

MEMBERSHIP
August 6, 2020

CONSOLIDATED FINANCIAL HIGHLIGHTS



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

Consolidated Results for the Three Months Ended June 30, 2019 and 2020

(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	%
Three months ended June 30, 2020	358,106	108.1	144,737	427.7	150,329	576.2	106,482	541.3
Three months ended June 30, 2019	172,111	2.4	27,428	(10.2)	22,232	(49.3)	16,604	(45.7)

[Note]

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

	Profit per share	
	yen	
Three months ended June 30, 2020	893.88	
Three months ended June 30, 2019	139.38	

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of June 30, 2020	1,975,410	1,554,119	78.7
As of March 31, 2020	1,934,087	1,540,900	79.7

Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	yen				
Year ended March 31, 2020	-	270.00	-	820.00	1,090.00
Year ending March 31, 2021 (forecast)	-	- *	-	- *	840.00

[Note]

*Dividends are paid twice a year after the end of the second quarter and at the fiscal year-end based on profit levels achieved in each fiscal year as our basic policy. As for the dividend forecast for the fiscal year ending March 31, 2021, only the annual dividend is described because the financial forecast for the year is prepared only on a full fiscal year basis and the dividend cannot be separately forecasted between the interim and the fiscal year-end.

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2021

	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, 2021	1,200,000	(8.3)	300,000	(14.9)	290,000	(19.5)	200,000	(22.7)	1,678.93

[Notes]

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

Revisions to previously announced financial forecast: Not applicable

Others

(1) Changes for important subsidiaries during the three-month period ended June 30, 2020 : 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 Jun. 30, 2020 :	131,669,000 shares	As of Mar. 31, 2020 :	131,669,000 shares
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② Number of treasury shares

As of Jun. 30, 2020 :	12,545,427 shares	As of Mar. 31, 2020 :	12,545,354 shares
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③ Average number of shares

Three months ended Jun. 30, 2020 :	119,123,619 shares	Three months ended Jun. 30, 2019 :	119,124,580 shares
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[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 first quarter of this period (April through June 2020), for Nintendo Switch, sales started out strong, with sales of *Xenoblade Chronicles Definitive Edition*, released in May, reaching 1.32 million units, and *Clubhouse Games: 51 Worldwide Classics*, released in June, selling 1.03 million units. Titles released in previous fiscal years have also continued to sell well, with *Animal Crossing: New Horizons* at the top of the list with sales of 10.63 million units (for cumulative sales of 22.40 million units). Sales of this title continue to be strong with no loss of momentum, contributing greatly to the overall growth in software sales. In addition, sales of titles from other software publishers continued to grow steadily, bringing the total number of million-seller titles during this period to nine, including titles from other software publishers. COVID-19 created some difficulties in procuring the parts required for manufacturing Nintendo Switch consoles, but the overall production situation has almost recovered.

As a result of these factors, hardware and software sales both rose on a year-on-year basis, with hardware sales reaching 5.68 million units (166.6% increase on a year-on-year basis), and software sales reaching 50.43 million units (123.0% increase on a year-on-year basis).

Turning to our digital business for dedicated video game platforms, sales increased as a result of the good momentum of downloadable versions of packaged software for Nintendo Switch, and also the popularity of *The Isle of Armor*, released on June 17 as part of *Pokémon Sword Expansion Pass* and *Pokémon Shield Expansion Pass*, the first-ever add-on content for the Pokémon series. Download-only software and Nintendo Switch Online also sold well, with digital sales reaching 101.0 billion yen (229.9% increase on a year-on-year basis).

For the mobile business, many consumers continue to enjoy applications that were released in previous fiscal years, and our mobile, IP related income reached 13.2 billion yen (32.7% increase on a year-on-year basis).

Total sales reached 358.1 billion yen, with overseas sales of 273.0 billion yen accounting for 76.3% of the total. Operating profit came to 144.7 billion yen, ordinary profit was 150.3 billion yen, and net profit attributable to owners of parent totaled 106.4 billion yen for this quarter.

2. Consolidated Financial Forecast

There are no changes to the original financial forecast for this period which was published on May 7, 2020.

For Nintendo Switch, in addition to titles such as *Paper Mario: The Origami King* (in July) and *Pikmin 3 Deluxe* (in October), we also plan to distribute *The Crown Tundra*, the second round of add-on content available with *Pokémon Sword Expansion Pass* and *Pokémon Shield Expansion Pass*, this fall. There are also a robust variety of appealing titles from other software publishers scheduled to be released. We will work to keep the platform active with new titles and by reinforcing sales of popular titles that have already been released.

In our mobile business, we will focus on operations that encourage more consumers to continue to enjoy playing the applications that have been previously released.

3. Consolidated Balance Sheets

million yen

Description	As of March 31, 2020	As of June 30, 2020
(Assets)		
Current assets		
Cash and deposits	890,402	913,644
Notes and accounts receivable-trade	133,051	115,060
Securities	326,382	343,683
Inventories	88,994	95,350
Other	63,268	78,296
Allowance for doubtful accounts	(515)	(270)
Total current assets	1,501,583	1,545,765
Non-current assets		
Property, plant and equipment	82,866	82,380
Intangible assets	15,017	14,538
Investments and other assets		
Investment securities	237,710	236,553
Other	96,909	96,172
Total investments and other assets	334,619	332,725
Total non-current assets	432,504	429,644
Total assets	1,934,087	1,975,410
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	98,074	142,957
Provisions	4,394	1,122
Income taxes payable	66,411	44,221
Other	186,801	193,850
Total current liabilities	355,683	382,151
Non-current liabilities		
Retirement benefit liability	20,450	20,724
Other	17,052	18,415
Total non-current liabilities	37,503	39,139
Total liabilities	393,186	421,290
(Net assets)		
Shareholders' equity		
Share capital	10,065	10,065
Capital surplus	15,041	15,041
Retained earnings	1,707,119	1,715,920
Treasury shares	(156,798)	(156,802)
Total shareholders' equity	1,575,428	1,584,225
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,637	14,891
Foreign currency translation adjustment	(45,378)	(45,237)
Total accumulated other comprehensive income	(34,741)	(30,345)
Non-controlling interests	213	239
Total net assets	1,540,900	1,554,119
Total liabilities and net assets	1,934,087	1,975,410

4. Consolidated Statements of Income

million yen

Description	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	172,111	358,106
Cost of sales	88,693	146,561
Gross profit	83,417	211,545
Selling, general and administrative expenses	55,989	66,808
Operating profit	27,428	144,737
Non-operating income		
Interest income	4,459	2,305
Foreign exchange gains	-	956
Other	2,457	2,658
Total non-operating income	6,916	5,920
Non-operating expenses		
Loss on redemption of securities	1	255
Foreign exchange losses	12,062	-
Other	48	72
Total non-operating expenses	12,112	328
Ordinary profit	22,232	150,329
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	138	-
Total extraordinary income	139	1
Extraordinary losses		
Loss on disposal of non-current assets	13	3
Loss on sales of investment securities	56	-
Total extraordinary losses	70	3
Profit before income taxes	22,301	150,327
Total income taxes	5,697	43,820
Profit	16,603	106,507
Profit (loss) attributable to non-controlling interests	(0)	25
Profit attributable to owners of parent	16,604	106,482

5. Consolidated Statements of Comprehensive Income

million yen

Description	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	16,603	106,507
Other comprehensive income		
Valuation difference on available-for-sale securities	3,087	4,449
Foreign currency translation adjustment	(11,938)	189
Share of other comprehensive income of entities accounted for using equity method	(9)	(242)
Total other comprehensive income	(8,861)	4,396
Comprehensive income	7,742	110,903
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,742	110,878
Comprehensive income attributable to non-controlling interests	(0)	25

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 three-month period ended June 30, 2020 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
		Three months ended June 30, 2020	Dedicated video game platform	79,280	130,739	87,849
	of which Nintendo Switch platform (*1)	77,216	129,416	86,631	46,078	339,341
	of which the others (*2)	2,064	1,323	1,217	582	5,188
	Mobile, IP related income, etc. (*3)	5,469	5,715	1,482	611	13,278
	Playing cards, etc.	298	-	0	-	298
	Total	85,048	136,455	89,331	47,271	358,106

		Japan	The Americas	Europe	Other	Total
		Three months ended June 30, 2019	Dedicated video game platform	35,619	71,377	39,862
	of which Nintendo Switch platform (*1)	33,724	66,544	38,201	14,173	152,643
	of which the others (*2)	1,895	4,832	1,661	596	8,985
	Mobile, IP related income, etc. (*3)	4,589	4,103	529	783	10,005
	Playing cards, etc.	155	320	0	-	475
	Total	40,364	75,800	40,392	15,553	172,111

[Note] Digital sales in dedicated video game platform (*4):

Three months ended June 30, 2020: 101.0 billion yen

Three months ended June 30, 2019: 30.6 billion yen

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

(2) Other consolidated information

million yen

	Three months ended June 30, 2019	Three months ended June 30, 2020	Year ending March 31, 2021 (Forecast)
Depreciation of property, plant and equipment	1,371	1,319	6,000
Research and development expenses	17,726	19,850	85,000
Advertising expenses	14,596	11,877	85,000
Average exchange rates			
1 USD =	109.90 yen	107.56 yen	105.00 yen
1 Euro =	123.49 yen	118.41 yen	115.00 yen

Consolidated net sales in U.S. dollars	0.6 billion	1.2 billion	-
Consolidated net sales in Euros	0.3 billion	0.7 billion	-
Non-consolidated purchases in U.S. dollars	0.7 billion	1.2 billion	-

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

million U.S. dollars/Euros

	As of March 31, 2020		As of June 30, 2020		As of March 31, 2021
	Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD					
Cash and deposits	3,034		3,171		
Accounts receivable-trade	665	1 USD=	762	1 USD=	1 USD=
Accounts payable-trade	449	108.83 yen	847	107.79 yen	105.00 yen
Borrowings from subsidiaries	200		200		
Euro					
Cash and deposits	436		500		
Accounts receivable-trade	437	1 Euro=	631	1 Euro=	1 Euro=
Borrowings from subsidiaries	-	119.55 yen	235	121.03 yen	115.00 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. '19-Jun. '19	Apr. '20-Jun. '20	Jun. '20	Apr. '20-Mar. '21
Nintendo Switch	Hardware	Japan	53	115	1,459		
		The Americas	82	199	2,411		
		Europe	50	161	1,604		
		Other	28	92	670		
		Total	213	568	6,144	1,900	
of which Nintendo Switch	Japan	53	79	1,223			
	The Americas	82	71	2,050			
	Europe	50	83	1,391			
	Other	28	73	598			
	Total	213	305	5,263			
of which Nintendo Switch Lite	Japan	-	36	236			
	The Americas	-	128	361			
	Europe	-	79	213			
	Other	-	20	72			
	Total	-	262	882			
Software	Japan	441	1,002	7,721			
	The Americas	1,016	2,149	18,007			
	Europe	672	1,431	12,022			
	Other	133	462	2,916			
	Total	2,262	5,043	40,667	14,000		
New titles	Japan	48	50	608			
	The Americas	65	70	768			
	Europe	69	68	778			

[Notes]

- 1 Software sales units include both packaged and downloadable versions of software, not include download-only software and add-on content.
- 2 Each title available in both packaged and downloadable versions is counted as one new title.
- 3 Actual software sales units include the quantity bundled with hardware.
- 4 Forecasted software sales units do not include the quantity bundled with hardware.