



MEMBERSHIP

November 4, 2021

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

(Amounts below one million yen are rounded down)

Consolidated Results for the Six Months Ended September 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	%
Six months ended September 30, 2021	624,272	(18.9)	219,959	(24.5)	236,286	(20.6)	171,834	(19.4)
Six months ended September 30, 2020	769,524	73.3	291,424	209.3	297,496	249.3	213,123	243.6

[Notes]

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

Comprehensive income: Six months ended September 30, 2021: 176,496 million yen [(22.1%)] Six months ended September 30, 2020: 226,680 million yen [353.2%]

	Profit per share	Diluted profit per share
	yen	yen
Six months ended September 30, 2021	1,446.86	-
Six months ended September 30, 2020	1,789.10	-

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of September 30, 2021	2,399,649	1,788,066	74.5
As of March 31, 2021	2,446,918	1,874,614	76.6

[Reference]

Shareholders equity : As of September 30 2021: 1,787,816 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	-	620.00	-	-	-
Year ending March 31, 2022 (forecast)	-	-	-	870.00	1,490.00

[Notes]

Revisions to previously announced dividend forecast: Applicable

Please refer to "Notice of Dividend (end of 2nd quarter) and Dividend Forecast Modifications" announced on November 4, 2021 for more details.

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)	520,000	(18.8)	500,000	(26.4)	350,000	(27.1)	2,964.97

[Notes]

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

Revisions to previously announced financial forecast: Applicable

Please refer to "Notice of Full-Year Financial Forecast Modifications" announced on November 4, 2021 for more details.

Others

(1) Changes for important subsidiaries during the six-month period ended September 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 Sep. 30, 2021:	129,869,000 shares	As of Mar. 31, 2021:	131,669,000 shares	
2) Number of treasury shares				
As of Sep. 30, 2021:	12,546,692 shares	As of Mar. 31, 2021:	12,546,233 shares	
3) Average number of shares				
Six months ended		Six months ended		
Sep. 30, 2021:	118,763,616 shares	Sep. 30, 2020:	119,123,528 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, 2021, sales of Nintendo Switch titles released this fiscal year all exhibited strong growth. For example, *The Legend of Zelda: Skyward Sword HD* sold 3.60 million units, *New Pokémon Snap* (see note 1) sold 2.19 million units, and *Mario Golf: Super Rush* sold 1.94 million units. In addition, titles released in previous fiscal years also continued to sell well and contributed to the overall growth in software sales, with *Mario Kart 8 Deluxe* selling 3.34 million units (for cumulative sales of 38.74 million units), and *Animal Crossing: New Horizons* selling 2.22 million units (for cumulative sales of 34.85 million units). Sales of titles from other software publishers also continued to grow steadily, bringing the total number of million-seller titles during this period to 18, including titles from these other software publishers. Last fiscal year, the March 2020 release of *Animal Crossing: New Horizons* prompted a significant increase in hardware and software sales, so compared to the same period of last year, unit sales have declined for both hardware and software. As a result, hardware sales totaled 8.28 million units (a decrease of 34.0% year-on-year), and software sales totaled 93.89 million units (a decrease of 6.3% year-on-year).

Turning to our digital business for dedicated video game platforms, download-only software for Nintendo Switch and Nintendo Switch Online memberships sold well, but sales of downloadable versions of packaged software declined, leading to digital sales of 144.2 billion yen (a decrease of 15.9% year-on-year).

For the mobile business, many consumers continued to enjoy titles that were released in previous fiscal years. Royalty income was steady with the result that our mobile, IP related income totaled 25.5 billion yen (a decrease of 4.6% year-on-year).

As a result, net sales totaled 624.2 billion yen, with overseas sales of 488.7 billion yen accounting for 78.3% of the total. Operating profit came to 219.9 billion yen, ordinary profit was 236.2 billion yen, and profit attributable to owners of parent totaled 171.8 billion yen.

[Note 1] This title is released and sold by The Pokémon Company in Japan, and by Nintendo outside of Japan.

2. Consolidated Financial Forecast

The Nintendo Switch family of systems welcomed a new member in October with the release of Nintendo Switch – OLED Model equipped with a vibrant OLED display, giving consumers another model option to choose from to better suit their preferences and lifestyles. We aim to convey the appeal of the hardware trio of Nintendo Switch, Nintendo Switch Lite, and Nintendo Switch – OLED Model to further expand sales. As for software, *Metroid Dread* and *Mario Party Superstars* were both released in October, and upcoming releases include *Pokémon Brilliant Diamond* and *Pokémon Shining Pearl* (November), *Big Brain Academy: Brain vs. Brain* (December) and *Pokémon Legends: Arceus* (January). There is also a robust variety of appealing titles from other software publishers scheduled for release. And in addition to new titles, we will work to reinforce sales of popular titles that have already been released. We are also working to invigorate the platform by enhancing our Nintendo Switch Online service. A new membership plan called Nintendo Switch Online + Expansion Pack offers members access to not only the basic services but also Nintendo 64 titles and other titles, as well as paid add-on content for *Animal Crossing: New Horizons* (see note 2).

In our mobile business, we have collaborated with Niantic to develop a new application featuring Pikmin for smart devices called *Pikmin Bloom*. The application was released by Niantic, in a gradual distribution beginning at the end of October. We will focus our efforts on encouraging more consumers to continue to enjoy playing this application, along with the others that we have previously released.

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.

We have revised the financial forecast originally published on May 6, 2021. For details, please see the Notice of Full-Year Financial Forecast Modifications issued today (November 4, 2021).

[Note 2] In addition to its inclusion with the Nintendo Switch Online + Expansion Pack membership, *Animal Crossing: New Horizons – Happy Home Paradise* will also be available for separate purchase as paid add-on content.

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 six-month period ended September 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 second quarter of this consolidated accounting period, inventories and other current liabilities increased by 46,872 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 September 30, 2021
(Assets)		
Current assets		
Cash and deposits	1,185,151	1,071,696
Notes and accounts receivable-trade	140,570	110,621
Securities	557,238	397,992
Inventories	86,817	270,131
Other	50,692	80,598
Allowance for doubtful accounts	(94)	(79)
Total current assets	2,020,375	1,930,959
Non-current assets		
Property, plant and equipment	83,569	84,039
Intangible assets	14,922	15,289
Investments and other assets		
Investment securities	214,832	248,605
Other	113,219	120,755
Total investments and other assets	328,051	369,361
Total non-current assets	426,543	468,689
Total assets	2,446,918	2,399,649
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	114,677	198,398
Provisions	5,227	3,795
Income taxes payable	157,307	76,068
Other	249,119	285,348
Total current liabilities	526,331	563,610
Non-current liabilities		
Retirement benefit liability	21,001	21,566
Other	24,970	26,406
Total non-current liabilities	45,972	47,973
Total liabilities	572,304	611,583
(Net assets)		
Shareholders' equity		
Share capital	10,065	10,065
Capital surplus	15,043	15,041
Retained earnings	1,993,325	1,965,588
Treasury shares	(156,851)	(220,325)
Total shareholders' equity	1,861,582	1,770,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,571	34,017
Foreign currency translation adjustment	(20,782)	(16,571)
Total accumulated other comprehensive income	12,788	17,445
Non-controlling interests	243	249
Total net assets	1,874,614	1,788,066
Total liabilities and net assets	2,446,918	2,399,649

5. Consolidated Statements of Income

million yen

Description	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	769,524	624,272
Cost of sales	335,455	251,545
Gross profit	434,068	372,727
Selling, general and administrative expenses	142,644	152,767
Operating profit	291,424	219,959
Non-operating income		
Interest income	3,817	1,415
Share of profit of entities accounted for using equity method	4,443	11,844
Foreign exchange gains	—	1,797
Other	2,031	1,739
Total non-operating income	10,293	16,796
Non-operating expenses		
Interest expenses	76	147
Commission for purchase of treasury shares	0	250
Foreign exchange losses	3,625	—
Other	519	71
Total non-operating expenses	4,221	469
Ordinary profit	297,496	236,286
Extraordinary income		
Gain on sale of non-current assets	2,516	—
Gain on sale of investment securities	40	—
Settlement received	—	3,300
Total extraordinary income	2,556	3,300
Extraordinary losses		
Loss on disposal of non-current assets	87	13
Total extraordinary losses	87	13
Profit before income taxes	299,965	239,573
Income taxes	86,809	67,733
Profit	213,155	171,839
Profit attributable to non-controlling interests	31	5
Profit attributable to owners of parent	213,123	171,834

6. Consolidated Statements of Comprehensive Income

Description	million yen	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	213,155	171,839
Other comprehensive income		
Valuation difference on available-for-sale securities	17,109	410
Foreign currency translation adjustment	(3,077)	2,358
Share of other comprehensive income of entities accounted for using equity method	(506)	1,887
Total other comprehensive income	13,525	4,656
Comprehensive income	226,680	176,496
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	226,648	176,491
Comprehensive income attributable to non-controlling interests	31	5

7. Notes Pertaining to Consolidated Financial Statements

Significant changes in shareholders' equity

The Company acquired 1,800,000 shares of its treasury shares based on a resolution of the Board of Directors on August 5, 2021. For the six months ended September 30, 2021, treasury shares increased by 95,055 million yen. In addition, we cancelled 1,800,000 shares of treasury shares on September 16, 2021. As a result, other capital surplus decreased by 1 million yen, retained earnings decreased by 31,607 million yen and treasury shares decreased by 31,608 million yen for the six months ended September 30, 2021.

8. Others

(1) Consolidated sales information

million yen

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2021	Dedicated video game platform	125,475	259,814	148,349	63,826	597,465
	of which Nintendo Switch platform (*1)	119,226	254,403	145,904	62,273	581,808
	of which the others (*2)	6,248	5,410	2,444	1,553	15,657
	Mobile, IP related income, etc. (*3)	9,147	12,754	2,298	1,300	25,501
	Playing cards, etc.	898	406	-	1	1,306
Total		135,521	272,975	150,647	65,128	624,272

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2020	Dedicated video game platform	161,108	300,112	186,200	94,487	741,909
	of which Nintendo Switch platform (*1)	156,657	296,663	183,973	93,618	730,913
	of which the others (*2)	4,450	3,448	2,227	869	10,995
	Mobile, IP related income, etc. (*3)	11,090	11,698	2,698	1,239	26,727
	Playing cards, etc.	852	31	0	3	887
Total		173,051	311,842	188,899	95,730	769,524

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

Six months ended September 30, 2021: 144.2 billion yen Six months ended September 30, 2020: 171.5 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

		Six months ended September 30, 2020	Six months ended September 30, 2021	Year ending March 31, 2022 (Forecast)
Depreciation of property, plant and equipment		2,644	2,909	6,000
Research and development expenses		42,165	44,108	95,000
Advertising expenses		30,750	38,220	95,000
Average exchange rates	1 USD =	106.84 yen	109.78 yen	107.39 yen
	1 Euro =	121.24 yen	130.83 yen	127.92 yen

Consolidated net sales in U.S. dollars	2.8 billion	2.4 billion	-
Consolidated net sales in Euros	1.5 billion	1.1 billion	-
Non-consolidated purchases in U.S. dollars	3.0 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, 2021		As of September 30, 2021		As of March 31, 2022
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	3,575		3,838		
	Accounts receivable-trade	769	1 USD=	1,195	1 USD=	1 USD=
	Accounts payable-trade	555	110.70 yen	1,239	111.71 yen	105.00 yen
	Borrowings from subsidiaries	100		100		
Euro	Cash and deposits	423		508		
	Accounts receivable-trade	522	1 Euro=	890	1 Euro=	1 Euro=
	Borrowings from subsidiaries	375	129.82 yen	375	129.47 yen	125.00 yen

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

			Actual		Sales Units in Ten Thousands	
			Apr. '20-Sep. '20	Apr. '21-Sep. '21	Number of New Titles Released	
					Life-to-date	Forecast
					Sep. '21	Apr. '21-Mar. '22
Nintendo Switch	Hardware	Japan	273	203	2,206	
		The Americas	446	304	3,631	
		Europe	331	202	2,360	
		Other	204	119	1,089	
		Total	1,253	828	9,287	2,400
of which Nintendo Switch		Japan	193	158	1,780	
		The Americas	259	215	2,901	
		Europe	216	163	1,974	
		Other	168	109	979	
		Total	836	645	7,634	
of which Nintendo Switch Lite		Japan	80	45	426	
		The Americas	187	89	730	
		Europe	114	39	386	
		Other	36	10	110	
		Total	417	182	1,653	
Software		Japan	1,778	1,613	12,835	
		The Americas	4,559	4,513	30,613	
		Europe	2,853	2,563	19,778	
		Other	834	700	4,874	
		Total	10,025	9,389	68,100	20,000
New titles		Japan	118	152	1,001	
		The Americas	171	199	1,245	
		Europe	173	202	1,237	

[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. The number of new titles is the number of packaged software.
3. Actual software sales units include the quantity bundled with hardware.
4. While forecasted software sales units include the quantity bundled with hardware for six months ended September 30, 2021, they do not include the quantity to be bundled with hardware on and after October 1, 2021.
5. Sales units of Nintendo Switch include those of Nintendo Switch – OLED Model which started shipping from the second quarter of the fiscal year ending March 31, 2022.