

MEMBERSHIP  
July 31, 2018

# CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.  
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Japan

## Consolidated Results for the Three Months Ended June 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                             | %    |
| Three months ended June 30, 2018 | 168,157     | 9.1   | 30,535           | 88.4 | 43,866          | 41.7 | 30,600                                  | 43.9 |
| Three months ended June 30, 2017 | 154,069     | 148.6 | 16,208           | -    | 30,960          | -    | 21,260                                  | -    |

[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, 2018 | 254.73           |  |
| Three months ended June 30, 2017 | 177.09           |  |

(2) Consolidated financial positions

|                      | Total assets | Net assets  | Capital adequacy ratio |
|----------------------|--------------|-------------|------------------------|
|                      | million yen  | million yen | %                      |
| As of June 30, 2018  | 1,612,161    | 1,308,102   | 80.9                   |
| 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                |                    |                    |          |        |
| Year ended March 31, 2018             | -                  | 110.00             | -                  | 480.00   | 590.00 |
| Year ending March 31, 2019 (forecast) | -                  | - *                | -                  | - *      | 690.00 |

[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, 2019, 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, 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 three-month period ended June 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 Jun. 30, 2018 : | 141,669,000 shares | As of Mar. 31, 2018 : | 141,669,000 shares |
|-----------------------|--------------------|-----------------------|--------------------|

② Number of treasury shares

|                       |                   |                       |                   |
|-----------------------|-------------------|-----------------------|-------------------|
| As of Jun. 30, 2018 : | 21,543,340 shares | As of Mar. 31, 2018 : | 21,543,231 shares |
|-----------------------|-------------------|-----------------------|-------------------|

③ Average number of shares

|                                       |                    |                                       |                    |
|---------------------------------------|--------------------|---------------------------------------|--------------------|
| Three months ended<br>Jun. 30, 2018 : | 120,125,720 shares | Three months ended<br>Jun. 30, 2017 : | 120,056,885 shares |
|---------------------------------------|--------------------|---------------------------------------|--------------------|

[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

During the first quarter of this period (April through June 2018), for Nintendo Switch, *Donkey Kong Country: Tropical Freeze* was released in May and became popular, selling 1.40 million units worldwide. *Mario Tennis Aces*, released in June, is also off to a good start, with 1.38 million units sold. We also released Nintendo Labo in April as an offering of new ways to play that gained a lot of attention globally, and was very well received by consumers who purchased it. Sales of Nintendo Labo series overall reached 1.39 million units. Additionally, sales of popular titles released during the previous fiscal year, and of titles released by other software publishers are showing steady growth. As a result, hardware and software sales came to 1.88 million units (4.4% decrease on a year-on-year basis), and 17.96 million units (120.8% increase on a year-on-year basis) respectively. Hardware sales of Nintendo 3DS, now in its 8th year since launch, reached 0.36 million units sold (61.9% decrease on a year-on-year basis), while 2.95 million software units were sold (49.6% decrease on a year-on-year basis). We also re-launched the Nintendo Entertainment System: NES Classic Edition in June, and recorded sales of 1.26 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 18.5 billion yen (68.0% increase on a year-on-year basis).

In our smart-device business, consumers are continuing to enjoy currently available titles like *Super Mario Run*, *Fire Emblem Heroes* and *Animal Crossing: Pocket Camp*. Smart devices and IP related income reached 9.0 billion yen (0.4% increase on a year-on-year basis).

Total sales reached 168.1 billion yen (of which overseas sales were 128.7 billion yen or 76.6% of the total sales). Operating profit came to 30.5 billion yen, ordinary profit was 43.8 billion yen, and profit attributable to owners of parent totaled 30.6 billion yen.

## 2. Consolidated Financial Forecast

For Nintendo Switch, hardware sales in every region have been trending upwards since the video game expo, E3, was held in the US in June. In parallel with an increase in digital sales, software sales also have been moving in good shape towards the holiday season.

Between this summer and the end of the year, *Captain Toad: Treasure Tracker* will be released in July, followed by *Nintendo Labo Toy-Con 03: Vehicle Kit* as the third Nintendo Labo product in September and *Super Mario Party* in October. The latest series titles, *Pokémon Let's Go, Pikachu!* and *Pokémon: Let's Go, Eevee!* will be released in November, and then *Super Smash Bros. Ultimate* will be released in December. We also expect to release several key titles from other software publishers as we continue to offer attractive titles that are filled with variety. In September, we plan to launch Nintendo Switch Online, our paid service that expands online functionality for Nintendo Switch. Through all of these efforts, we are working to further accelerate the already great momentum of Nintendo Switch.

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.

For the smart-device business, we plan to release a new original game application titled *Dragalia Lost* this summer, as well as our Mario Kart application for smart devices, *Mario Kart Tour*, by the end of this fiscal year. As we introduce these new game applications, we will also focus on continued operations for applications that have already been released so that consumers can enjoy playing them for a long time.

There is no revision to the financial forecast for this period originally published on April 26, 2018.

## 3. Consolidated Balance Sheets

million yen

| Description   | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| <b>(Assets)</b>                                       |                      |                     |
| <b>Current assets</b>                                 |                      |                     |
| Cash and deposits                                     | 744,555              | 632,061             |
| Notes and accounts receivable-trade                   | 69,829               | 77,832              |
| Securities  | 243,431              | 190,168             |
| Inventories   | 141,795              | 212,843             |
| Other   | 66,405               | 116,966             |
| Allowance for doubtful accounts                       | (87)                 | (90)                |
| <b>Total current assets</b>                           | <b>1,265,929</b>     | <b>1,229,781</b>    |
| <b>Non-current assets</b>                             |                      |                     |
| Property, plant and equipment                         | 83,926               | 84,179              |
| Intangible assets                                     | 14,020               | 13,983              |
| Investments and other assets                          |                      |                     |
| Investment securities                                 | 198,538              | 212,753             |
| Other   | 71,059               | 71,464              |
| Total investments and other assets                    | 269,597              | 284,217             |
| <b>Total non-current assets</b>                       | <b>367,544</b>       | <b>382,380</b>      |
| <b>Total assets</b>                                   | <b>1,633,474</b>     | <b>1,612,161</b>    |
| <b>(Liabilities)</b>                                  |                      |                     |
| <b>Current liabilities</b>                            |                      |                     |
| Notes and accounts payable-trade                      | 138,015              | 160,287             |
| Income taxes payable                                  | 43,390               | 18,225              |
| Provision   | 3,217                | 1,376               |
| Other   | 93,452               | 94,897              |
| <b>Total current liabilities</b>                      | <b>278,076</b>       | <b>274,787</b>      |
| <b>Non-current liabilities</b>                        |                      |                     |
| Net defined benefit liability                         | 16,609               | 13,395              |
| Other   | 15,213               | 15,875              |
| <b>Total non-current liabilities</b>                  | <b>31,822</b>        | <b>29,271</b>       |
| <b>Total liabilities</b>                              | <b>309,899</b>       | <b>304,058</b>      |
| <b>(Net assets)</b>                                   |                      |                     |
| <b>Shareholders' equity</b>                           |                      |                     |
| Capital stock   | 10,065               | 10,065              |
| Capital surplus                                       | 13,742               | 13,742              |
| Retained earnings                                     | 1,564,240            | 1,537,179           |
| Treasury shares                                       | (250,679)            | (250,684)           |
| <b>Total shareholders' equity</b>                     | <b>1,337,369</b>     | <b>1,310,303</b>    |
| <b>Accumulated other comprehensive income</b>         |                      |                     |
| Valuation difference on available-for-sale securities | 16,402               | 21,225              |
| Foreign currency translation adjustment               | (34,736)             | (27,966)            |
| <b>Total accumulated other comprehensive income</b>   | <b>(18,334)</b>      | <b>(6,741)</b>      |
| <b>Non-controlling interests</b>                      | <b>4,540</b>         | <b>4,540</b>        |
| <b>Total net assets</b>                               | <b>1,323,574</b>     | <b>1,308,102</b>    |
| <b>Total liabilities and net assets</b>               | <b>1,633,474</b>     | <b>1,612,161</b>    |

## 4. Consolidated Statements of Income

million yen

| Description   | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
|---|----------------------------------|----------------------------------|
| Net sales   | 154,069                          | 168,157                          |
| Cost of sales   | 89,339                           | 85,249                           |
| <b>Gross profit</b>                                     | <b>64,729</b>                    | <b>82,907</b>                    |
| Selling, general and administrative expenses            | 48,520                           | 52,372                           |
| <b>Operating profit</b>                                 | <b>16,208</b>                    | <b>30,535</b>                    |
| Non-operating income                                    |                                  |                                  |
| Interest income   | 1,973                            | 2,907                            |
| Foreign exchange gains                                  | 7,139                            | 7,501                            |
| Other   | 5,991                            | 2,980                            |
| Total non-operating income                              | 15,105                           | 13,389                           |
| Non-operating expenses                                  |                                  |                                  |
| Loss on redemption of securities                        | 347                              | -                                |
| Other   | 5                                | 58                               |
| Total non-operating expenses                            | 353                              | 58                               |
| <b>Ordinary profit</b>                                  | <b>30,960</b>                    | <b>43,866</b>                    |
| Extraordinary income                                    |                                  |                                  |
| Gain on sales of non-current assets                     | 368                              | -                                |
| Gain on sales of investment securities                  | 40                               | -                                |
| Total extraordinary income                              | 409                              | -                                |
| Extraordinary losses                                    |                                  |                                  |
| Loss on disposal of non-current assets                  | 6                                | -                                |
| Loss on valuation of investment securities              | -                                | 366                              |
| Total extraordinary losses                              | 6                                | 366                              |
| <b>Profit before income taxes</b>                       | <b>31,363</b>                    | <b>43,499</b>                    |
| Total income taxes                                      | 9,568                            | 12,919                           |
| <b>Profit</b>   | <b>21,795</b>                    | <b>30,580</b>                    |
| Profit (loss) attributable to non-controlling interests | 534                              | (19)                             |
| <b>Profit attributable to owners of parent</b>          | <b>21,260</b>                    | <b>30,600</b>                    |

## 5. Consolidated Statements of Comprehensive Income

million yen

| Description   | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
|---|----------------------------------|----------------------------------|
| <b>Profit</b>   | <b>21,795</b>                    | <b>30,580</b>                    |
| Other comprehensive income  |                                  |                                  |
| Valuation difference on available-for-sale securities                             | 5,439                            | 4,837                            |
| Foreign currency translation adjustment   | 8,334                            | 8,073                            |
| Share of other comprehensive income of entities accounted for using equity method | (584)                            | (1,297)                          |
| Total other comprehensive income  | 13,189                           | 11,613                           |
| <b>Comprehensive income</b>   | <b>34,984</b>                    | <b>42,193</b>                    |
| (Comprehensive income attributable to)  |                                  |                                  |
| Comprehensive income attributable to owners of parent                             | 34,391                           | 42,193                           |
| Comprehensive income attributable to non-controlling interests                    | 592                              | 0                                |

## 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, 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   |
|-------------------------------------|---|--------|--------------|--------|--------|---------|
| Three months ended<br>June 30, 2018 | Dedicated video game platform (*1)          | 34,589 | 69,124       | 33,799 | 21,003 | 158,517 |
|                                     | of which Nintendo 3DS platform              | 2,146  | 5,991        | 3,028  | 536    | 11,703  |
|                                     | of which Nintendo Switch platform           | 28,910 | 54,913       | 26,881 | 18,882 | 129,587 |
|                                     | of which the others (*2)                    | 3,533  | 8,218        | 3,890  | 1,584  | 17,226  |
|                                     | Smart devices, IP related income, etc. (*3) | 4,528  | 3,531        | 626    | 411    | 9,097   |
|                                     | Playing cards, etc.                         | 274    | 265          | 1      | -      | 541     |
| Total                               |   | 39,393 | 72,920       | 34,428 | 21,415 | 168,157 |

|                                     |   | Japan  | The Americas | Europe | Other  | Total   |
|-------------------------------------|---|--------|--------------|--------|--------|---------|
| Three months ended<br>June 30, 2017 | Dedicated video game platform (*1)          | 35,754 | 61,771       | 34,238 | 12,850 | 144,615 |
|                                     | of which Nintendo 3DS platform              | 9,325  | 12,504       | 7,707  | 1,556  | 31,094  |
|                                     | of which Nintendo Switch platform           | 23,576 | 44,664       | 24,643 | 10,923 | 103,808 |
|                                     | of which the others (*2)                    | 2,852  | 4,602        | 1,887  | 370    | 9,712   |
|                                     | Smart devices, IP related income, etc. (*3) | 4,359  | 3,843        | 686    | 172    | 9,062   |
|                                     | Playing cards, etc.                         | 155    | 228          | 7      | -      | 391     |
| Total                               |   | 40,269 | 65,844       | 34,932 | 13,023 | 154,069 |

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

Three months ended June 30, 2017: 11.0 billion yen

Three months ended June 30, 2018: 18.5 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 amiibo, Virtual Console and platforms other than Nintendo 3DS or Nintendo Switch.

\*3 Includes income from smart-device content and royalty income.

\*4 Includes downloadable versions of packaged software, download-only software and add-on content.

### (2) Other consolidated information

million yen

|   | Three months ended<br>June 30, 2017 | Three months ended<br>June 30, 2018 | Year ending March 31, 2019<br>(Forecast) |
|---|-------------------------------------|-------------------------------------|--|
| Depreciation of property, plant and equipment | 1,558                               | 1,513                               | 6,000                                    |
| Research and development expenses             | 15,857                              | 16,796                              | 70,000                                   |
| Advertising expenses                          | 13,431                              | 14,267                              | 85,000                                   |
| Average exchange rates                        |                                     |                                     |  |
| 1 USD =                                       | 111.09 yen                          | 109.07 yen                          | 105.00 yen                               |
| 1 Euro =                                      | 122.19 yen                          | 130.06 yen                          | 125.00 yen                               |

|  |             |             |   |
|--|-------------|-------------|---|
| Consolidated net sales in U.S. dollars     | 0.5 billion | 0.6 billion | - |
| Consolidated net sales in Euros            | 0.2 billion | 0.2 billion | - |
| Non-consolidated purchases in U.S. dollars | 0.8 billion | 1.5 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 June 30, 2018 |               | As of March 31, 2019    |
|------|-------------------------------|----------------------|---------------|---------------------|---------------|-------------------------|
|      |                               | Balance              | Exchange rate | Balance             | Exchange rate | Estimated exchange rate |
| USD  | Cash and deposits             | 2,069                |               | 2,055               |               |                         |
|      | Accounts receivable-trade     | 1,853                | 1 USD=        | 813                 | 1 USD=        | 1 USD=                  |
|      | Accounts payable-trade        | 1,058                | 106.24 yen    | 1,243               | 110.54 yen    | 105.00 yen              |
|      | Loans payable to subsidiaries | 300                  |               | 300                 |               |                         |
| Euro | Cash and deposits             | 571                  | 1 Euro=       | 612                 | 1 Euro=       | 1 Euro=                 |
|      | Accounts receivable-trade     | 403                  | 130.52 yen    | 403                 | 127.91 yen    | 125.00 yen              |

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

|                                   |                              |              | Actual            |                   | Sales Units in Ten Thousands<br>Number of New Titles Released |                               |  |
|-----------------------------------|------------------------------|--------------|-------------------|-------------------|---|-------------------------------|--|
|                                   |                              |              | Apr. '17-Jun. '17 | Apr. '18-Jun. '18 | Life-to-date<br>Jun. '18                                      | Forecast<br>Apr. '18-Mar. '19 |  |
| Nintendo 3DS                      | Hardware                     | Japan        | 23                | 6                 | 2,476   |                               |  |
|                                   |                              | The Americas | 42                | 20                | 2,537   |                               |  |
|                                   |                              | Other        | 30                | 10                | 2,276   |                               |  |
|                                   |                              | Total        | 95                | 36                | 7,289   | 400                           |  |
|                                   | of which New Nintendo 3DS XL | Japan        | 20                | 3                 | 487   |                               |  |
|                                   |                              | The Americas | 28                | 3                 | 435   |                               |  |
|                                   |                              | Other        | 13                | 1                 | 286   |                               |  |
|                                   | of which Nintendo 2DS        | Total        | 61                | 6                 | 1,207   |                               |  |
|                                   |                              | Japan        | 2                 | 0                 | 65  |                               |  |
|                                   |                              | The Americas | 13                | 9                 | 419   |                               |  |
|                                   | of which New Nintendo 2DS XL | Other        | 16                | 2                 | 468   |                               |  |
|                                   |                              | Total        | 31                | 11                | 952   |                               |  |
|                                   |                              | Japan        | -                 | 3                 | 81  |                               |  |
| Nintendo Switch                   | Software                     | The Americas | -                 | 9                 | 98  |                               |  |
|                                   |                              | Other        | 2                 | 8                 | 112   |                               |  |
|                                   |                              | Total        | 2                 | 20                | 291   |                               |  |
|                                   |                              | Japan        | 183               | 35                | 13,496  |                               |  |
|                                   | New titles                   | The Americas | 187               | 153               | 12,435  |                               |  |
|                                   |                              | Other        | 215               | 107               | 10,853  |                               |  |
|                                   |                              | Total        | 585               | 295               | 36,784  | 1,600                         |  |
|                                   | Nintendo Switch              | Hardware     | Japan             | 8                 | 4   | 660                           |  |
|                                   |                              |              | The Americas      | 7                 | 3   | 482                           |  |
|                                   |                              |              | Other             | 11                | 2   | 536                           |  |
| Total                             |                              |              | 52                | 50                | 489   |                               |  |
| of which New Nintendo Switch Lite |                              | The Americas | 75                | 67                | 781   |                               |  |
|                                   |                              | Other        | 69                | 70                | 697   |                               |  |
|                                   |                              | Total        | 197               | 188               | 1,967   | 2,000                         |  |
| Software                          |                              | Japan        | 156               | 295               | 1,610   |                               |  |
|                                   |                              | The Americas | 363               | 837               | 3,874   |                               |  |
|                                   |                              | Other        | 295               | 665               | 3,209   |                               |  |
|                                   |                              | Total        | 814               | 1,796             | 8,693   | 10,000                        |  |
| New titles                        |                              | Japan        | 6                 | 31                | 114   |                               |  |
|                                   |                              | The Americas | 7                 | 53                | 158   |                               |  |
|                                   | Other                        | 6            | 54                | 164               |   |                               |  |

## [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.