It now says it hopes to sell 23 million units of its Switch console in this fiscal year, a further downward revision from the 24 million it announced in the previous quarter.

"In regard to business risk, the extended impact of both Covid-19 and the global semiconductor shortage creates a state of continued uncertainty, with the possibility of future impact on production and shipping," Nintendo said in its earnings release.

"While these and other unforeseen risks exist, we continue to take all necessary measures in conducting business."

For the nine months to December, Nintendo logged a [net profit](#) of 367.4 billion yen, down 2.5 percent from the same period a year earlier, when its "Animal Crossing" proved the blockbuster hit of virus lockdowns.

While restrictions may no longer be keeping so many people at home, the pandemic experience has had residual effects on the gaming market, said Hideki Yasuda, an analyst at Ace Research Institute in Tokyo.

"Because more people have become aware that games are cheap and interesting entertainment, the number of users has increased," he told AFP.

"The pandemic has been very useful in raising recognition."

## **Few clues on new Switch**

Nintendo's third-quarter earnings, which include the crucial holiday shopping period, got a boost from the release of several new games, including "Metroid Dread" and "Mario Party Superstars" in October and "Pokemon Brilliant Diamond" and "Pokemon Shining Pearl" in November.

A third Pokemon title "Pokemon Legends: Arceus" was released in January, and the firm will release "Kirby and the Forgotten Land" in March, saying it plans to "strengthen sales through the combination of existing popular titles and a continuous stream of attractive new titles".

Nintendo has faced persistent speculation about its plans for a new version of its Switch console, which was first released in 2017.

But it offered few clues on Thursday, saying only it would "continue to convey the appeal of the three models and work to further expand the install base".

It brought out a handheld-only Switch Lite model in 2019, and in October 2021 released the Switch OLED, featuring upgraded graphics and memory.

There have been regular reports suggesting a new version with beefed-up graphics capacity could be in the pipeline and Mio Kato, an analyst at Lightstream Research who publishes on Smartkarma, said he still

expects to see a new release this year or next.

"I think at least increasing the resolution is probably a minimum," he told AFP.

"People have this sort of slightly wrong impression on Nintendo that they don't care that much about graphics, which isn't really true. It's just that they're quite sensitive to cost."

Nintendo said Thursday it has now sold more than 100 million units of the various Switch consoles.

But despite its "sensational success", analyst Amir Anvarzadeh of Asymmetric Advisors suggested revised Switch sale targets could be down to more than supply chain issues, citing the "bloated second-hand market of Switch consoles up for auction".

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