



MEMBERSHIP

October 31, 2019

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
11-1 Hokotate-cho, Kamitoba,
Minami-ku, Kyoto 601-8501
Japan

Consolidated Results for the Six Months Ended September 30, 2018 and 2019

(1) Consolidated operating results

(Amounts below one million yen are rounded down)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2019	443,967	14.2	94,222	53.4	85,173	(7.4)	62,018	(4.0)
Six months ended September 30, 2018	388,905	4.0	61,405	53.7	91,931	32.1	64,576	25.4

[Note]

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

	Profit per share
	yen
Six months ended September 30, 2019	520.62
Six months ended September 30, 2018	537.58

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of September 30, 2019	1,777,072	1,386,611	78.0
As of March 31, 2019	1,690,304	1,414,798	83.4

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, 2019	-	170.00	-	640.00	810.00
Year ending March 31, 2020	-	270.00	-	-	-
Year ending March 31, 2020 (forecast)	-	-	-	490.00	760.00

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2020

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2020	1,250,000	4.1	260,000	4.1	260,000	(6.3)	180,000	(7.2)	1,511.02

[Notes]

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

Revisions to previously announced financial forecast: Not applicable

Others

(1) Changes for important subsidiaries during the six-month period ended September 30, 2019				: Not applicable
(2) Application of peculiar methods for accounting procedures				: Applicable
(3) Changes in accounting procedures:				
1) Related to accounting standard revisions etc.				: Not 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 shares)				
As of Sep. 30, 2019 :	131,669,000 shares	As of Mar. 31, 2019 :	131,669,000 shares	
② Number of treasury shares				
As of Sep. 30, 2019 :	12,544,762 shares	As of Mar. 31, 2019 :	12,544,264 shares	
③ Average number of shares				
Six months ended		Six months ended		
Sep. 30, 2019 :	119,124,450 shares	Sep. 30, 2018 :	120,125,624 shares	

[Notes]

1. This earnings release report is not subject to quarterly review procedures by a certified public accountant or audit firm.
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, 2019, for Nintendo Switch, a new model with extended battery life launched in August, followed in September by Nintendo Switch Lite, a system dedicated to handheld gameplay, which is compact and lightweight, making it easy to take on the go. On the software side, the period saw the release of *Super Mario Maker 2* in June, which has sold 3.93 million units, *Fire Emblem: Three Houses* in July, which has sold 2.29 million units, and *The Legend of Zelda: Link's Awakening* in September, which has sold 3.13 million units. Sales of popular titles released during previous fiscal years and titles by other software publishers also continued to grow, bringing the total number of million-seller titles during this fiscal year to 11, including the titles of other software publishers. As a result, hardware sales reached 6.93 million units (36.7% increase on a year-on-year basis), and software sales reached 58.49 million units (38.8% increase on a year-on-year basis).

For Nintendo 3DS, hardware sales totaled 0.37 million units (62.9% decrease on a year-on-year basis), while software sales totaled 2.60 million units (58.5% decrease on a year-on-year basis).

Turning to our digital business for dedicated video game platforms, the steady growth in sales of downloadable versions of packaged software and download-only software for Nintendo Switch, as well as the contributions of Nintendo Switch Online, helped to bring overall digital sales to 71.6 billion yen (83.0% increase on a year-on-year basis).

In the mobile business, we released two new game applications: *Dr. Mario World* in July, and *Mario Kart Tour* in September. Many consumers also continue to enjoy the titles that were released in previous fiscal years, bringing our mobile, IP related income to 19.9 billion yen (6.4% increase on a year-on-year basis).

In total, sales reached 443.9 billion yen (including overseas sales of 340.8 billion yen, or 76.8% of total sales), and operating profit came to 94.2 billion yen. As a result of foreign exchange losses of 20.5 billion yen and other factors, ordinary profit came to 85.1 billion yen, and profit attributable to owners of parent came to 62.0 billion yen.

2. Consolidated Financial Forecast

There are no changes to the original financial forecast for this period, which was published on April 25, 2019.

Nintendo Switch titles slated for release include *Ring Fit Adventure* (October), *Luigi's Mansion 3* (October), *Pokémon Sword* and *Pokémon Shield* (November), and *Animal Crossing: New Horizons* (March 2020). In addition, other software publishers likewise plan to release a wide variety of compelling titles. We aim to further invigorate the platform through the continuous release of new titles combined with efforts to strengthen sales of popular existing titles.

For the Nintendo 3DS family, we will continue to fully utilize the platform's rich software library to appeal to consumers purchasing game hardware for the first time, while continuing to drive sales of evergreen titles that leverage the hardware install base.

For our mobile business, operations will focus on efforts that encourage consumers to continue to enjoy playing the new *Dr. Mario World* and *Mario Kart Tour* applications, as well as existing applications that were released in previous fiscal years.

3. Consolidated Balance Sheets

million yen

Description	As of March 31, 2019	As of September 30, 2019
(Assets)		
Current assets		
Cash and deposits	844,550	730,886
Notes and accounts receivable-trade	78,169	133,292
Securities	238,410	194,992
Inventories	135,470	217,103
Other	48,453	82,233
Allowance for doubtful accounts	(82)	(62)
Total current assets	1,344,972	1,358,446
Non-current assets		
Property, plant and equipment	81,550	83,095
Intangible assets	14,090	14,126
Investments and other assets		
Investment securities	167,134	229,259
Other	82,556	92,145
Total investments and other assets	249,690	321,404
Total non-current assets	345,331	418,626
Total assets	1,690,304	1,777,072
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	59,689	193,519
Income taxes payable	62,646	34,227
Provisions	3,891	3,088
Other	118,781	127,330
Total current liabilities	245,009	358,165
Non-current liabilities		
Retirement benefit liability	15,068	14,446
Other	15,427	17,848
Total non-current liabilities	30,496	32,295
Total liabilities	275,505	390,461
(Net assets)		
Shareholders' equity		
Share Capital	10,065	10,065
Capital surplus	12,069	15,041
Retained earnings	1,556,881	1,542,659
Treasury shares	(156,755)	(156,774)
Total shareholders' equity	1,422,260	1,410,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,665	23,665
Foreign currency translation adjustment	(30,214)	(48,207)
Total accumulated other comprehensive income	(12,548)	(24,541)
Non-controlling interests	5,086	160
Total net assets	1,414,798	1,386,611
Total liabilities and net assets	1,690,304	1,777,072

4. Consolidated Statements of Income

million yen

Description	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	388,905	443,967
Cost of sales	216,887	230,864
Gross profit	172,018	213,103
Selling, general and administrative expenses	110,613	118,880
Operating profit	61,405	94,222
Non-operating income		
Interest income	5,825	8,469
Foreign exchange gains	21,006	-
Other	3,885	3,490
Total non-operating income	30,717	11,960
Non-operating expenses		
Foreign exchange losses	-	20,503
Other	190	506
Total non-operating expenses	190	21,009
Ordinary profit	91,931	85,173
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	-	138
Total extraordinary income	1	139
Extraordinary losses		
Loss on disposal of non-current assets	29	24
Loss on sales of investment securities	-	56
Loss on valuation of investment securities	355	-
Total extraordinary losses	385	81
Profit before income taxes	91,547	85,231
Total income taxes	27,258	23,225
Profit	64,289	62,005
Loss attributable to non-controlling interests	(286)	(12)
Profit attributable to owners of parent	64,576	62,018

5. Consolidated Statements of Comprehensive Income

million yen

Description	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	64,289	62,005
Other comprehensive income		
Valuation difference on available-for-sale securities	5,065	6,002
Foreign currency translation adjustment	20,835	(17,285)
Share of other comprehensive income of entities accounted for using equity method	(462)	(709)
Total other comprehensive income	25,438	(11,992)
Comprehensive income	89,728	50,013
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	90,001	50,026
Comprehensive income attributable to non-controlling interests	(273)	(12)

6. Notes Pertaining to Consolidated Financial Statements

Application of peculiar methods for accounting procedures

With respect to certain consolidated subsidiaries, corporate income tax amount is calculated by taking the amount of profit before income taxes through the six-month period ended September 30, 2019 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

7. Others

(1) Consolidated sales information

million yen

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2019	Dedicated video game platform (*1)	93,255	184,673	108,443	36,582	422,955
	of which Nintendo 3DS platform	1,349	5,074	3,130	450	10,005
	of which Nintendo Switch platform (*2)	89,670	175,041	105,292	35,583	405,588
	of which the others (*3)	2,234	4,557	20	548	7,361
	Mobile, IP related income, etc. (*4)	9,477	7,965	1,113	1,408	19,964
	Playing cards, etc.	384	661	0	1	1,047
Total		103,117	193,300	109,556	37,993	443,967

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2018	Dedicated video game platform (*1)	76,771	163,260	91,510	37,586	369,130
	of which Nintendo 3DS platform	6,760	13,008	7,120	1,230	28,119
	of which Nintendo Switch platform (*2)	62,016	132,258	77,032	34,388	305,696
	of which the others (*3)	7,994	17,994	7,357	1,966	35,314
	Mobile, IP related income, etc. (*4)	9,298	7,254	1,332	880	18,766
	Playing cards, etc.	424	576	7	-	1,008
Total		86,494	171,092	92,850	38,467	388,905

[Note] Digital sales in dedicated video game platform (*5):

Six months ended September 30, 2018: 39.1 billion yen Six months ended September 30, 2019: 71.6 billion yen

- *1 Each platform includes hardware, software (including downloadable versions of packaged software, download-only software and add-on content) and accessories.
- *2 Includes Nintendo Switch Online.
- *3 Includes amiibo, Virtual Console and platforms other than Nintendo 3DS or Nintendo Switch.
- *4 Includes income from smart-device content and royalty income.
- *5 Includes downloadable versions of packaged software, download-only software, add-on content and Nintendo Switch Online.

(2) Other consolidated information

million yen

		Six months ended September 30, 2018	Six months ended September 30, 2019	Year ending March 31, 2020 (Forecast)
Depreciation of property, plant and equipment		2,931	2,816	6,000
Research and development expenses		34,681	36,244	75,000
Advertising expenses		30,503	30,131	85,000
Average exchange rates	1 USD =	110.26 yen	108.63 yen	105.00 yen
	1 Euro =	129.85 yen	121.42 yen	120.00 yen
Consolidated net sales in U.S. dollars		1.4 billion	1.6 billion	-
Consolidated net sales in Euros		0.6 billion	0.8 billion	-
Non-consolidated purchases in U.S. dollars		3.1 billion	2.4 billion	-

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

million U.S. dollars/euros

		As of March 31, 2019		As of September 30, 2019		As of March 31, 2020
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	3,060		2,493		
	Accounts receivable-trade	172	1 USD=	1,373	1 USD=	1 USD=
	Accounts payable-trade	228	110.99 yen	1,114	107.92 yen	105.00 yen
	Borrowings from subsidiaries	300		300		
Euro	Cash and deposits	837	1 Euro=	689	1 Euro=	1 Euro=
	Accounts receivable-trade	216	124.56 yen	1,106	118.02 yen	120.00 yen

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

				Sales Units in Ten Thousands		Number of New Titles Released	
			Actual	Actual	Life-to-date	Forecast	
			Apr. '18-Sep. '18	Apr. '19-Sep. '19	Sep. '19	Apr. '19-Mar. '20	
Nintendo 3DS	Hardware	Japan	23	4	2,522		
		The Americas	50	18	2,662		
		Other	26	15	2,361		
		Total	100	37	7,545	100	
	Software	Japan	115	28	13,722		
		The Americas	269	122	12,974		
		Other	243	110	11,376		
		Total	627	260	38,072	500	
	New titles	Japan	7	1	669		
		The Americas	8	1	495		
Europe		7	2	550			
Nintendo Switch	Hardware	Japan	114	177	1,000		
		The Americas	200	263	1,664		
		Europe	119	177	1,086		
		Other	74	76	417		
		Total	507	693	4,167	1,800	
	of which Nintendo Switch	Japan	114	138	961		
		The Americas	200	183	1,584		
		Europe	119	123	1,033		
		Other	74	54	394		
		Total	507	498	3,972		
of which Nintendo Switch Lite	Japan	-	39	39			
	The Americas	-	80	80			
	Europe	-	54	54			
	Other	-	22	22			
	Total	-	195	195			
Software	Japan	715	1,030	4,493			
	The Americas	1,960	2,591	11,022			
	Europe	1,284	1,868	7,443			
	Other	253	360	1,643			
	Total	4,213	5,849	24,601	12,500		
	New titles	Japan	89	114	412		
The Americas		129	158	543			
Europe		122	170	549			

[Notes]

- 1 Software sales units include both packaged and downloadable versions of software.
- 2 Each title available in both packaged and downloadable versions is counted as one new title.
- 3 Actual software sales units for each platform include the quantity bundled with hardware.
- 4 Forecasted software sales units for each platform do not include the quantity bundled with hardware.