

Nintendo annual net profit beats forecast on strong game sales

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Nintendo's blockbuster Switch console is now in its seventh year.

Hit games Splatoon 3 and the new Pokemon titles helped Nintendo beat its annual net profit forecast on Tuesday, but the company predicted tougher times ahead as its Switch console ages.

The weak yen also inflated earnings for the Japanese gaming giant, which has recently seen huge success at the [box office](#) with "The Super Mario Bros. Movie".

Nintendo posted a 432.7 billion yen (\$3.2 billion) net profit for the year to March, beating its forecast of 370 billion yen but dipping 9.4 percent year-on-year as the chip shortage drove down Switch production. Christmas sales were also weaker than usual, it said.

Strong software sales were a positive factor, with 35 game titles selling more than a million copies during the year.

But the company forecast a drop in net profit for the current financial year to 340 billion yen as it seeks to extend the profitability of the Switch, now in its seventh year.

"By continuing to convey the appeal of Nintendo Switch, we try to not only put one system in every home, but several in every home, or even one for every person," Nintendo said in a statement.

"Another objective is to continually release new offerings so more consumers keep playing Nintendo Switch even longer and we can maximize hardware sales."

The firm sold nearly 18 million Switch consoles in 2022-23—down 22 percent on-year, but meeting its forecast, which was lowered from an original target of 21 million as the chip crunch hampered production.

Back in 2020-21, Nintendo's annual [net profit](#) soared to a record of 480 billion yen, thanks to booming demand for indoor entertainment during Covid lockdowns and the runaway success of the game "Animal Crossing".

The firm nearly matched that figure in 2021-22, but sales of the Switch, which was launched in 2017, and the console's Lite and OLED variations, are slowing.

"For this year, sales and profit will likely decline because the Switch is now in the final stage of its life," Hideki Yasuda, an analyst at Toyo Securities, told AFP ahead of the earnings release.

Although the chip shortage largely recovered in the first half of the past financial year, consoles usually see hardware sales fall in their seventh year, he explained.

Nintendo has scored a soft-power hit with "The Super Mario Bros. Movie", the year's first film to pass the global \$1 billion mark at the box office.

But the impact of the release—a joint project of Universal, Nintendo and Illumination studios—will be limited, even though it pushed up the gaming company's share prices, because "Nintendo's investment ratio for the movie project is not very high", Yasuda said.

The company will release the latest installment in its long-running "Legend of Zelda" game series, titled "Tears of the Kingdom", for the Switch on Friday.

Serkan Toto from Tokyo-based industry consultancy Kantan Games told AFP that the new Zelda [game](#) would "definitely" be the biggest contributor to Nintendo's sales this financial year, even though there could be other surprise releases in the pipeline.

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