

Outline of consolidated financial results for the six months ended September 30, 2018

This outline is based on the documents “Earnings Release,” “Supplementary Information about Earnings Release,” and “Notice of Dividend (end of 2nd quarter) and Dividend Forecast Modifications” for the second quarter of the fiscal year ending March 31, 2019.

Briefing of consolidated financial results for the six months ended September 30, 2018

- Consolidated operating results for the six months ended September 30, 2017 and 2018

	Six months ended September 30, 2017	Six months ended September 30, 2018	Comparison
Net Sales	374.0 billion yen	388.9 billion yen	14.8 billion yen
Gross Profit	143.7 billion yen	172.0 billion yen	28.3 billion yen
(Gross Profit Ratio)	(38.4 %)	(44.2 %)	
Operating Profit	39.9 billion yen	61.4 billion yen	21.4 billion yen
(Operating Profit Ratio)	(10.7 %)	(15.8 %)	
Ordinary Profit	69.5 billion yen	91.9 billion yen	22.3 billion yen
(Ordinary Profit Ratio)	(18.6 %)	(23.6 %)	
Profit Attributable to Owners of Parent	51.5 billion yen	64.5 billion yen	13.0 billion yen
(Profit Attributable to Owners of Parent Ratio)	(13.8 %)	(16.6 %)	

(Net sales)

For Nintendo Switch, hardware continued to be quite popular, reaching 5.07 million units sold (3.7% increase on a year-on-year basis). Regarding software, *Donkey Kong Country: Tropical Freeze* sold 1.67 million units after its May release, and *Mario Tennis Aces* sold 2.16 million units after it was released in June. Sales of other popular titles that were released during previous fiscal years and titles released by other software publishers continued to grow, bringing the total number of million-seller titles during this period to 9, including the titles of other software publishers. The total software sales for Nintendo Switch reached 42.13 million units (91.3% increase on a year-on-year basis).

For Nintendo 3DS, now in its 8th year since launch, hardware sales reached 1.00 million units (65.1% decrease on a year-on-year basis), while software sales reached 6.27 million units (54.6% decrease on a year-on-year basis). Nintendo Entertainment System: NES Classic Edition and Super Nintendo Entertainment System: Super NES Classic Edition recorded total sales of 3.69 million units.

Turning to our digital business for dedicated video game platforms, sales of downloadable versions

of packaged software and add-on content for Nintendo Switch showed especially good growth, bringing digital sales to 39.1 billion yen (71.7% increase on a year-on-year basis).

For smart devices, we have gotten off to a good start for *Dragalia Lost*, which we released in September to the delight of many consumers. Meanwhile, titles released before the start of this fiscal year like *Fire Emblem Heroes* are each maintaining steady popularity, bringing our smart devices, IP related income to 18.7 billion yen (4.7% increase on a year-on-year basis). Due to these factors, our total sales were increased compared to the same period of the previous fiscal year.

(Gross profit and gross profit ratio)

Gross profit compared to the same period of the previous fiscal year increased by 19.7% to 172.0 billion yen. The gross profit ratio increased by 5.8% compared to the same period of the previous fiscal year. This increase was mainly because the proportion of both software sales and digital sales with higher profits over the total sales increased.

(Operating profit and ordinary profit)

Operating profit was increased by 53.7% to 61.4 billion yen compared to the same period of the previous fiscal year. Ordinary profit totaled to 91.9 billion yen mainly due to an increase in operating profit, and the recording of foreign exchange gains for 21.0 billion yen.

- Dividend

Based on our dividend policy, the end of second quarter dividend per share for the fiscal year ending March 31, 2019 has been established at 170 yen.