



MEMBERSHIP

October 29, 2014

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

Consolidated Results for the Six Months Ended September 2013 and 2014

(1) Consolidated operating results

(Amounts below one million yen are rounded down)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2014	171,399	(12.8)	(215)	-	22,196	-	14,300	-
Six months ended September 30, 2013	196,582	(2.2)	(23,278)	-	1,248	-	600	-

[Note] Percentages for net sales, operating income etc. show increase (decrease) from the same period of the previous fiscal year.

	Net income per share
	yen
Six months ended September 30, 2014	120.81
Six months ended September 30, 2013	4.69

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of September 30, 2014	1,315,342	1,130,054	85.9
As of March 31, 2014	1,306,410	1,118,438	85.6

Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2014	-	0.00	-	100.00	100.00
Year ending March 31, 2015	-	0.00	-	-	-
Year ending March 31, 2015 (forecast)	-	-	-	120.00	120.00

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2015

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2015	590,000	3.2	40,000	-	35,000	475.0	20,000	-	168.96

[Note]

Percentages for net sales, operating income etc. show increase (decrease) from the previous each period.

Others

- (1) Changes for important subsidiaries during the six-month period ended September 30, 2014 : Not applicable
- (2) Application of peculiar methods for accounting procedures : Applicable
- (3) Changes in accounting procedures:
- | | | | | |
|--|--|--|--|------------------|
| 1) Related to accounting standard revisions etc. | | | | : Applicable |
| 2) Other changes | | | | : Not applicable |
| 3) Changes in accounting estimates | | | | : Not applicable |
| 4) Modified restatements | | | | : Not applicable |
- (4) Outstanding shares (common shares)
- | | | | | |
|---|--------------------|------------------------|--------------------|--|
| ① Number of shares outstanding (including treasury stock) | | | | |
| As of Sept. 30, 2014 : | 141,669,000 shares | As of March 31, 2014 : | 141,669,000 shares | |
| ② Number of treasury stock | | | | |
| As of Sept. 30, 2014 : | 23,296,180 shares | As of March 31, 2014 : | 23,294,719 shares | |
| ③ Average number of shares | | | | |
| Six months ended | | Six months ended | | |
| Sept. 30, 2014 : | 118,373,742 shares | Sept. 30, 2013 : | 127,876,196 shares | |

[Notes]

1. This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures for the financial statements are in progress.
2. Forecasts announced by the Company (Nintendo Co., Ltd.) referred to above were prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

1. Consolidated Operating Results

During the six months ended September 30, 2014, for “Nintendo 3DS,” “Super Smash Bros. for Nintendo 3DS,” released in Japan in September, showed extremely strong initial sales, and marked 3.22 million units in sales globally, partly because shipments for the October release in the overseas markets began in September. “Tomodachi Life,” released in June in the overseas markets, continued to show steady sales, and marked 1.27 million units in sales worldwide during this fiscal year (3.12 million units on a cumulative basis). As a result, the global sales of the “Nintendo 3DS” hardware and software were 2.09 million and 23.3 million units respectively.

With respect to “Wii U,” Nintendo released “Mario Kart 8” globally in May, which has continued to show steady sales, as well as “Hyrule Warriors,” released in September in the overseas markets, which has gained popularity. The worldwide sales of the “Wii U” hardware and software were 1.12 million units and 9.4 million units respectively.

Net sales as a result were 171.3 billion yen (of which overseas sales were 125.5 billion yen or 73.3% of the total sales) and gross profit was 81.0 billion yen. Total selling, general and administrative expenses exceeded gross profit, resulting in an operating loss of 0.2 billion yen. As a result of exchange gains totaling 15.5 billion yen due to depreciation of the yen at the end of this period compared with the one at the end of the last fiscal year, ordinary income was 22.1 billion yen and net income was 14.3 billion yen.

2. Consolidated Financial Forecast

There are no revisions to the consolidated financial forecast for this fiscal year, announced on May 7, 2014.

Since the May release of “Mario Kart 8,” the “Wii U” platform has been experiencing improved sales momentum. In addition, we will release “Super Smash Bros. for Wii U” in November in the United States, and in December in Japan and Europe. It is the first year-end sales season for Wii U in which two big Nintendo titles will be available for family members and friends to have fun together with in their living rooms. Moreover, we will launch character figures called “amiibo,” which are categorized as a brand-new product genre, in conjunction with the release of “Super Smash Bros. for Wii U.” “amiibo” is one of the examples of actively utilizing our own character IP. In addition to being attractive figures for consumers to collect, when “amiibo” figures are tapped on the Wii U GamePad, they offer fun new gaming experiences by affecting relevant software titles in various ways. At the same time, we will aim for more product exposure and an increase in brand awareness by having Nintendo character figures displayed on store shelves. By doing so, we will attempt to expand sales and further stimulate the Wii U platform.

For “Nintendo 3DS,” due to a lack of strong titles especially in Japan, the sales momentum had slowed down; however, since this summer, the “Nintendo 3DS” platform has been gaining sales momentum as a result of releasing key titles one after another. We expect to expand sales in the year-end sales season with “Pokémon Omega Ruby” and “Pokémon Alpha Sapphire” to be released globally in November, and a number of key titles from third-party publishers. “New Nintendo 3DS/3DS XL,” launched as the newest members of the “Nintendo 3DS” family in Japan in October, are off to a good start. On top of the features of the existing “Nintendo 3DS” models, “New Nintendo 3DS/3DS XL” have the new “Super-Stable 3D” function, which provides players with a more comfortable 3D gaming experience, even in games involving intense movement, and a new stick and buttons, which enhance the play controls of the existing “Nintendo 3DS” hardware. Furthermore, by using the new “NFC” feature, “New Nintendo 3DS/3DS XL” are going to be compatible with “amiibo” in the future. “New Nintendo 3DS/3DS XL” have been well received by consumers who purchased them, and we aim to further accelerate the sales pace of the “Nintendo 3DS” hardware.

3. Other Information

Application of peculiar methods for accounting procedures

With respect to certain consolidated subsidiaries, corporate income tax amount is calculated by taking the amount of income before income taxes through the six-month period ended September 30, 2014 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

Changes in accounting procedures related to accounting standard revisions etc.

Effective beginning the three-month period ended June 30, 2014, Nintendo has adopted Article 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 of May 17, 2012; hereafter the “Accounting Standard”) and Article 67 of the “Guidance on the Accounting Standard for Retirement Benefits,” (ASBJ Guidance No.25 of May 17, 2012) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing estimated retirement benefits to periods has been changed from the straight line basis to the benefit formula basis, and the method of determining the discount rate has been revised from a method based on an approximation of the employees’ average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

With respect to application of the Accounting Standard, in accordance with transitional accounting treatments as stated in Article 37 of the Accounting Standard, the effect of the changes in calculation methods for retirement benefit obligations and service costs has been reflected in retained earnings at the beginning of the six-month period ended September 30, 2014.

As a result, net defined benefit liability and net defined asset (included in investments and other assets) have increased by 484 million yen and 3,078 million yen respectively at the beginning of the six-month period ended September 30, 2014, while retained earnings and deferred tax liabilities regarding them have increased by 1,673 million yen and 920 million yen respectively at the same point in time.

There is minimal impact on operating loss, ordinary income or income before income taxes and minority interests in the six-month period ended September 30, 2014.

4. Consolidated Balance Sheets

million yen

Description	As of March 31, 2014	As of September 30, 2014
(Assets)		
Current assets		
Cash and deposits	474,297	487,559
Notes and accounts receivable-trade	28,754	51,270
Short-term investment securities	320,918	310,649
Inventories	160,801	126,834
Other	39,479	69,565
Allowance for doubtful accounts	(114)	(114)
Total current assets	1,024,136	1,045,765
Noncurrent assets		
Property, plant and equipment	94,190	92,731
Intangible assets	12,467	12,745
Investments and other assets	175,616	164,100
Total noncurrent assets	282,274	269,577
Total assets	1,306,410	1,315,342
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	47,665	62,679
Income taxes payable	14,803	9,269
Provision	2,183	2,467
Other	90,999	77,852
Total current liabilities	155,652	152,269
Noncurrent liabilities		
Net defined benefit liability	18,558	18,921
Other	13,760	14,097
Total noncurrent liabilities	32,318	33,019
Total liabilities	187,971	185,288
(Net assets)		
Shareholders' equity		
Capital stock	10,065	10,065
Capital surplus	11,734	11,734
Retained earnings	1,378,085	1,382,221
Treasury stock	(270,958)	(270,975)
Total shareholders' equity	1,128,927	1,133,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,628	14,241
Foreign currency translation adjustment	(24,274)	(17,356)
Total accumulated other comprehensive income	(10,645)	(3,115)
Minority interests	157	122
Total net assets	1,118,438	1,130,054
Total liabilities and net assets	1,306,410	1,315,342

5. Consolidated Statements of Income

million yen

Description	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	196,582	171,399
Cost of sales	134,539	90,306
Gross profit	62,042	81,092
Selling, general and administrative expenses	85,321	81,308
Operating income (loss)	(23,278)	(215)
Non-operating income		
Interest income	3,090	1,976
Foreign exchange gains	18,360	15,587
Other	3,256	4,945
Total non-operating income	24,708	22,509
Non-operating expenses		
Sales discounts	145	55
Other	35	41
Total non-operating expenses	180	97
Ordinary income	1,248	22,196
Extraordinary income		
Gain on sales of noncurrent assets	1	7
Gain on sales of shares of subsidiaries	-	3,458
Reversal of loss on litigation	1,420	-
Total extraordinary income	1,421	3,466
Extraordinary loss		
Loss on disposal of noncurrent assets	18	9
Restructuring loss	-	2,165
Total extraordinary loss	18	2,174
Income before income taxes and minority interests	2,651	23,488
Total income taxes	2,065	9,190
Income before minority interests	586	14,297
Minority interests in income (loss)	(13)	(3)
Net income	600	14,300

6. Consolidated Statements of Comprehensive Income

million yen

Description	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	586	14,297
Other comprehensive income		
Valuation difference on available-for-sale securities	1,152	598
Foreign currency translation adjustment	17,445	6,916
Share of other comprehensive income of associates accounted for using equity method	2	14
Total other comprehensive income	18,600	7,529
Comprehensive income	19,186	21,826
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	19,198	21,831
Comprehensive income attributable to minority interests	(12)	(4)

7. Others

(1) Consolidated sales information

million yen

Category		Six months ended Sept. 30, 2013	Six months ended Sept. 30, 2014
Electronic entertainment products	Hardware	91,484	79,553
	Software	104,385	91,208
	Total electronic entertainment products	195,869	170,762
Other	Playing cards, Karuta, etc.	713	636
Total		196,582	171,399

[Note] Download sales

Six months ended September 30, 2013: 11.4 billion yen

Six months ended September 30, 2014: 10.7 billion yen

(2) Geographical sales breakdown

million yen

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2014	Net sales	45,806	69,953	49,008	6,630	171,399
	Component ratio	26.7%	40.8%	28.6%	3.9%	100.0%
Six months ended September 30, 2013	Net sales	67,407	77,077	46,380	5,717	196,582
	Component ratio	34.3%	39.2%	23.6%	2.9%	100.0%

(3) Other consolidated information

million yen

		Six months ended September 30, 2013	Six months ended September 30, 2014	Year ending March 31, 2015 (Forecast)
Depreciation of property, plant and equipment		4,179	2,810	7,000
Research and development expenses		28,331	29,427	57,000
Advertising expenses		25,561	20,665	62,000
Average exchange rates	1 USD =	98.85 yen	103.04 yen	100.00 yen
	1 Euro =	130.00 yen	138.92 yen	140.00 yen

Consolidated net sales in U.S. dollars	0.7 billion	0.6 billion	-
Consolidated net sales in Euros	0.3 billion	0.3 billion	-
Non-consolidated purchases in U.S. dollars	1.0 billion	0.2 billion	-

(4) Balance of major assets and liabilities in foreign currencies (non-consolidated)

million U.S. dollars/euros

		As of March 31, 2014		As of September 30, 2014		As of March 31, 2015
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,341		2,083		
	Accounts receivable-trade	82	1 USD = 102.92 yen	217	1 USD = 109.45 yen	1 USD = 100.00 yen
	Accounts payable-trade	105		224		
Euro	Cash and deposits	532	1 Euro = 141.65 yen	634	1 Euro = 138.87 yen	1 Euro = 140.00 yen
	Accounts receivable-trade	99		123		

(5) Consolidated sales units, number of new titles, and sales units forecast

			Sales Units in Ten Thousands Number of New Titles Released				
			Actual Apr. - Sept. '13	Actual Apr. - Sept. '14	Life-to-date Sept. '14	Forecast Apr. '14-Mar. '15	
Nintendo 3DS	Hardware	Japan	180	72	1,661		
		The Americas	117	69	1,527		
		Other	93	68	1,354		
		Total	389	209	4,542	1,200	
	of which Nintendo 3DS XL	Hardware	Japan	130	61	686	
			The Americas	83	51	524	
			Other	75	40	507	
			Total	288	151	1,716	
	of which Nintendo 2DS	Hardware	Japan	-	-	-	
			The Americas	10	18	132	
			Other	1	25	131	
			Total	11	42	263	
		Software	Japan	1,038	979	7,102	
The Americas			1,006	707	6,255		
Other			695	644	5,264		
Total			2,738	2,330	18,622	6,700	
New titles			Japan	56	42	381	
The Americas	43	33	305				
Other	51	48	350				
Wii	Hardware	Japan	4	(0)	1,275		
		The Americas	28	8	4,854		
		Other	15	9	3,994		
		Total	47	17	10,123	50	
	Software	Japan	68	17	7,529		
		The Americas	820	284	49,381		
		Other	602	317	33,231		
		Total	1,490	618	90,141	900	
	New titles	Japan	2	1	462		
		The Americas	19	5	1,251		
		Other	19	10	1,252		
	Wii U	Hardware	Japan	23	17	197	
			The Americas	23	63	343	
Other			(1)	32	188		
Total			46	112	729	360	
Software		Japan	84	134	696		
		The Americas	368	560	2,258		
		Other	177	246	1,213		
		Total	630	940	4,167	2,000	
New titles		Japan	15	14	64		
		The Americas	30	14	108		
		Other	23	15	99		

[Notes]

- 1 Software sales units and the number of new titles for Nintendo 3DS are those of Nintendo 3DS card software (packaged and downloadable versions).
- 2 Software sales units and the number of new titles for Wii do not include those of Virtual Console and WiiWare.
- 3 Software sales units and the number of new titles for Wii U are those of Wii U disc software (packaged and downloadable versions).
- 4 Actual software sales units of each platform include the quantity bundled with hardware.
- 5 Forecasted software sales units do not include the quantity bundled with hardware.