

MEMBERSHIP
August 5, 2021

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

(Amounts below one million yen are rounded down)

Consolidated Results for the Three Months Ended June 30, 2020 and 2021

(1) Consolidated operating results

	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, 2021	322,647	(9.9)	119,752	(17.3)	128,610	(14.4)	92,747	(12.9)
Three months ended June 30, 2020	358,106	108.1	144,737	427.7	150,329	576.2	106,482	541.3

[Notes]

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

Comprehensive income: Three months ended June 30, 2021: 97,746 million yen [(11.9%)] Three months ended June 30, 2020: 110,903 million yen [-%]

	Profit per share	Diluted profit per share
	yen	yen
Three months ended June 30, 2021	778.59	-
Three months ended June 30, 2020	893.88	-

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of June 30, 2021	2,298,064	1,804,382	78.5
As of March 31, 2021	2,446,918	1,874,614	76.6

[Reference]

Shareholders equity : As of June 30 2021: 1,804,146 million yen As of March 31 2021: 1,874,371 million yen

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, 2021	-	810.00	-	1,410.00	2,220.00
Year ending March 31, 2022 (forecast)	-	- *	-	- *	1,430.00

[Note]

Revisions to previously announced dividend forecast: Not applicable

*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, 2022, 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, 2022

	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, 2022	1,600,000	(9.0)	500,000	(22.0)	480,000	(29.3)	340,000	(29.2)	2,854.20

[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, 2021				: 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 shares)				
As of Jun. 30, 2021:	131,669,000 shares	As of Mar. 31, 2021:	131,669,000 shares	
2) Number of treasury shares				
As of Jun. 30, 2021:	12,546,486 shares	As of Mar. 31, 2021:	12,546,233 shares	
3) Average number of shares				
Three months ended		Three months ended		
Jun. 30, 2021:	119,122,625 shares	Jun. 30, 2020:	119,123,619 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 first quarter (April through June 2021) of this fiscal year, sales got off to a strong start for Nintendo Switch, with sales volume of *New Pokémon Snap* (see note), released in April, reaching 2.07 million units. *Miitopia*, released in May, sold 1.04 million units, and *Mario Golf: Super Rush*, released in June, posted sales of 1.34 million units. Titles released in previous fiscal years also continued to sell well, contributing to maintaining the overall high level of software sales, with *Mario Kart 8 Deluxe* selling 1.69 million units (for cumulative sales of 37.08 million units) and *Animal Crossing: New Horizons* selling 1.26 million units (for cumulative sales of 33.89 million units). Sales of titles from other software publishers also continued to grow steadily, with the total number of million-seller titles during this period reaching nine, including titles from these other software publishers. As a result, hardware sales totaled 4.45 million units and software sales totaled 45.29 million units. Hardware and software sales in the first quarter of last fiscal year were substantially driven by the March 2020 release of *Animal Crossing: New Horizons*, so compared to then, hardware sales were down 21.7% and software sales were down 10.2% year-on-year.

In our digital business for the dedicated video game platform, while download-only software for Nintendo Switch and Nintendo Switch Online memberships sold well, sales of downloadable versions of packaged software declined, leading to digital sales of 75.9 billion yen (a decrease of 24.9% year-on-year).

For the mobile business, many consumers continue to enjoy titles that were released in previous fiscal years. Mobile and IP related income totaled 13.1 billion yen (a decrease of 0.6% year-on-year).

As a result, net sales reached 322.6 billion yen, with overseas sales of 251.2 billion yen accounting for 77.9% of the total. Operating profit came to 119.7 billion yen, ordinary profit was 128.6 billion yen, and net profit attributable to owners of parent totaled 92.7 billion yen.

[Note] This title is released and sold by The Pokémon Company in Japan, and by Nintendo outside of Japan. Sales of 2.07 million units all represent those outside of Japan.

2. Consolidated Financial Forecast

There are no changes to the original financial forecast for this fiscal year that was published on May 6, 2021.

For Nintendo Switch, upcoming releases include *The Legend of Zelda: Skyward Sword HD* (July), *WarioWare: Get It Together!* (September), *Metroid Dread* (October), *Mario Party Superstars* (October), and *Pokémon Brilliant Diamond* and *Pokémon Shining Pearl* (November). There is also a wide 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. We also aim to expand Nintendo Switch sales by adding a new model equipped with a vibrant OLED display to the lineup in October. Nintendo Switch OLED model will give consumers another model option to choose from, to better suit their preferences and lifestyles.

In our mobile business, we will focus on continuing to operate the applications that we have released to date, along with the application featuring *Pikmin* from Niantic that is planned for the second half of 2021, and work on ways to encourage more consumers to continue to enjoy playing these applications.

In regard to business risk, the extended impact of both COVID-19 and the global semiconductor shortage creates a state of continued uncertainty, with the possibility of future impact on production and shipping. While these and other unforeseen risks exist, we continue to take all necessary measures in conducting business.

3. Other Information

(1) Application of peculiar methods for accounting procedures

(Calculation of tax expenses)

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, 2021 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

(2) Changes in accounting procedures related to accounting standard revisions, etc.

(Changes in accounting procedures)

(Application of the Accounting Standard for Revenue Recognition)

Effective at the beginning of the fiscal year ending March 31, 2022, Nintendo has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Under this standard, revenue is recognized at the amount expected to be received for the goods or services and at the time control of the promised goods or services is transferred to the customer.

Under the new standard, if the seller is obligated to buy back goods included in paid-for transactions, those goods are no longer recognized as extinguished when they are paid for. As a result, at the end of the first quarter of this consolidated accounting period, inventories and other current liabilities increased by 42,690 million yen. These were previously recognized as the extinguishment of paid-for services.

The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment stipulated in paragraph 84, but because there is no cumulative impact on profit or loss, the balance of retained earnings at the beginning of the period has not been adjusted. The impact on the quarterly consolidated financial statements is immaterial.

(Application of the Accounting Standard for Fair Value Measurement)

Effective at the beginning of the fiscal year ending March 31, 2022, Nintendo has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019). Requirements of this accounting standard will be applied prospectively, subject to the transitional treatment stipulated in paragraph 19 of the standard as well as Article 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

4. Consolidated Balance Sheets

million yen

Description	As of March 31, 2021	As of June 30, 2021
(Assets)		
Current assets		
Cash and deposits	1,185,151	1,110,213
Notes and accounts receivable-trade	140,570	107,171
Securities	557,238	403,964
Inventories	86,817	157,707
Other	50,692	69,917
Allowance for doubtful accounts	(94)	(94)
Total current assets	2,020,375	1,848,880
Non-current assets		
Property, plant and equipment	83,569	83,638
Intangible assets	14,922	14,988
Investments and other assets		
Investment securities	214,832	239,158
Other	113,219	111,399
Total investments and other assets	328,051	350,557
Total non-current assets	426,543	449,184
Total assets	2,446,918	2,298,064
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	114,677	147,195
Provisions	5,227	1,214
Income taxes payable	157,307	37,457
Other	249,119	260,894
Total current liabilities	526,331	446,761
Non-current liabilities		
Retirement benefit liability	21,001	21,413
Other	24,970	25,506
Total non-current liabilities	45,972	46,920
Total liabilities	572,304	493,682
(Net assets)		
Shareholders' equity		
Share capital	10,065	10,065
Capital surplus	15,043	15,043
Retained earnings	1,993,325	1,918,110
Treasury shares	(156,851)	(156,867)
Total shareholders' equity	1,861,582	1,786,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,571	34,192
Foreign currency translation adjustment	(20,782)	(16,397)
Total accumulated other comprehensive income	12,788	17,795
Non-controlling interests	243	236
Total net assets	1,874,614	1,804,382
Total liabilities and net assets	2,446,918	2,298,064

5. Consolidated Statements of Income

million yen

Description	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	358,106	322,647
Cost of sales	146,561	129,779
Gross profit	211,545	192,868
Selling, general and administrative expenses	66,808	73,116
Operating profit	144,737	119,752
Non-operating income		
Interest income	2,305	743
Share of profit of entities accounted for using equity method	1,059	6,073
Foreign exchange gains	956	739
Other	1,599	1,417
Total non-operating income	5,920	8,973
Non-operating expenses		
Interest expense	47	62
Loss on redemption of securities	255	27
Other	25	25
Total non-operating expenses	328	115
Ordinary profit	150,329	128,610
Extraordinary income		
Gain on sale of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on disposal of non-current assets	3	7
Total extraordinary losses	3	7
Profit before income taxes	150,327	128,603
Income taxes	43,820	35,862
Profit	106,507	92,740
Profit (loss) attributable to non-controlling interests	25	(7)
Profit attributable to owners of parent	106,482	92,747

6. Consolidated Statements of Comprehensive Income

million yen

Description	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	106,507	92,740
Other comprehensive income		
Valuation difference on available-for-sale securities	4,449	583
Foreign currency translation adjustment	189	2,526
Share of other comprehensive income of entities accounted for using equity method	(242)	1,895
Total other comprehensive income	4,396	5,006
Comprehensive income	110,903	97,746
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	110,878	97,754
Comprehensive income attributable to non-controlling interests	25	(7)

7. Others

(1) Consolidated sales information

million yen

		Japan	The Americas	Europe	Other	Total
Three months ended June 30, 2021	Dedicated video game platform	66,337	133,764	76,729	32,101	308,933
	of which Nintendo Switch platform (*1)	62,801	130,976	75,432	30,843	300,054
	of which the others (*2)	3,535	2,787	1,297	1,258	8,879
	Mobile, IP related income, etc. (*3)	4,701	6,506	1,216	775	13,199
	Playing cards, etc.	356	157	-	0	514
Total		71,395	140,428	77,946	32,877	322,647

		Japan	The Americas	Europe	Other	Total
Three months ended June 30, 2020	Dedicated video game platform	79,280	130,739	87,849	46,660	344,529
	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

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

Three months ended June 30, 2021: 75.9 billion yen

Three months ended June 30, 2020: 101.0 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, 2020	Three months ended June 30, 2021	Year ending March 31, 2022 (Forecast)
Depreciation of property, plant and equipment		1,319	1,404	6,000
Research and development expenses		19,850	20,343	95,000
Advertising expenses		11,877	18,207	85,000
Average exchange rates	1 USD =	107.56 yen	109.46 yen	105.00 yen
	1 Euro =	118.41 yen	131.87 yen	120.00 yen

Consolidated net sales in U.S. dollars	1.2 billion	1.2 billion	-
Consolidated net sales in Euros	0.7 billion	0.5 billion	-
Non-consolidated purchases in U.S. dollars	1.2 billion	1.3 billion	-

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

million U.S. dollars/Euros

		As of March 31, 2021		As of June 30, 2021		As of March 31, 2022
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	3,575		3,760		
	Accounts receivable-trade	769	1 USD=	976	1 USD=	1 USD=
	Accounts payable-trade	555	110.70 yen	872	110.74 yen	105.00 yen
	Borrowings from subsidiaries	100		100		
Euro	Cash and deposits	423		495		
	Accounts receivable-trade	522	1 Euro=	660	1 Euro=	1 Euro=
	Borrowings from subsidiaries	375	129.82 yen	375	131.55 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. '20-Jun. '20	Apr. '21-Jun. '21	Jun. '21	Apr. '21-Mar. '22
Nintendo Switch	Hardware	Japan	115	116	2,120		
		The Americas	199	159	3,486		
		Europe	161	108	2,266		
		Other	92	62	1,033		
		Total	568	445	8,904	2,550	
of which Nintendo Switch		Japan	79	83	1,705		
		The Americas	71	110	2,796		
		Europe	83	82	1,893		
		Other	73	56	926		
		Total	305	331	7,320		
of which Nintendo Switch Lite		Japan	36	34	415		
		The Americas	128	48	690		
		Europe	79	26	373		
		Other	20	5	106		
		Total	262	114	1,584		
Software		Japan	1,002	813	12,035		
		The Americas	2,149	2,235	28,335		
		Europe	1,431	1,135	18,351		
		Other	462	346	4,520		
		Total	5,043	4,529	63,240	19,000	
New titles		Japan	50	65	914		
		The Americas	70	86	1,132		
		Europe	68	82	1,117		

[Notes]

1. Software sales units include both packaged and downloadable versions of software, and do not include download-only software or 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.