



1st Quarter Results for
Fiscal Year Ending March 2021
Financial Results Explanatory Material

Nintendo Co., Ltd.
Aug. 6, 2020

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1. Consolidated Financial Results and Outlook

Consolidated Financial Highlights

	FY20/Q1	FY21/Q1	Comparison
Net sales	172.1 bn yen	358.1 bn yen	+108.1 %
Operating profit	27.4 bn yen	144.7 bn yen	+427.7 %
Operating profit ratio	15.9 %	40.4 %	+24.5 pt.
Ordinary profit	22.2 bn yen	150.3 bn yen	+576.2 %
Net profit	16.6 bn yen	106.4 bn yen	+541.3 %
Net profit ratio	9.6 %	29.7 %	+20.1 pt.

*Net profit: Profit attributable to owners of parent

*FY = Fiscal Year: FY21/Q1 indicates the period between April 1, 2020 and June 30, 2020.

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- Year-on-year, net sales for this first quarter rose 108.1% to 358.1 billion yen, operating profit rose by 427.7% to 144.7 billion yen, ordinary profit rose by 576.2% to 150.3 billion yen, and net profit attributable to owners of parent rose by 541.3% to 106.4 billion yen.

Consolidated Sales

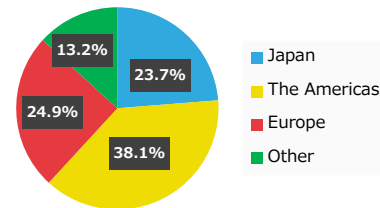
	FY20/Q1	FY21/Q1	Comparison
Net sales	172.1 bn yen	358.1 bn yen	+108.1 %
Dedicated video game platform*1	161.6 bn yen	344.5 bn yen	+113.2 %
Mobile, IP related income, etc.*2	10.0 bn yen	13.2 bn yen	+32.7 %
Playing cards, etc.	0.4 bn yen	0.2 bn yen	-37.3 %

*1 Includes hardware, software (including downloadable versions of packaged software, download-only software, add-on content, and Nintendo Switch Online) and accessories.

*2 Includes income from smart-device content and royalty income.

Effect of changes in foreign exchange rates on net sales: -9.7 billion yen

FY21/Q1 Regional Sales Ratio



Proportion of overseas sales: 76.3%

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- Sales from our dedicated video game business grew by 113.2% year-on-year to 344.5 billion yen. Nintendo Switch hardware and software both performed well, resulting in an overall sales growth.
- Sales from mobile, IP-related income increased 32.7% to 13.2 billion yen, led in particular by the year-on-year growth in smart-device transactions.

Gross Profit

	FY20/Q1	FY21/Q1	Comparison	
Gross profit	83.4 bn yen	211.5 bn yen	+153.6 %	
Gross profit ratio	48.5 %	59.1 %	+10.6 pt.	
Main Variable Factors				
	FY20/Q1	FY21/Q1	Comparison	
Proportion of hardware sales*1	50.5 %	47.2 %	-3.3 pt.	
Proportion of first-party software sales*2	74.1 %	82.5 %	+8.4 pt.	
Proportion of digital sales*2	38.3 %	55.6 %	+17.3 pt.	
Average exchange rate	1 USD 1 Euro	109.90 yen 123.49 yen	107.56 yen 118.41 yen	-2.34 yen -5.08 yen

*1 Proportion of sales to total dedicated video game platform sales
 *2 Proportion of sales to total dedicated video game platform software sales

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- Gross profit increased 153.6% year-on-year to 211.5 billion yen due to increased sales.
- The gross profit margin increased by 10.6 percentage points year-on-year to 59.1%. Although the strength of the yen had a negative impact, this was overcome by a rise in the proportion of dedicated video game platform sales made up of software and an increase in the ratio of first-party software sales as well as digital sales to the overall software sales.

Selling, General and Administrative Expenses / Operating Profit

	FY20/Q1	FY21/Q1	Comparison
Selling, general and administrative expenses	55.9 bn yen	66.8 bn yen	+19.3 %
SG&A expenses-to-sales ratio	32.5 %	18.7 %	-13.8 pt.
Operating profit	27.4 bn yen	144.7 bn yen	+427.7 %
Operating profit ratio	15.9 %	40.4 %	+24.5 pt.

Effect of changes in foreign exchange rates on operating profit: approx. -5.0 billion yen

	FY20/Q1	FY21/Q1	Comparison
Research and development expenses	17.7 bn yen	19.8 bn yen	+12.0 %
Advertising expenses	14.5 bn yen	11.8 bn yen	-18.6 %

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- Selling, general and administrative expenses (referred to as SG&A expenses below) increased 19.3% year-on-year to 66.8 billion yen, mainly due to a rise in expenses such as research and development expenses and settlement fees accompanying an increase in digital sales. Mainly due to an increase in total sales, the ratio of SG&A expenses to total sales decreased by 13.8 percentage points to 18.7%.
- Year-on-year, operating profit rose 427.7% to 144.7 billion yen, as a result of a large increase in gross profit and a decrease in SG&A expenses-to-sales ratio. Operating profit ratio increased by 24.5 percentage points to 40.4%.

Ordinary Profit and Net Profit

	FY20/Q1	FY21/Q1	Comparison
Non-operating income	6.9 bn yen	5.9 bn yen	-14.4 %
included foreign exchange gains	-	0.9 bn yen	
Non-operating expenses	12.1 bn yen	0.3 bn yen	-97.3 %
included foreign exchange losses	12.0 bn yen	-	
Ordinary profit	22.2 bn yen	150.3 bn yen	+576.2 %
Net profit	16.6 bn yen	106.4 bn yen	+541.3 %
Net profit ratio	9.6 %	29.7 %	+20.1 pt.

*Net profit: Profit attributable to owners of parent

Closing rate	FY20	FY21/Q1	Comparison
1 USD	108.83 yen	107.79 yen	-1.04 yen
1 Euro	119.55 yen	121.03 yen	+1.48 yen

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- Ordinary profit rose 576.2% year-on-year to 150.3 billion yen, mainly due to an increase in operating profit, and a foreign exchange loss of 12.0 billion yen in the previous fiscal year.
- Net profit attributable to owners of parent rose by 541.3% to 106.4 billion yen.

Consolidated Financial Forecast

	FY20 (Results)		FY21 (Forecast)		Comparison
Net sales	1,308.5	bn yen	1,200.0	bn yen	-8.3 %
Operating profit	352.3	bn yen	300.0	bn yen	-14.9 %
Ordinary profit	360.4	bn yen	290.0	bn yen	-19.5 %
Net profit	258.6	bn yen	200.0	bn yen	-22.7 %

*Net profit: Profit attributable to owners of parent

*Estimated exchange rate for FY21: 1 USD = 105 yen, 1 Euro = 115 yen

	FY20 (Results)		FY21 (Forecast)		Comparison
Dividends					
Annual	1,090	yen	840	yen	-250 yen

	FY20 (Results)		FY21 (Forecast)		Comparison
Nintendo Switch					
Hardware	21.03	mil units	19.00	mil units	-9.6 %
Software	168.72	mil units	140.00	mil units	-17.0 %

*Software sales units for FY20 include the quantity bundled with hardware (3.40 million units).

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- There are no changes to the consolidated financial forecast for the year to March of 2021 that was announced on May 7, 2020.

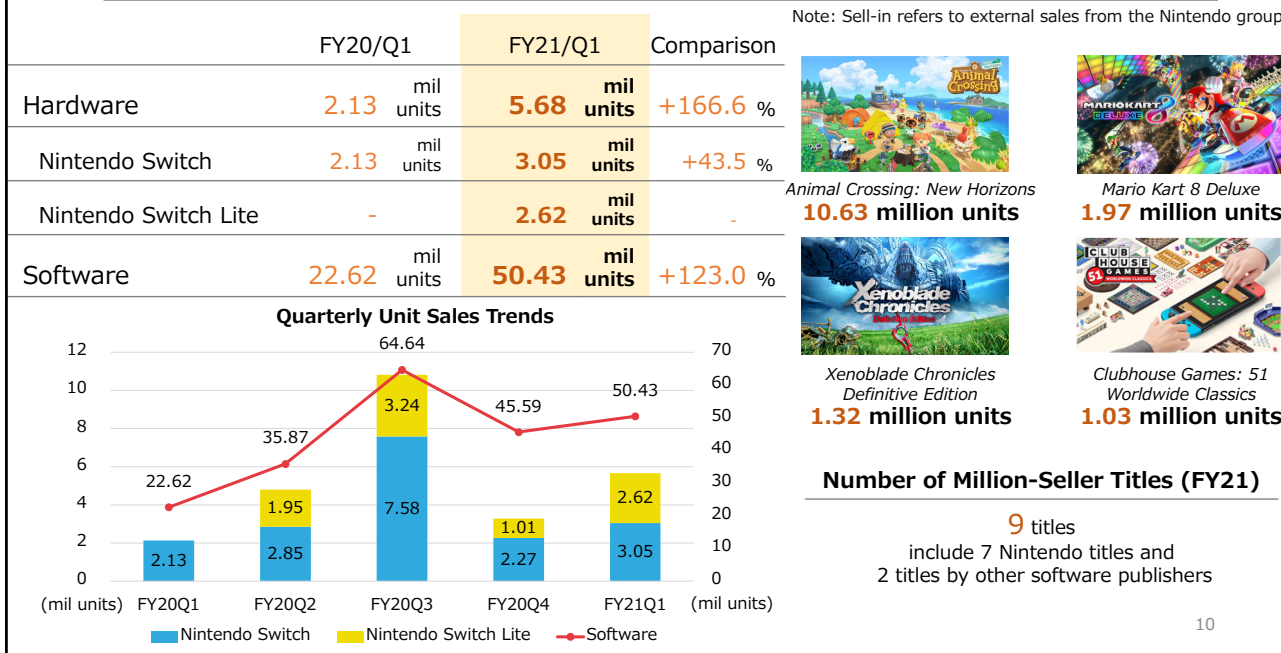
Note: Appropriate Use of Earnings Forecasts

Statements relating to future projections represent the judgments made by Nintendo management based on information that was available at the time they were written, and therefore include certain potential risks and uncertainties. Regarding the impact of COVID-19 on our earnings forecasts, production and sales volumes may decrease for a certain period of time, but we anticipate that production and sales will be able to meet demand for the full year and that we will be able to release software titles now in development as planned. That being said, there are many elements of uncertainty, so if there is a need to revise our earnings forecasts at a later date, we will promptly disclose those revisions. Please be aware that such risks and uncertainties may cause actual results to be materially different from these forecasts (including but not limited to earnings forecasts and dividend forecasts).

2. Business Highlights

Sales Status of Nintendo Switch (Sell-in)

Note: Sell-in refers to external sales from the Nintendo group



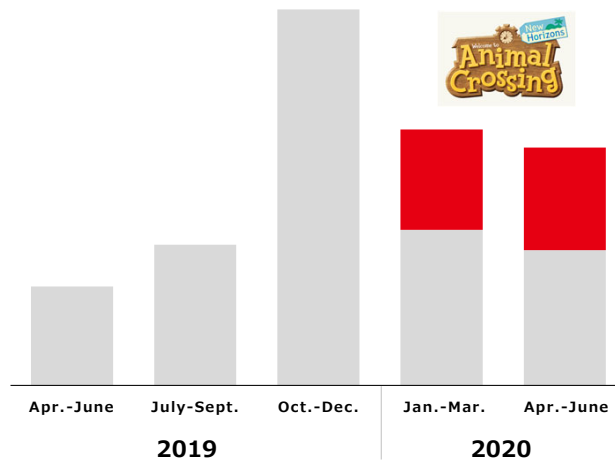
- Sales for the entire Nintendo Switch family rose 166.6% year-on-year to 5.68 million units. That breaks down to sales of 3.05 million units of Nintendo Switch and 2.62 million units of Nintendo Switch Lite.
- Regarding software, *Animal Crossing: New Horizons*, which was released last fiscal year, contributed greatly to overall growth in sales and posted sales of 10.63 million units for a cumulative sales total of 22.40 million units. Two new titles released in this fiscal year are *Xenoblade Chronicles Definitive Edition*, which sold 1.32 units, and *Clubhouse Games: 51 Worldwide Classics*, which sold 1.03 units. In addition, evergreen titles that were released in previous fiscal years continued to sell. Sales of titles from other software publishers also continued to grow steadily, and as of this fiscal year, there are a total of 9 million-seller titles, including titles from other software publishers.
- As a result of these factors, total software sales grew 123.0% year-on-year to 50.43 million units.
- COVID-19 created some difficulties in procuring the parts required for the manufacture of Nintendo Switch consoles, but the situation has almost recovered. However, if the impact of COVID-19 expands in the future, it may affect manufacturing, etc. Regarding Nintendo Switch consoles, because there is a time lag between production and the stocking of store shelves, and because demand remains strong, there are still shortages in some regions. We work hard to be able to deliver these products to consumers as quickly as possible.

Animal Crossing: New Horizons

**Global Cumulative Sell-Through
Over 20 million units**



Nintendo Software Sell-Through
(April through June, JP/US/EU combined)
+140% Year-on-year



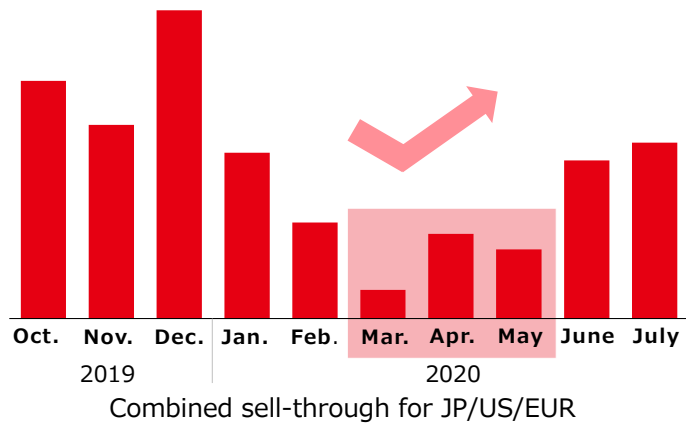
Sell-through refers to units sold by retailers to consumers. / Includes download versions and bundles.
/ Global cumulative numbers are Nintendo estimates / Source: Nintendo, Media Create

- So far, we have been describing sell-in, or the number of external sales from the Nintendo group, but from here on we'd like to turn the discussion to sell-through, which is the number of sales from retailers to consumers.
- The estimated global sell-through for *Animal Crossing: New Horizons* at the end of June exceeded 20 million units. This is far more than the lifetime cumulative sell-through of 12 million units seen for *Animal Crossing: New Leaf* for Nintendo 3DS, which was the previous best-selling entry in the Animal Crossing series. This increase in sales was made possible by the large number of new consumers purchasing the game, in addition to the people who had played past titles in the Animal Crossing series.
- The number of consumers who started playing on Nintendo Switch because of this game continued to increase during the first quarter, from April to June 2020. Of all systems in the Nintendo Switch family that were played for the first time during this period, over half were used to play *Animal Crossing: New Horizons* on the first day.
- And in terms of overall sell-through for Nintendo titles (in Japan, the US, and Europe), we also see substantially higher results between April and June 2020 compared to the same period in the previous year, of which *Animal Crossing: New Horizons* accounts for more than 40%. Furthermore, there is a high ratio of digital sales of this title in Japan, the US, and Europe. The ratio differs by region, but overall is around 50%.

Ring Fit Adventure



- Global cumulative sell-through of over **4.0** million units
- Sales are recovering due to increases in production and shipping



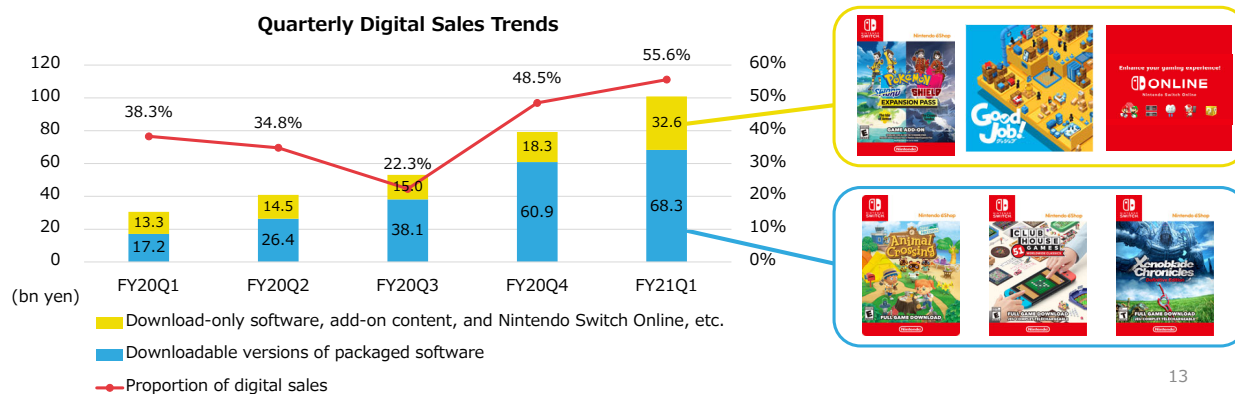
Global cumulative numbers are Nintendo estimates / Source: Nintendo, Media Create

- Worldwide cumulative sell-through of *Ring Fit Adventure*, released in October 2019, reached 4.0 million units as of the end of July.
- Demand for this new proposal from Nintendo of exercising by playing an adventure game was so much higher than our forecasts that the global supply has been unable to keep up since release. We saw a temporary drop in sell-through due to product shortages, especially in March through May, but we have since increased production and shipments of the Ring-Con and Leg Strap accessories that are included with the software, which has helped sell-through to be recovering.
- The lingering effects of this product shortage in the market are still an inconvenience to a large number of consumers, but as with the Nintendo Switch family of systems, we will continue to work to ensure a sufficient amount of shipments for the holiday season.

Digital Sales

	FY20/Q1	FY21/Q1	Comparison
Digital sales	30.6 bn yen	101.0 bn yen	+229.9 %
Proportion of digital sales	38.3 %	55.6 %	+17.3 pt.

*Proportion to total dedicated video game platform software sales
 *Sales of downloadable versions of packaged software, download-only software, add-on content and Nintendo Switch Online, etc.



- Digital sales for this fiscal year grew to 101.0 billion yen, a 229.9% year-on-year increase. Digital sales accounted for 55.6% of total software sales on our dedicated video game platforms.
- Downloadable versions of packaged software, especially Nintendo Switch software, made up 67.7% of the overall digital sales. *Clubhouse Games: 51 Worldwide Classics*, released on June 5, recorded a digital sales ratio of over 50%.
- Furthermore, *Isle of Armor*, the first part of *Pokémon Sword Expansion Pass* and *Pokémon Shield Expansion Pass*, the first-ever paid add-on content for the Pokémon series, was released on June 17, increasing sales of add-on content.
- In addition to the growth in sales of indie titles and other digital-only titles with no corresponding physical versions, Nintendo Switch Online sales have been steady.

[Regarding calculation of digital sales]

In principle, sales of Nintendo software are recognized as gross sales while sales of software released by other software publishers are recognized as net sales.

Note: Sales commissions, which Nintendo receives on other publishers' software based on contracts with other software publishers etc., are recognized as revenue.

Mobile, IP Related Income, etc.

	FY20/Q1	FY21/Q1	Comparison
Mobile, IP related income, etc.	10.0 bn yen	13.2 bn yen	+32.7%

* Includes income from smart-device content and royalty income



- Mobile, IP-related income grew by 32.7% year-on-year to 13.2 billion yen.
- The mobile business showed steady growth compared to the same period of the previous year, bolstered not only by the record sales and record use of *Animal Crossing: Pocket Camp*, which benefited from the synergistic effect of the promotion and release of *Animal Crossing: New Horizons*, but also from *Mario Kart Tour*.
- As for our IP-related business, although this is not included in the first-quarter results, the LEGO Group released LEGO Super Mario as a collaboration between LEGO and Super Mario in Japan on July 10 and overseas on August 1.
- We are also implementing various other initiatives, and we are focusing not only on the dedicated video game platform business, but are also continuing to expand the number of people who have access to Nintendo IP.

3. Reference

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[Disclaimers]

The contents of these materials are based upon the information available and the judgments which can be made at the time of the announcement. Nintendo is not responsible for updating or changing these materials if the information presented changes due to future circumstances or for other reasons.

Also, forecasts referred to in these materials involve known and unknown risks and uncertainties. Please note that such risks and uncertainties may cause actual results to be materially different from the forecasts.

Million-Seller Nintendo First-Party Titles

units in ten thousands

Nintendo Switch

Animal Crossing: New Horizons
 Mario Kart 8 Deluxe
 Xenoblade Chronicles Definitive Edition
 The Legend of Zelda: Breath of the Wild
 Ring Fit Adventure
 Super Smash Bros. Ultimate
 Clubhouse Games: 51 Worldwide Classics

FY21 (Apr.-June'20)			Life-to-date
Global	of which		Global
	Japan	Overseas	
1,063	331	732	2,240
197	28	169	2,674
132	28	104	132
119	10	108	1,860
117	42	75	390
115	21	94	1,999
103	44	60	103

[Note] Software sales units include the quantity bundled with hardware. Software sales units include their downloadable versions.

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Key Indicators

Proportion of Overseas Sales

FY21			
Q1	Q2	Q3	Q4
76.3%			
76.8%			
77.8%			
77.0%			

FY20			
Q1	Q2	Q3	Q4
76.5%	76.9%	78.6%	74.0%
76.8%			
77.8%			
77.0%			

* Proportion of overseas (outside of Japan) sales to total sales

Proportion of Hardware Sales

FY21			
Q1	Q2	Q3	Q4
47.2%			
53.2%			
55.6%			
52.2%			

FY20			
Q1	Q2	Q3	Q4
50.5%	54.9%	57.4%	39.6%
53.2%			
55.6%			
52.2%			

*Proportion of hardware (including accessories) sales to total dedicated video game platform sales

Proportion of First-Party Software Sales

FY21			
Q1	Q2	Q3	Q4
82.5%			
75.2%			
82.0%			
82.8%			

FY20			
Q1	Q2	Q3	Q4
74.1%	76.0%	87.4%	85.1%
75.2%			
82.0%			
82.8%			

*Proportion of first-party software sales to total dedicated video game platform software sales

Digital Sales Indicators

Digital Sales
in yen

FY21			
Q1	Q2	Q3	Q4
101.0 bn			

Proportion of Digital Sales

FY21			
Q1	Q2	Q3	Q4
55.6%			

**Proportion of Downloadable Versions
of Packaged Software Sales**

FY21			
Q1	Q2	Q3	Q4
67.7%			

FY20			
Q1	Q2	Q3	Q4
30.6 bn	40.9 bn	53.2 bn	79.2 bn
71.6 bn			
124.9 bn			
204.1 bn			

FY20			
Q1	Q2	Q3	Q4
38.3%	34.8%	22.3%	48.5%
36.2%			
28.6%			
34.0%			

FY20			
Q1	Q2	Q3	Q4
56.4%	64.5%	71.7%	76.9%
61.0%			
65.6%			
70.0%			

*Digital sales include (a) downloadable version of packaged software (the downloadable version of software that is offered both physically and digitally), (b) download-only software, (c) add-on content and (d) Nintendo Switch Online, etc.

*Proportion of digital sales to total dedicated video game platform software sales

*Proportion of downloadable versions of packaged software sales to total digital sales as indicated on the left: $a/(a+b+c+d)$

Supplementary Information on Our Website

Earnings Releases, etc.

- Earning Releases
- Timely Disclosure of Information, etc.

Financial Results Announcement/IR Events

- Corporate Management Policy Briefing Presentation Materials
- Financial Results Explanatory Materials, etc.

Financial Highlights

- Consolidated Statements of Income (Annual/ Quarterly)
- Consolidated Balance Sheet (Annual/ Quarterly)
- Consolidated Cash Flows (Annual)
- Key Figures per Share (Annual)
- Geographical Sales Breakdown (Annual/ Quarterly)
- Sales Breakdown by Category (Annual/ Quarterly)

Dedicated Video Game Sales Units

- Total Unit Sales (Life-to-date)
- Unit Sales (Annual/ Quarterly)
- Number of Titles Released (Annual)

Top Selling Title Sales Units

- Top selling Nintendo software sales units on an accumulated basis

Historical Data (Updated at fiscal year-end)

- Consolidated Statements of Income Transition
- Consolidated Sales Transition by Region
- Number of Software Titles Released

*Corresponding pages on our website can be accessed by clicking on the titles above.

*Financial Highlights will be updated **within 2 business days** of our financial announcement.

*Information previously available in *Supplementary Information* can be found at the following locations:

- Consolidated Statements of Income Transition → Financial Highlights
- Foreign Currency Transaction Information → Earnings Releases (Others, page 7)

Launch Dates of Primary Nintendo Products by Region (Apr. 2020~June 2020)

Nintendo Switch

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
(Software)		(Software)		(Software)	
Xenoblade Chronicles Definitive Edition	5/29/2020	Xenoblade Chronicles Definitive Edition	5/29/2020	Xenoblade Chronicles Definitive Edition	5/29/2020
Clubhouse Games: 51 Worldwide Classics	6/5/2020	Clubhouse Games: 51 Worldwide Classics	6/5/2020	51 Worldwide Games	6/5/2020

[Note] Launch dates may differ within the United States and Europe regions depending on territories or countries.

Launch Schedule of Primary Nintendo Products by Region (extracts: July 2020~)

Nintendo Switch

Japan		The United States		Europe	
Title	Launch Date	Title	Launch Date	Title	Launch Date
(Software)		(Software)		(Software)	
Paper Mario: The Origami King	7/17/2020	Paper Mario: The Origami King	7/17/2020	Paper Mario: The Origami King	7/17/2020
Pikmin 3 Deluxe	10/30/2020	Cadence of Hyrule – Crypt of the NecroDancer Featuring The Legend of Zelda **	10/23/2020	Cadence of Hyrule – Crypt of the NecroDancer Featuring The Legend of Zelda **	10/23/2020
Famicom Tantei Club: Kieta Koukeisha	2020	Pikmin 3 Deluxe	10/30/2020	Pikmin 3 Deluxe	10/30/2020
Famicom Tantei Club: Ushiro ni Tatsu Shoujo	2020	BRAVELY DEFAULT II **	2020	BRAVELY DEFAULT II **	2020
Bayonetta 3	TBA	Bayonetta 3	TBA	Bayonetta 3	TBA
Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA	Metroid Prime 4 (temp.)	TBA
The sequel to The Legend of Zelda: Breath of the Wild (temp.)	TBA	The sequel to The Legend of Zelda: Breath of the Wild (temp.)	TBA	The sequel to The Legend of Zelda: Breath of the Wild (temp.)	TBA
New Pokémon Snap *	TBA	New Pokémon Snap	TBA	New Pokémon Snap	TBA

[Note] Launch dates and titles etc. are subject to change.

Launch dates may differ within the United States and Europe regions depending on territories or countries.

*This title is published by The Pokémon Company.

**This title is licensed to be sold as a Nintendo product.

Upcoming Software Publishers' Title Lineup (extracts: July 2020~)

Nintendo Switch

Japan		The United States		Europe	
Title	Publisher	Title	Publisher	Title	Publisher
SHIN MEGAMITENSEI III NOCTURNE HD REMASTER	ATLUS	PGA Tour 2K21	2K	PGA Tour 2K21	2K
JUMP FORCE Deluxe Edition	BANDAI NAMCO Entertainment	WWE 2K Battlegrounds	2K	WWE Battlegrounds	2K
CAPTAIN TSUBASA: RISE OF NEW CHAMPIONS	BANDAI NAMCO Entertainment	NBA 2K21	2K	NBA 2K21	2K
JACKJEANNE	BROCCOLI	Best Friend Forever	Alliance	Best Friend Forever	Alliance
Shadowverse: Champion's Battle	Cygames	Doom Eternal	Bethesda Softworks	Doom Eternal	Bethesda Softworks
EARTH DEFENSE FORCE: WORLD BROTHERS	D3 PUBLISHER	VIGOR	Bohemia Interactive	VIGOR	Bohemia Interactive
FIFA 21 LEGACY EDITION	Electronic Arts	Crysis: Remastered	Crytek	Crysis: Remastered	Crytek
Apex Legends	Electronic Arts	CrossCode	Deck13	CrossCode	Deck13
Medarot Classics Plus Kabuto Ver. / Kuwagata Ver.	Imagineer	Rogue Company	Hi-Rez Studios	Rogue Company	Hi-Rez Studios
Monster Rancher 2	KOEI TECMO GAMES	Bloodstained: Curse of the Moon 2	Inti Creates	Bloodstained: Curse of the Moon 2	Inti Creates
Atelier Ryza 2: Lost Legends & the Secret Fairy	KOEI TECMO GAMES	Warhammer 40,000: Mechanicus	Kalypso Media Group	Warhammer 40,000: Mechanicus	Kalypso Media Group
Momotaro Dentetsu - Showa Heisei Reiva mo teiban! -	KONAMI	FAIRY TAIL	KOEI TECMO GAMES	FAIRY TAIL	KOEI TECMO GAMES
Y School Heroes	LEVEL-5	Superliminal	Pillow Castle	Superliminal	Pillow Castle
Sakuna: Of Rice and Ruin	Marvelous	Deadly Premonition 2: A Blessing In Disguise	Rising Star Games	Deadly Premonition 2: A Blessing In Disguise	Rising Star Games
Rune Factory 5	Marvelous	Catherine: Full Body	SEGA	Catherine: Full Body	SEGA
Shiren the Wanderer: The Tower of Fortune and the Dice of Fate	Spike Chunsoft	No Straight Roads	Sold Out	No Straight Roads	Sold Out
FINAL FANTASY CRYSTAL CHRONICLES Remastered Edition	SQUARE ENIX	FINAL FANTASY CRYSTAL CHRONICLES Remastered Edition	Square Enix	FINAL FANTASY CRYSTAL CHRONICLES Remastered Edition	Square Enix
BRAVELY DEFAULT II	SQUARE ENIX	Bake 'n Switch	Streamline Media Group	Bake 'n Switch	Streamline Media Group
KINGDOM HEARTS Melody of Memory	SQUARE ENIX	The Survivalists	Team 17	The Survivalists	Team 17
LEGO Star Wars: Skywalker Saga	Warner Bros. Japan				

[Note] Launch schedules, software names etc. are subject to change.

Launch titles are listed by publisher alphabetically.

This list includes titles that are released as download-only software.