



MEMBERSHIP

October 30, 2018

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

Consolidated Results for the Six Months Ended September 30, 2017 and 2018

(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, 2018	388,905	4.0	61,405	53.7	91,931	32.1	64,576	25.4
Six months ended September 30, 2017	374,041	173.4	39,961	-	69,591	-	51,503	34.5

[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, 2018	537.58	
Six months ended September 30, 2017	428.94	

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of September 30, 2018	1,744,159	1,355,623	77.5
As of March 31, 2018	1,633,474	1,323,574	80.8

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, 2018	-	110.00	-	480.00	590.00
Year ending March 31, 2019	-	170.00	-	-	-
Year ending March 31, 2019 (forecast)	-	-	-	520.00	690.00

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2019

	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, 2019	1,200,000	13.7	225,000	26.7	230,000	15.4	165,000	18.2	1,373.56

[Note]

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

Others

(1) Changes for important subsidiaries during the six-month period ended September 30, 2018 : 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 Sept. 30, 2018 :	141,669,000 shares	As of Mar. 31, 2018 :	141,669,000 shares
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② Number of treasury shares

As of Sept. 30, 2018 :	21,543,715 shares	As of Mar. 31, 2018 :	21,543,231 shares
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③ Average number of shares

Six months ended Sept. 30, 2018 :	120,125,624 shares	Six months ended Sept. 30, 2017 :	120,071,575 shares
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[Notes]

1. This earnings release report is not subject to quarterly review procedures based on the Financial Instruments and Exchange Act.

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

For the six months ended September 30, 2018, Nintendo Switch hardware continued to be quite popular, reaching 5.07 million units sold (3.7% increase on a year-on-year basis). Software like *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).

Software for Nintendo 3DS, now in its 8th year since launch, included the July release of *Captain Toad: Treasure Tracker*, and the release of *WarioWare Gold* in August. 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 to the delight of consumers all over Japan, the United States, Taiwan, Hong Kong, and Macao. Meanwhile, titles released before the start of this fiscal year like *Super Mario Run*, *Fire Emblem Heroes*, and *Animal Crossing: Pocket Camp* 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).

In total, net sales reached 388.9 billion yen (of which overseas sales were 302.4 billion yen or 77.8% of the total sales). Operating profit came to 61.4 billion yen. We recorded foreign exchange gains of 21.0 billion yen, which helped bring ordinary profit to 91.9 billion yen, and profit attributable to owners of parent totaled 64.5 billion yen.

2. Consolidated Financial Forecast

There are no changes to the financial forecast for this fiscal year originally published on April 26, 2018.

On Nintendo Switch, *Super Mario Party* will be released in October, then *Pokémon: Let's Go! Pikachu/Let's Go! Eevee* will be released in November, simultaneously with the Poké Ball Plus accessory that expands the depth of play with this title. In December, *Super Smash Bros. Ultimate* will be released at the same time as amiibo for some characters who are appearing in the series as fighters for the first time. We aim to further accelerate the momentum of Nintendo Switch by continuing to introduce compelling new software in addition to the popular titles that already have been released.

For Nintendo 3DS, we will continue to leverage the platform's rich software library and its hardware install base to further expand sales of evergreen titles.

In our smart-device business during this fiscal year, we plan to release the Mario Kart application for smart devices, *Mario Kart Tour*, while also focusing on service operations for the applications we have already released so that consumers can enjoy playing them for a long time.

3. Consolidated Balance Sheets

million yen

Description	As of March 31, 2018	As of September 30, 2018
(Assets)		
Current assets		
Cash and deposits	744,555	659,390
Notes and accounts receivable-trade	69,829	98,732
Securities	243,431	198,073
Inventories	141,795	326,066
Other	66,405	95,343
Allowance for doubtful accounts	(87)	(116)
Total current assets	1,265,929	1,377,489
Non-current assets		
Property, plant and equipment	83,926	85,626
Intangible assets	14,020	14,386
Investments and other assets		
Investment securities	198,538	185,147
Other	71,059	81,509
Total investments and other assets	269,597	266,656
Total non-current assets	367,544	366,670
Total assets	1,633,474	1,744,159
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	138,015	209,249
Income taxes payable	43,390	41,813
Provision	3,217	3,347
Other	93,452	103,425
Total current liabilities	278,076	357,835
Non-current liabilities		
Net defined benefit liability	16,609	13,896
Other	15,213	16,804
Total non-current liabilities	31,822	30,700
Total liabilities	309,899	388,536
(Net assets)		
Shareholders' equity		
Capital stock	10,065	10,065
Capital surplus	13,742	13,743
Retained earnings	1,564,240	1,571,156
Treasury shares	(250,679)	(250,699)
Total shareholders' equity	1,337,369	1,344,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,402	21,461
Foreign currency translation adjustment	(34,736)	(14,370)
Total accumulated other comprehensive income	(18,334)	7,090
Non-controlling interests	4,540	4,266
Total net assets	1,323,574	1,355,623
Total liabilities and net assets	1,633,474	1,744,159

4. Consolidated Statements of Income

million yen

Description	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	374,041	388,905
Cost of sales	230,325	216,887
Gross profit	143,716	172,018
Selling, general and administrative expenses	103,755	110,613
Operating profit	39,961	61,405
Non-operating income		
Interest income	4,085	5,825
Foreign exchange gains	16,346	21,006
Other	9,790	3,885
Total non-operating income	30,222	30,717
Non-operating expenses		
Loss on redemption of securities	575	127
Other	17	63
Total non-operating expenses	593	190
Ordinary profit	69,591	91,931
Extraordinary income		
Gain on sales of non-current assets	368	1
Gain on sales of investment securities	473	-
Reversal of loss on litigation	1,929	-
Total extraordinary income	2,771	1
Extraordinary losses		
Loss on disposal of non-current assets	15	29
Loss on valuation of investment securities	-	355
Loss on litigation	1,138	-
Total extraordinary losses	1,153	385
Profit before income taxes	71,208	91,547
Total income taxes	18,536	27,258
Profit	52,672	64,289
Profit (loss) attributable to non-controlling interests	1,168	(286)
Profit attributable to owners of parent	51,503	64,576

5. Consolidated Statements of Comprehensive Income

million yen

Description	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	52,672	64,289
Other comprehensive income		
Valuation difference on available-for-sale securities	5,808	5,065
Foreign currency translation adjustment	15,733	20,835
Share of other comprehensive income of entities accounted for using equity method	(590)	(462)
Total other comprehensive income	20,951	25,438
Comprehensive income	73,623	89,728
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	72,371	90,001
Comprehensive income attributable to non-controlling interests	1,252	(273)

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, 2018 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

Additional information

Effective beginning the three-month period ended June 30, 2018, Nintendo has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Guidance No.28 of February 16, 2018)." As a result of adoption, deferred tax assets have been classified in the section of investments and other assets, and deferred tax liabilities have been classified in the section of non-current liabilities.

7. Others

(1) Consolidated sales information

million yen

		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
	Smart devices, 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

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2017	Dedicated video game platform (*1)	93,205	145,870	89,855	26,346	355,278
	of which Nintendo 3DS platform	24,396	29,780	20,685	3,235	78,098
	of which Nintendo Switch platform	62,118	102,459	60,356	20,839	245,774
	of which the others (*3)	6,690	13,630	8,813	2,271	31,406
	Smart devices, IP related income, etc. (*4)	8,160	7,794	1,471	499	17,925
	Playing cards, etc.	313	510	13	-	837
Total		101,680	154,175	91,340	26,845	374,041

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

Six months ended September 30, 2017: 22.8 billion yen

Six months ended September 30, 2018: 39.1 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, 2017	Six months ended September 30, 2018	Year ending March 31, 2019 (Forecast)
Depreciation of property, plant and equipment	3,182	2,931	6,000
Research and development expenses	32,056	34,681	70,000
Advertising expenses	30,803	30,503	85,000
Average exchange rates	1 USD = 111.06 yen	110.26 yen	105.00 yen
	1 Euro = 126.29 yen	129.85 yen	125.00 yen

Consolidated net sales in U.S. dollars	1.2 billion	1.4 billion	-
Consolidated net sales in Euros	0.7 billion	0.6 billion	-
Non-consolidated purchases in U.S. dollars	2.3 billion	3.1 billion	-

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

million U.S. dollars/euros

		As of March 31, 2018		As of September 30, 2018		As of March 31, 2019
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,069		2,191		
	Accounts receivable-trade	1,853	1 USD=	1,123	1 USD=	1 USD=
	Accounts payable-trade	1,058	106.24 yen	1,320	113.57 yen	105.00 yen
	Loans payable to subsidiaries	300		300		
Euro	Cash and deposits	571	1 Euro=	575	1 Euro=	1 Euro=
	Accounts receivable-trade	403	130.52 yen	930	132.14 yen	125.00 yen

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

			Actual		Sales Units in Ten Thousands Number of New Titles Released	
			Actual	Actual	Life-to-date	Forecast
			Apr. '17-Sep. '17	Apr. '18-Sep. '18	Sep. '18	Apr. '18-Mar. '19
Nintendo 3DS	Hardware	Japan	76	23	2,493	
		The Americas	117	50	2,567	
		Other	92	26	2,292	
		Total	286	100	7,353	400
	of which New Nintendo 3DS XL	Japan	36	5	489	
		The Americas	41	6	438	
		Other	20	1	286	
		Total	97	12	1,213	
	of which Nintendo 2DS	Japan	4	0	65	
		The Americas	38	20	430	
		Other	32	7	473	
		Total	74	27	968	
	of which New Nintendo 2DS XL	Japan	36	18	96	
The Americas		38	24	113		
Other		40	18	122		
Total		114	61	332		
Software	Japan	498	115	13,576		
	The Americas	422	269	12,551		
	Other	461	243	10,989		
	Total	1,382	627	37,116	1,600	
New titles	Japan	22	7	663		
	The Americas	15	8	487		
	Other	22	7	541		
Nintendo Switch	Hardware	Japan	135	114	552	
		The Americas	192	200	913	
		Other	162	193	820	
		Total	489	507	2,286	2,000
	Software	Japan	437	715	2,031	
		The Americas	940	1,960	4,997	
		Other	825	1,538	4,082	
		Total	2,202	4,213	11,110	10,000
	New titles	Japan	21	89	172	
		The Americas	32	129	234	
		Other	33	122	232	

[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.