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(Securities Code 7974)  
June 6, 2018

**To Shareholders with Voting Rights:**

Tatsumi Kimishima  
Representative Director and President  
Nintendo Co., Ltd.  
11-1 Hokotate-cho, Kamitoba,  
Minami-ku, Kyoto, Japan

**NOTICE OF  
THE 78TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 78th Annual General Meeting of Shareholders of Nintendo Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and cast your vote by 5 p.m. on Wednesday, June 27, 2018 Japan time.

- 1. Date and Time:** Thursday, June 28, 2018 at 10 a.m. Japan time (reception will open at 9 a.m.)
- 2. Place:** Seventh floor conference room in the Development Center of the Company, located at 2-1 Minamimatsuda-cho, Higashikujo, Minami-ku, Kyoto, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company's 78th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
    2. Non-Consolidated Financial Statements for the Company's 78th Fiscal Year (April 1, 2017 - March 31, 2018)
  - Proposals to be resolved:**
    - Proposal No. 1:** Distribution of Surplus
    - Proposal No. 2:** Election of Five Directors (excluding Directors who are Audit and Supervisory Committee Members)
    - Proposal No. 3:** Election of Four Directors who are Audit and Supervisory Committee Members

## Information on Exercise of Voting Rights

### Exercise of Voting Rights by Attending the Meeting

Please submit the enclosed Voting Rights Exercise Form at the reception (which will open at 9 a.m.). Shareholders are also requested to bring this convocation notice on the day of the meeting.

### Exercise of Voting Rights in Writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5 p.m. on Wednesday, June 27, 2018 Japan time.

### Exercise of Voting Rights via the Internet

To vote via the Internet, please visit the Company's designated voting website (<https://www.web54.net>)\* and vote for or against the proposals by 5 p.m. on Wednesday, June 27, 2018 Japan time.

\* Please see page 32 for details.

- (1) Please be advised that non-shareholders (e.g., proxies or accompanying persons who are not shareholders) are not accepted to participate in the General Meeting of Shareholders.
- (2) If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only your vote placed via the Internet will be valid.
- (3) If you submit your vote multiple times via the Internet, only the last vote will be valid.

#### Notes:

- 1 Any updates to the Reference Documents for the General Meeting of Shareholders and the Appendix will be posted on the Company's website at the following URL: <https://www.nintendo.co.jp/ir/en/index.html>
- 2 As the following information is posted on the Company's website (<https://www.nintendo.co.jp/ir/en/index.html>) pursuant to provisions of laws and regulations as well as Article 16 of the Articles of Incorporation, it is not presented in this Appendix.
  - (1) Consolidated Statement of Changes in Equity of the Consolidated Financial Statements
  - (2) Notes to the Consolidated Financial Statements of the Consolidated Financial Statements
  - (3) Non-Consolidated Statement of Changes in Equity of the Non-Consolidated Financial Statements
  - (4) Notes to the Non-Consolidated Financial Statements of the Non-Consolidated Financial StatementsAccordingly, this Appendix presents a portion of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Committee Members and the Accounting Auditor when they prepared the Audit and Supervisory Committee's Audit Report and Accounting Auditor's Audit Report, respectively.
- 3 After the close of the General Meeting of Shareholders, in lieu of sending a written notice of voting results to shareholders, these results will be posted on the Company's website at the following URL: <https://www.nintendo.co.jp/ir/en/index.html>
- 4 For those of you who are not able to attend the meeting, a summary of questions and answers addressed in the meeting will be posted on the Company's website at a later date for your reference at the following URL: <https://www.nintendo.co.jp/ir/en/index.html>

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\* This website is in Japanese only.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1: Distribution of Surplus

The Company's basic policy is to use retained earnings toward research and development, capital investments, etc., necessary for the Company's growth. It is also part of this policy to maintain the Company's financial soundness in order to respond to changes in future management environment and prevail over challenging competition, and to pay out dividends, as a form of direct returns to shareholders, upon considering the Company's profit level for the fiscal year.

Specifically, the Company's annual dividend is (i) 33% of the consolidated operating profit, used as the base dividend amount, divided by the number of shares outstanding (excluding treasury shares held as of the fiscal year-end), or (ii) an amount necessary to achieve a 50% consolidated payout ratio, whichever is greater (in either case, rounded up to the nearest 10 yen per share).

Based on this basic policy, the Company hereby proposes the following year-end dividend per share for the fiscal year ended March 31, 2018:

- (1) Matters concerning allotment of dividends to shareholders and the total amount  
480 yen per share of common stock, for a total of 57,660,369,120 yen  
Because an interim dividend of 110 yen per share was paid out, the annual dividend for the fiscal year ended March 31, 2018 was 590 yen per share (consolidated dividend payout ratio of 50.8%).
- (2) Effective date of distribution of surplus  
June 29, 2018

**Proposal No. 2: Election of Five Directors (excluding Directors who are Audit and Supervisory Committee Members)**

The terms of office of five Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this Proposal), Mr. Tatsumi Kimishima, Mr. Shigeru Miyamoto, Mr. Shinya Takahashi, Mr. Shuntaro Furukawa and Mr. Ko Shiota, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five Directors is proposed. As for this Proposal, the Audit and Supervisory Committee has judged that all the candidates for Directors are eligible.

The candidates for Directors are as follows.

Candidate No. 1	<b>Shigeru Miyamoto</b> Reelection	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>
		April 1977      Joined the Company June 2000      Director (to present) General Manager, Entertainment Analysis & Development Division
		May 2002      Senior Managing Director Representative Director (to present)
		September 2015      Fellow (to present)
<b>Date of birth</b> November 16, 1952		<b>Reasons for selection as a candidate</b> Mr. Shigeru Miyamoto has long served as Representative Director and has led the development section as head and leader of software development. We request his election based on our judgment that he will continuously perform his duties as Director appropriately and contribute to the improvement of corporate value.
<b>Number of shares of the Company held</b> 100 shares		
Candidate No. 2	<b>Shinya Takahashi</b> Reelection	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>
		April 1989      Joined the Company July 2012      Deputy General Manager, Software Planning & Development Division
		June 2013      Director (to present) General Manager, Software Planning & Development Division
		September 2015      General Manager, Entertainment Planning & Development Division (to present) Supervisor of Business Development Division, Development Administration & Support Division (to present)
		June 2016      Managing Executive Officer (to present)
		<b>Reasons for selection as a candidate</b> Mr. Shinya Takahashi has gained experience, possesses records of accomplishment as Director, and has worked on the long-term maintenance and growth of development capabilities as head of software development. We request his election based on our judgment that he will continuously perform his duties as Director appropriately and contribute to the improvement of corporate value.
<b>Date of birth</b> November 9, 1963		
<b>Number of shares of the Company held</b> 100 shares		

Candidate No. 3	<b>Shuntaro Furukawa</b> Reelection  <b>Date of birth</b> January 10, 1972  <b>Number of shares of the Company held</b> 100 shares	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>
		April 1994      Joined the Company May 2012      Outside Director of The Pokémon Company July 2015      General Manager, Corporate Planning Department (to present) June 2016      Director (to present) Managing Executive Officer (to present) Supervisor of Corporate Analysis & Administration Division (to present) September 2016    In charge of Global Marketing Department (to present)
		<b>Reasons for selection as a candidate</b> Mr. Shuntaro Furukawa has gained extensive business experience and broad insight through his service in overseas subsidiaries and planning and administration sections including the General Accounting & Control Department and Corporate Planning Department, and has a thorough understanding of the Company's business. We request his election based on our judgment that he will continuously perform his duties as Director appropriately and contribute to the improvement of corporate value.
Candidate No. 4	<b>Ko Shiota</b> Reelection  <b>Date of birth</b> August 7, 1969  <b>Number of shares of the Company held</b> 100 shares	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>
		April 1992      Joined the Company September 2015    General Manager, Platform Technology Development Division (to present) June 2016      Executive Officer June 2017      Director (to present) Senior Executive Officer (to present)
		<b>Reasons for selection as a candidate</b> Mr. Ko Shiota has gained extensive business experience in the development section and has worked on the long-term maintenance and growth of development capabilities as head of hardware development. We request his election based on our judgment that he will continuously perform his duties as Director appropriately and contribute to the improvement of corporate value.

Candidate No. 5	<b>Satoru Shibata</b> New candidate  <b>Date of birth</b> September 4, 1962  <b>Number of shares of the Company held</b> None	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>	
		April 1985	Joined the Company
		February 1999	President of Nintendo Australia Pty Limited
	June 2000	President of Nintendo of Europe GmbH (to present)	
	June 2016	Executive Officer (to present)	
	May 2018	Outside Director of The Pokémon Company (to present)	
	<b>Reasons for selection as a candidate</b>		
	Mr. Satoru Shibata has gained extensive business experience in overseas marketing, successively served as the President of overseas subsidiaries, and has a thorough understanding of company management. We request his election as a new Director based on our judgment that he will enhance the decision-making and supervisory functions of the Board of Directors and contribute to the improvement of corporate value.		

(Note) No material conflict of interest exists between the Company and any of the above five candidates for Directors.

### Proposal No. 3: Election of Four Directors who are Audit and Supervisory Committee Members

The terms of office of four Directors who are Audit and Supervisory Committee Members, Mr. Naoki Noguchi, Mr. Naoki Mizutani, Mr. Yoshimi Mitamura and Mr. Katsuhiro Umeyama, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of four Directors who are Audit and Supervisory Committee Members is proposed. This Proposal has received prior consent from the Audit and Supervisory Committee.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Candidate No. 1	<p><b>Naoki Noguchi</b> Reelection</p> <p><b>Date of birth</b> February 8, 1954</p> <p><b>Number of shares of the Company held</b> 100 shares</p>	<p><b>Past experience, positions, responsibilities, and significant concurrent positions</b></p>
		<p>June 1980            Joined the Company</p> <p>May 2010            General Manager, Software Planning &amp; Development Administration Department</p> <p>March 2014        Deputy General Manager, Human Resources Division</p> <p>June 2016           Director (Full-Time Audit and Supervisory Committee Member) (to present)</p>
		<p><b>Reasons for selection as a candidate</b></p> <p>Mr. Naoki Noguchi has gained extensive business experience and a broad insight in a variety of sections including development and information systems and human resources, and has a thorough understanding of the Company's business. We request his election based on our judgment that he will contribute to coordination with the Internal Auditing Department, etc., and the enhancement of the audit and supervisory system of the Company as an Audit and Supervisory Committee Member.</p>
Candidate No. 2	<p><b>Naoki Mizutani</b> Reelection Outside Director Independent Officer</p> <p><b>Date of birth</b> December 22, 1950</p> <p><b>Number of shares of the Company held</b> None</p>	<p><b>Past experience, positions, responsibilities, and significant concurrent positions</b></p>
		<p>April 1979           Registered as attorney-at-law</p> <p>May 1989            Registered as patent attorney</p> <p>June 1989            Opened Mizutani Law and Patent Office</p> <p>June 2003           Auditor of the Company</p> <p>June 2014           Director of the Company</p> <p>June 2016           Director (Audit and Supervisory Committee Member) of the Company (to present)</p>
		<p>&lt;Significant concurrent positions&gt;</p> <p>Director, Mizutani Law and Patent Office</p>
		<p><b>Reasons for selection as a candidate</b></p> <p>Although Mr. Naoki Mizutani has not been involved in corporate management other than in the position of an outside officer, he has practiced for many years in corporate legal affairs as an attorney-at-law and patent attorney. We request his election based on our judgment that he will contribute to ensuring the proper decision-making of the Board of Directors of the Company and enriching the audit and supervisory system of the Company by utilizing his extensive experience and broad insight in our corporate management.</p>

Candidate No. 3	<b>Katsuhiko Umeyama</b> Reelection Outside Director Independent Officer  <b>Date of birth</b> July 29, 1965  <b>Number of shares of the Company held</b> None	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>	
		March 1994	Registered as certified public accountant
		July 1999	Opened Umeyama Certified Public Accountant Office
		August 1999	Registered as certified tax accountant
October 1999	Opened Umeyama Certified Tax Accountant Office (current Umeyama Certified Tax Accountant LLC)		
November 2005	Outside Auditor, KURAUDIA Co., Ltd. (current KURAUDIA HOLDINGS Co., Ltd.)		
July 2009	Representative Partner, Umeyama Certified Tax Accountant LLC (to present)		
June 2012	Auditor of the Company		
November 2015	Outside Director (Audit and Supervisory Committee Member), KURAUDIA HOLDINGS Co., Ltd. (to present)		
June 2016	Director (Audit and Supervisory Committee Member) of the Company (to present)		
		<b>&lt;Significant concurrent positions&gt;</b>	
		Director, Umeyama Certified Public Accountant Office Representative Partner, Umeyama Certified Tax Accountant LLC Outside Director (Audit and Supervisory Committee Member), KURAUDIA HOLDINGS Co., Ltd.	
		<b>Reasons for selection as a candidate</b>	
		Although Mr. Katsuhiko Umeyama has not been involved in corporate management other than in the position of an outside officer, he has thorough knowledge of corporate accounting as a certified public accountant and corporate taxation as a certified tax accountant, and has considerable financial and accounting knowledge. We request his election based on our judgment that he will contribute to ensuring the proper decision-making of the Board of Directors of the Company and enriching the audit and supervisory system of the Company by utilizing his extensive experience and broad insight in our corporate management.	

Candidate No. 4	<b>Masao Yamazaki</b> New Candidate Outside Director Independent Officer  <b>Date of birth</b> June 16, 1956  <b>Number of shares of the Company held</b> None	<b>Past experience, positions, responsibilities, and significant concurrent positions</b>	
		April 1975	Joined Osaka Regional Taxation Bureau
		July 2010	Director, Minato Tax Office, Osaka Regional Taxation Bureau
		July 2016	Director, Higashi Tax Office, Osaka Regional Taxation Bureau
		August 2017	Registered as certified tax accountant
		September 2017	Opened Masao Yamazaki Certified Tax Accountant Office
		<b>&lt;Significant concurrent positions&gt;</b>	
		Director, Masao Yamazaki Certified Tax Accountant Office	
		<b>Reasons for selection as a candidate</b>	
		Although Mr. Masao Yamazaki has not been involved in corporate management other than in the position of an outside officer, he has successively served as a district director at several tax offices and has thorough knowledge of corporate taxation as a certified tax accountant, and has considerable financial and accounting knowledge. We request his election as a new Director who is an Audit and Supervisory Committee Member based on our judgment that he will contribute to ensuring the proper decision-making of the Board of Directors of the Company and enriching the audit and supervisory system of the Company by utilizing his extensive experience and broad insight in our corporate management.	

- (Notes)
1. No material conflict of interest exists between the Company and any of the above four candidates.
  2. Mr. Naoki Mizutani, Mr. Katsuhiko Umeyama and Mr. Masao Yamazaki are candidates for Outside Directors, who satisfy the requirements for an Independent Officer as provided by Tokyo Stock Exchange, Inc.
  3. Mr. Naoki Mizutani currently serves as an Outside Director who is an Audit and Supervisory Committee Member of the Company. His term of office as Outside Director will be four years at the conclusion of this General Meeting of Shareholders, in which two years of his service as an Outside Director who is Audit and Supervisory Committee Member are included.
  4. Mr. Katsuhiko Umeyama currently serves as an Outside Director who is an Audit and Supervisory Committee Member of the Company and his term of office will be two years at the conclusion of this General Meeting of Shareholders.
  5. In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Naoki Mizutani and Mr. Katsuhiko Umeyama to limit their liability, as stipulated in Article 423, Paragraph 1 of the Companies Act, to the amount specified by laws and regulations. The Company will continue the said agreement with them if their reelection is approved at this General Meeting of Shareholders.
  6. In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Mr. Masao Yamazaki to limit his liability, as stipulated in Article 423, Paragraph 1 of the Companies Act, to the amount specified by laws and regulations if he is elected and assumes office as an Outside Director who is an Audit and Supervisory Committee Member.

# Business Report

(April 1, 2017 - March 31, 2018)

## 1. Overview of the Company Group

### (1) Business Progress and Results

The results for this fiscal year show a very positive trend in global hardware sales for Nintendo Switch, which sold a total of 15.05 million units. On the software end, *Super Mario Odyssey* has been a major hit with audiences worldwide, and sold 10.41 million units. This is in addition to 9.22 million units sold for *Mario Kart 8 Deluxe*, and 6.02 million units sold for *Splatoon 2*, bringing the total number of million-seller titles to 12, including the titles of other software publishers. The combined software sales results for this fiscal year reached 63.51 million units.

Nintendo 3DS hardware sales remained solid in each region even after the launch of Nintendo Switch, with sales during this fiscal year reaching 6.40 million units. For the Nintendo 3DS software, *Pokémon Ultra Sun* and *Pokémon Ultra Moon* sold 7.51 million units, while overall sales totaled 35.64 million units.

Turning to our digital business for dedicated video game platforms, digital sales were very good, especially on Nintendo Switch, which brought digital sales (see note) to a combined total of 60.8 billion yen (87% increase on a year-on-year basis).

Meanwhile, the Super Nintendo Entertainment System: Super NES Classic Edition proved to be a hit in every region, with sales totaling 5.28 million units, and we grew amiibo sales compared to the previous fiscal year, with approximately 10.30 million figures sold, while card sales hit approximately 5.80 million units.

In our smart-device business, we released *Animal Crossing: Pocket Camp* during this fiscal year to join *Super Mario Run* and *Fire Emblem Heroes*, which have both been available since before the start of the fiscal year. These applications are being enjoyed by many consumers globally. Our smart devices and IP related income was 39.3 billion yen (62% increase on a year-on-year basis).

In total, net sales reached 1,055.6 billion yen (115.8% increase on a year-on-year basis, and of which overseas sales were 794.4 billion yen or 75.3% of the total sales). Operating profit came to 177.5 billion yen (504.7% increase on a year-on-year basis). Ordinary profit was 199.3 billion yen (295.8% increase on a year-on-year basis), and profit attributable to owners of parent totaled 139.5 billion yen (36.1% increase on a year-on-year basis).

(Note) "Download Sales" has been renamed to "Digital Sales" as of the end of the fiscal year ended March 31, 2018.

### (2) Financing and Capital Investments

No company of the Company group obtained financing, including share issuances, for the fiscal year ended March 31, 2018. The Company group made capital investments in the total amount of 13,082 million yen. The main investments were for research and development facilities.

### (3) Issues to be Addressed

With the belief in our mission to put smiles on people's faces around the world through products and services, Nintendo will focus on expanding the number of people who have access to Nintendo IP (intellectual properties) by offering products that everyone can enjoy, regardless of age, gender, or gaming experience.

In accordance with this basic strategy, we will drive continual growth for Nintendo by expanding the dedicated video game business and establishing the smart-device business. For our dedicated video game business, we plan to keep our distinctive software-driven hardware and software business at the core of our operations, while actively investing resources in our unique platform business. We plan to expand our smart-device business into one of our major pillars of revenue, and in doing so, strengthen the foundations of the business, generate synergy with our dedicated video game business, and maximize business for Nintendo as a whole.

Alongside our gaming business, we are also collaborating with our corporate partners to actively leverage Nintendo IP through theme park projects, film, and merchandising. Through these efforts, we hope to pursue every possible business opportunity and add value to our company by actively offering Nintendo IP in a variety of different ways so that not only current users of our video games but all

consumers - including those who used to play our games but currently do not, and those who have never played our video games before - can experience Nintendo IP.

Consumers have been very receptive to the new concept introduced by Nintendo Switch as a home gaming system that they can take with them to play anytime, anywhere, with anyone. Looking ahead, we plan to leverage the favorable momentum in this fiscal year to reach an even broader range of consumers and expand the installed base of the hardware, guided by the above management strategy.

Specifically, we released *Nintendo Labo* in April as an offering of a new way to play, and then we are slated to release *Mario Tennis Aces* in June, as well as the latest entry from the popular series, *Super Smash Bros.* (temp.) within the year. We expect to release several hit titles from other software publishers as well. Then in September, we will begin offering the Nintendo Switch Online paid service to expand the online functionality of Nintendo Switch. Our goal is to take full advantage of the platform by continuously introducing compelling new software while further increasing sales of popular titles that are already in the market.

With Nintendo 3DS, we will continue to target an ever wider range of consumers. We will work to leverage the platform's rich software library and worldwide total hardware install base of over 72 million units and further expand sales of evergreen titles.

Our smart-device business is poised to grow with the release of new gaming applications including *Mario Kart Tour* and *Dragalia Lost*, alongside the applications consumers continue to enjoy that were released prior to this fiscal year.

We will continue to flexibly transform ourselves by adapting to changing times while constantly valuing the spirit of originality based on the belief that "the true value of entertainment lies in its uniqueness" - and will endeavor to continue providing products and services that people will be surprised and delighted by.

**(4) Trends in Assets and Income**

(In millions of yen\*)

Item	The 75th fiscal year ended March 31, 2015	The 76th fiscal year ended March 31, 2016	The 77th fiscal year ended March 31, 2017	The 78th fiscal year ended March 31, 2018 (Consolidated fiscal year under review)
Net sales	549,780	504,459	489,095	1,055,682
Operating profit	24,770	32,881	29,362	177,557
Ordinary profit	70,530	28,790	50,364	199,356
Profit attributable to owners of parent	41,843	16,505	102,574	139,590
Profit per share	¥353.49	¥137.40	¥853.87	¥1,162.30
Total assets	1,352,944	1,296,902	1,468,978	1,633,748
Total net assets	1,167,556	1,160,901	1,250,972	1,323,574
Capital adequacy ratio	86.3%	89.5%	85.2%	80.7%
Net assets per share	¥9,862.52	¥9,662.73	¥10,412.59	¥10,980.45

(Note) Profit per share is calculated using the average number of outstanding shares for the fiscal year (excluding treasury shares). Also, net assets per share are calculated using the number of outstanding shares as of the end of the fiscal year (excluding treasury shares).

**(5) Material Subsidiaries**

Company name	Capital	The Company's percentage of equity participation	Principal business
Nintendo Sales Co., Ltd.	¥300 million	70%	Sales of dedicated video games
Nintendo of America Inc.	U.S. \$110 million	100%	Sales of dedicated video games
Nintendo of Europe GmbH	€30 million	100%	Sales of dedicated video games

**(6) Principal Business**

The Company group is mainly engaged in development, manufacturing and sales of dedicated video games (hardware and software), and has entered into the game business for smart devices. Its main products are as follows:

- Nintendo 3DS, Nintendo Switch, amiibo
- Playing cards, Karuta

**(7) Principal Business Locations**

- Offices

The Company

Head Office (Kyoto), Tokyo Branch Office, Uji Plant (Kyoto)

Subsidiaries

Nintendo Sales Co., Ltd. (Tokyo), Nintendo of America Inc. (United States), Nintendo of Europe GmbH (Germany)

**(8) Employees**

Number of employees	Increase from previous fiscal year-end
5,501	335

\* Except per share amounts.

## 2. Status of Shares

- (1) Total number of shares authorized to be issued 400,000,000 shares
- (2) Total number of shares outstanding 141,669,000 shares  
(including 21,543,231 treasury shares)
- (3) Number of shareholders 48,200 persons
- (4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
	hundred shares	%
JP Morgan Chase Bank 380055	102,064	8.50
The Bank of Kyoto, Ltd.	58,802	4.90
Japan Trustee Services Bank, Ltd. (Trust Account)	53,544	4.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	50,589	4.21
The Nomura Trust and Banking Co., Ltd. (The Bank of Tokyo-Mitsubishi UFJ, Ltd. Retiree Allowance Trust Account)	47,647	3.97
State Street Bank and Trust Company	44,719	3.72
Japan Trustee Services Bank, Ltd. (Trust Account 5)	23,532	1.96
State Street Bank West Client - Treaty 505234	19,815	1.65
State Street Bank and Trust Company 505223	18,819	1.57
DeNA Co., Ltd.	17,594	1.46

- (Notes) 1. Treasury shares of the Company are excluded from the above table.  
2. The Company's treasury shares were excluded in the calculation of the percentage of shares held.

### 3. Company Officers

#### (1) Directors

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Representative Director and President	Tatsumi Kimishima		
Representative Director	Shigeru Miyamoto	Fellow	
Director, Managing Executive Officer	Shinya Takahashi	General Manager, Entertainment Planning & Development Division Supervisor of Business Development Division, Development Administration & Support Division	
Director, Managing Executive Officer	Shuntaro Furukawa	General Manager, Corporate Planning Department Supervisor of Corporate Analysis & Administration Division In charge of Global Marketing Department	
Director, Senior Executive Officer	Ko Shiota	General Manager, Platform Technology Development Division	
Director (Full-Time Audit and Supervisory Committee Member)	Naoki Noguchi		
Director (Audit and Supervisory Committee Member)	Naoki Mizutani		Director, Mizutani Law and Patent Office
Director (Audit and Supervisory Committee Member)	Yoshimi Mitamura		Director, Yoshimi Mitamura Certified Tax Accountant Office; Outside Auditor, MAGUCHI Co., Ltd.
Director (Audit and Supervisory Committee Member)	Katsuhiro Umeyama		Director, Umeyama Certified Public Accountant Office; Representative Partner, Umeyama Certified Tax Accountant LLC; Outside Director (Audit and Supervisory Committee Member), KURAUDIA HOLDINGS Co., Ltd.

- (Notes)
1. Directors (Audit and Supervisory Committee Members), Mr. Naoki Mizutani, Mr. Yoshimi Mitamura and Mr. Katsuhiro Umeyama, are Outside Directors and Independent Officers as provided by Tokyo Stock Exchange, Inc.
  2. Director (Audit and Supervisory Committee Member), Mr. Yoshimi Mitamura, has thorough knowledge of corporate taxation as a certified tax accountant and has considerable financial and accounting knowledge.
  3. Director (Audit and Supervisory Committee Member), Mr. Katsuhiro Umeyama, has thorough knowledge of corporate accounting and taxation as a certified public and tax accountant and has considerable financial and accounting knowledge.
  4. No material conflict of interest exists between the Company and the aforementioned corporations where Directors (Audit and Supervisory Committee Members), Mr. Naoki Mizutani, Mr. Yoshimi Mitamura and

Mr. Katsuhiko Umeyama, concurrently hold positions.

5. Mr. Naoki Noguchi was selected as a Full-Time Audit and Supervisory Committee Member to strengthen the audit and supervisory functions of the Audit and Supervisory Committee through collection of information from Directors, Executive Officers, employees, etc. and sufficient cooperation with the Internal Auditing Department.
6. At the 77th Annual General Meeting of Shareholders held on June 29, 2017, Mr. Ko Shiota was newly elected and assumed office as a Director. He also assumed office as a Senior Executive Officer as of the same date.
7. At the conclusion of the 77th Annual General Meeting of Shareholders held on June 29, 2017, Mr. Genyo Takeda retired from the office of Director due to the expiry of his term.
8. KURAUDIA Co., Ltd. changed its trade name to KURAUDIA HOLDINGS Co., Ltd. as of September 1, 2017.
9. MAGUCHI Co., Ltd. changed its trade name to MAGUCHI HOLDINGS Co., Ltd. as of April 1, 2018.

## (2) Summary of the Agreement on Limitation of Liability

In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Outside Directors, Mr. Naoki Mizutani, Mr. Yoshimi Mitamura and Mr. Katsuhiko Umeyama, to limit their liability, as stipulated in Article 423, Paragraph 1 of the Companies Act, to the amount specified by laws and regulations.

## (3) Compensation to Directors

### 1) Policy for the determination of compensation for Directors

Upper limits on the total compensation for Directors (excluding Audit and Supervisory Committee Members) and that for Directors (Audit and Supervisory Committee Members) are determined separately by resolution of the General Meeting of Shareholders.

Compensation for Directors (excluding Audit and Supervisory Committee Members) consists of base compensation, which is a fixed component of compensation, and variable compensation, which is a performance-based component of compensation designed to raise incentives for higher performance. The fixed component of compensation is determined by the Board of Directors in accordance with the position and responsibility of each Director. The variable component of compensation is calculated using a formula that uses consolidated operating profit as a benchmark and is determined by the Board of Directors based on points corresponding to each Director's position.

Compensation for Directors (Audit and Supervisory Committee Members) consists only of fixed compensation in view of the fact that they are in an independent position that is not affected by Directors who execute operations.

### 2) Compensation, etc. of Directors

Directors (excluding Audit and Supervisory Committee Members)

6 persons 504 million yen

Directors (Audit and Supervisory Committee Members)

4 persons 61 million yen

(Of which, Outside Directors

3 persons 28 million yen)

- (Notes)
1. A resolution was adopted at the 76th Annual General Meeting of Shareholders on June 29, 2016 to establish an upper limit on compensation to Directors (excluding Audit and Supervisory Committee Members) of 500 million yen per year as a fixed compensation limit and up to 0.2% of consolidated operating profit of the relevant business year as a performance-based variable compensation limit. The performance-based variable compensation pertaining to this business year was 310 million yen and is included in the compensation for Directors (excluding Audit and Supervisory Committee Members) indicated above.
  2. Compensation to Directors (excluding Audit and Supervisory Committee Members) does not include portions of their remuneration or bonuses as employees.
  3. At the 76th Annual General Meeting of Shareholders on June 29, 2016, a resolution was adopted to establish an upper limit on compensation to Directors (Audit and Supervisory Committee Members) of 100 million yen per year.

**(4) Main Activities of Outside Officers**

Title	Name	Main activities
Director (Audit and Supervisory Committee Member)	Naoki Mizutani	Participated in all 12 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee during the fiscal year ended March 31, 2018; as necessary, provided expert opinions mainly as an attorney-at-law and patent attorney.
Director (Audit and Supervisory Committee Member)	Yoshimi Mitamura	Participated in all 12 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee during the fiscal year ended March 31, 2018; as necessary, provided expert opinions mainly as a certified tax accountant.
Director (Audit and Supervisory Committee Member)	Katsuhiko Umeyama	Participated in all 12 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee during the fiscal year ended March 31, 2018; as necessary, provided expert opinions mainly as a certified public and tax accountant.

#### **4. Accounting Auditor**

**(1) Accounting Auditor's Name**

PricewaterhouseCoopers Kyoto

**(2) Accounting Auditor's Compensation, etc.**

1) Accounting Auditor's compensation, etc., for the fiscal year ended March 31, 2018

PricewaterhouseCoopers Kyoto 94 million yen

(Note) Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation.

2) Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor

PricewaterhouseCoopers Kyoto 114 million yen

(Note) The Company's major overseas subsidiaries are audited by audit corporations (including those with comparable qualifications abroad) other than the Company's Accounting Auditor.

**(3) Reasons for the Audit and Supervisory Committee to have agreed on Accounting Auditor's Compensation, etc.**

The Audit and Supervisory Committee determined that the Accounting Auditor's compensation, etc., for this fiscal year is appropriate and agreed on it after confirming and considering the contents of the audit plan, the basis of calculating the compensation estimate and a comparison with previous audit details and the Accounting Auditor's compensation with necessary materials reported and submitted by the Accounting Auditor.

**(4) Description of Non-Audit Services**

Not applicable.

**(5) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor**

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members.

In addition, should the Accounting Auditor be deemed unable to execute its duties properly or should the replacement of the Accounting Auditor be deemed reasonable in order to enhance the appropriateness of the audits, the Audit and Supervisory Committee shall determine the details of the proposal to terminate or not reappoint the Accounting Auditor for submission to the General Meeting of Shareholders.

## 5. Company's Systems and Policies

### (1) System to Ensure Proper Business Execution

- 1) System to ensure that the Company's Directors and employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation

By establishing an Audit and Supervisory Committee, which consists of a majority of Outside Directors, the Company aims to strengthen the supervisory functions of the Board of Directors and further promote corporate governance of the Company. Furthermore, the Company has established a compliance program (legal risk management policy) to define normative systems for compliance and has designed a compliance manual and otherwise implemented measures for promotion of compliance through establishment of a Compliance Committee in order to ensure that Directors' and employees' execution of duties complies with the laws and regulations and the Articles of Incorporation. In addition, the Company has established a whistleblowing policy ("Compliance Hotline") for early discovery and correction of illegal conduct.

In addition to regular audits by the Audit and Supervisory Committee, the Internal Auditing Department, under the direct supervision of the President, regularly evaluates whether the operation of internal controls and financial reporting process of each division and department are appropriate and effective through internal audits, and proposes and suggests measures to make improvements, etc.

The Company has a system to deal with antisocial forces that threaten social order and security at the company level, having appointed a responsible division for dealing with antisocial forces based on its commitment to taking a tough stance against such forces. The Company has also built a system to collaborate with police, attorneys and other outside expert organizations during ordinary times to prepare for emergencies.

- 2) System for storage and management of information related to the execution of duties of the Company's Directors

The Company records information related to Directors' execution of duties as minutes of meetings of the Board of Directors, Executive Management Committee and other important meetings, as well as documents such as action memos (including electronic records). Each such record is stored and managed for an appropriate retention period, respectively, based on internal regulations.

- 3) Regulations or any other systems of the Company for management of risk of loss

As a general rule, each division and department manages risks pertaining to work within its jurisdiction. Furthermore, the Internal Auditing Department monitors the risk management system of each division and department, and proposes and advises on policies for improvement, etc. Further, under the Compliance Committee, thorough compliance efforts are promoted at each division and department. In addition, the Company has established a Product Safety Committee and other structures to guarantee product safety, prevent the occurrence of product accidents and ensure prompt response in the event of an accident.

- 4) System to ensure that the execution of duties of the Company's Directors is efficient

In addition to the meetings of the Board of Directors held monthly as a general rule, meetings of the Executive Management Committee, which consists of Directors (excluding Audit and Supervisory Committee Members), are held twice a month generally at the Company, to make prompt and efficient decisions.

Furthermore, the Company has introduced the Executive Officer System for the purpose of clarifying the responsibility for the execution of operations through the separation of the management decision-making and supervisory functions from the execution of operations, as well as by accelerating the delegation of authority to execute operations.

With regards to the execution of operations, internal regulations set forth the allocation of duties and authorities to ensure organized and efficient operation of business.

- 5) System to ensure proper business execution within the Company group

The system seeks to ensure proper business execution within the Company group as a whole by ensuring proper business execution by each subsidiary.

The Company has established internal regulations applicable to its subsidiaries mainly to ensure efficient risk management and business operation by the subsidiaries. Pursuant to the regulations, the responsible divisions and departments of the Company identify and manage such matters as the management status of the respective subsidiaries they are in charge of, obtaining information

therefrom as necessary, and subsidiaries are required to obtain the Company's prior approval for significant matters.

Furthermore, in addition to audits by the Company's Accounting Auditor, the Audit and Supervisory Committee also conducts audits with respect to subsidiaries as necessary. The Internal Auditing Department likewise conducts audits with respect to subsidiaries as needed in addition to providing guidance and cooperation on internal controls. Major subsidiaries have established internal auditing divisions or departments, and each subsidiary is promoting the establishment of internal control systems suitable to the size of the subsidiary and the law in the region where the subsidiary is located, with the cooperation of relevant divisions and departments of the Company.

In addition to providing guidance and cooperation on compliance to each subsidiary as needed, the Company has established a whistleblowing system at major subsidiaries to render it possible to provide information directly to the Company in order to enhance and promote the compliance of the Company group as a whole. Under the umbrella of the Global Compliance Conference, which comprises top management and other members of the Company and its major subsidiaries, the person in charge of compliance at each company regularly holds meetings.

6) System to ensure that the execution of duties of the Company's Audit and Supervisory Committee is effective

- Matters related to employees to assist duties of the Company's Audit and Supervisory Committee

The Company has established a special organization, the Audit and Supervisory Committee Office, to assist the duties of the Audit and Supervisory Committee, and the Office has dedicated staff members who work to assist the duties of the Audit and Supervisory Committee under the direction of the Committee.

Employees in the Audit and Supervisory Committee Office are selected and transferred with the agreement of the Audit and Supervisory Committee to ensure independence of such employees and effectiveness of the direction of the Committee to such employees.

- System for reporting to the Company's Audit and Supervisory Committee

The President of the Company regularly holds meetings with the Company's Audit and Supervisory Committee Members, and provides timely reports regarding the matters designated by law. The Company's Internal Auditing Department reports internal audit results to the Company's Audit and Supervisory Committee in a timely manner and, furthermore, the Company's Directors and other employees report to the Audit and Supervisory Committee as needed matters reported by a Director or another employee of a subsidiary or matters concerning execution of the Company's or a subsidiary's business.

An employee who reports to the Company's Audit and Supervisory Committee will not be treated unfavorably.

- Other systems to ensure that audits by the Company's Audit and Supervisory Committee are effective

The Company's Audit and Supervisory Committee Members attend the meetings of the Board of Directors as well as participate in important committees and meetings that are deemed necessary in order to ensure that the audits conducted are effective. In the event that an Audit and Supervisory Committee Member requests the payment of costs and expenses in connection with the performance of his/her duties, the request is processed pursuant to relevant laws in accordance with internal regulations.

7) System to ensure fairness and reliability of financial reporting

In order to ensure the fairness and reliability of financial reporting, the Company implements internal controls for financial reporting which it has developed in an appropriate manner in compliance with laws and regulations such as the Financial Instruments and Exchange Act. The Company also assesses implementation of these internal controls, checks their validity on an ongoing basis and takes necessary measures to improve them.

**(2) Summary of Operational Status of System to Ensure Proper Business Execution**

1) System to ensure that the Company's Directors and employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation, and regulations or any other systems of the Company for management of risk of loss

The Company ensures compliance with laws and regulations, etc. through the internal education program and the monitoring of relevant divisions by a person in charge of compliance assigned to each division based on the action plan for compliance established by the Compliance Committee mainly consisting of Directors and the General Manager of each division.

For the management of risk of loss, the Internal Auditing Department monitors the status of risk

management performed at each division, and proposes and advises on measures, among others, for improving the risk management system of each division by quantifying residual risks to the extent possible.

- 2) System for storage and management of information related to the execution of duties of the Company's Directors, and system to ensure that the execution of duties of the Company's Directors is efficient

The Company operates the meetings of the Board of Directors and Executive Management Committee in accordance with the "Board of Directors Regulations" and "Executive Management Committee Regulations" which set forth standards for handling resolutions and reporting matters at the meetings of the Board of Directors and Executive Management Committee. In addition, it ensures efficient and appropriate execution of duties by Directors through discussing in advance the matters to be proposed at the meetings of the Board of Directors at Executive Management Committee. Furthermore, the Company adopts the Executive Officer System for the purpose of clarifying the responsibility for the execution of operations, and establishing a more flexible management structure which can appropriately and swiftly respond to the rapidly changing business environment. The foregoing will be enabled through separating the management decision-making and supervisory functions from the execution of operations as well as by accelerating the delegation of authority to execute operations. The Company clarifies the duties and authorities of each Director and Executive Officer in charge of business execution by designating the scope of delegation and the division in charge.

The Company appropriately records and manages information related to Directors' execution of duties such as minutes of meetings of the Board of Directors and action memos in accordance with relevant laws and regulations and internal regulations including the "Document Management Rules."

- 3) System to ensure proper business execution within the Company group

The Company ensures proper business execution of subsidiaries in accordance with the "Rules for Management of Subsidiaries and Affiliates" whereby the responsible divisions and departments of the Company identify and manage such matters including the management status of the respective subsidiaries, and make decisions in accordance with the predetermined decision-making standards for matters that require prior approval of the Company.

Furthermore, the Company's Accounting Auditors and the Audit and Supervisory Committee Members conduct auditing of subsidiaries including on-site audit, and the Internal Auditing Department conducts internal auditing of subsidiaries as appropriate to provide guidance and advice on internal control and risk management as necessary.

The division in charge of compliance of the Company regularly holds meetings with the persons in charge of compliance at major overseas subsidiaries, confirms the status of initiative taken concerning compliance at each subsidiary, and exchanges opinions on matters including the status of laws at each jurisdiction and challenges for the future.

- 4) System to ensure that audits by the Company's Audit and Supervisory Committee are effective

The Company's Audit and Supervisory Committee Members receive reports on necessary matters from Directors and employees through attendance at the meetings of the Board of Directors as well as important meetings including Compliance Committee as appropriate. Furthermore, the Company's Audit and Supervisory Committee Members, including Outside Directors, hold quarterly meetings with the President of the Company for information exchange, and cooperate with the Internal Auditing Department to receive reports on internal auditing, etc., performed by the Department.

### **(3) Basic Policy Regarding the Company's Control**

The Company's Board of Directors believes that the decision of whether to accept another party's tender or other acquisition offer for the purpose of making large purchases of the Company's stock ultimately should be entrusted to its shareholders, given that the stock of the Company, which is a public company, is freely traded. However, it is likely that certain tender or acquisition offers may harm the Company's corporate value or the common interests of shareholders, depending on the intent of the offer, etc. The Company's Board of Directors maintains that such tender or acquisition offers are inappropriate.

As of now, any specific defensive measure in the event of a tender or acquisition offer has not yet officially been introduced, but the Company has already set up an internal system to deal with such an event. If a tender or acquisition offer is proposed, the Company will carefully judge its potential impact

on its corporate value and the common interests of shareholders, and take appropriate measures with due care and prudent management.

Specifically, in addition to evaluating the offer with outside experts and negotiating with the party making the offer, the Company will establish a task force to decide on whether any specific defensive measures are necessary. If the offer is deemed inimical to the Company's corporate value or the common interests of its shareholders, the defensive measures will be determined and implemented in accordance with relevant laws and regulations.

The Company will continue to consider adoption of any defensive measures for these situations, giving due respect to laws, regulations and case law related to acquisitions, their interpretations by relevant authorities, etc.

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Amounts and numbers of shares in this Business Report are rounded down to the nearest unit, while ratios and other figures are rounded off to the nearest unit.

# Consolidated Financial Statements

(April 1, 2017 - March 31, 2018)

## Consolidated Balance Sheet

(As of March 31, 2018)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>1,276,764</b>	<b>Current liabilities</b>	<b>278,076</b>
Cash and deposits	744,555	Notes and accounts payable-trade	138,015
Notes and accounts receivable-trade	69,829	Income taxes payable	43,390
Securities	243,431	Provision for bonuses	3,217
Inventories	141,795	Other	93,452
Deferred tax assets	10,834	<b>Non-current liabilities</b>	<b>32,097</b>
Other	66,405	Net defined benefit liability	16,609
Allowance for doubtful accounts	(87)	Other	15,487
		<b>Total liabilities</b>	<b>310,173</b>
<b>Non-current assets</b>	<b>356,984</b>	<b>(Net assets)</b>	
<b>Property, plant and equipment</b>	<b>83,926</b>	<b>Shareholders' equity</b>	<b>1,337,369</b>
Buildings and structures	36,094	Capital stock	10,065
Machinery, equipment and vehicles	1,450	Capital surplus	13,742
Tools, furniture and fixtures	3,915	Retained earnings	1,564,240
Land	41,812	Treasury shares	(250,679)
Construction in progress	653	<b>Accumulated other comprehensive income</b>	<b>(18,334)</b>
		Valuation difference on available-for-sale securities	16,402
<b>Intangible assets</b>	<b>14,020</b>	Foreign currency translation adjustment	(34,736)
Software	11,487	<b>Non-controlling interests</b>	<b>4,540</b>
Other	2,533	<b>Total net assets</b>	<b>1,323,574</b>
<b>Investments and other assets</b>	<b>259,037</b>		
Investment securities	198,538		
Deferred tax assets	37,094		
Net defined benefit asset	7,931		
Other	15,503		
Allowance for doubtful accounts	(30)		
<b>Total assets</b>	<b>1,633,748</b>	<b>Total liabilities and net assets</b>	<b>1,633,748</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Income

(April 1, 2017 - March 31, 2018)

(In millions of yen)

Description	Amount	
Net sales		1,055,682
Cost of sales		652,141
<b>Gross profit</b>		<b>403,540</b>
Selling, general and administrative expenses		225,983
<b>Operating profit</b>		<b>177,557</b>
Non-operating income		
Interest income	9,064	
Share of profit of entities accounted for using equity method	10,318	
Other	4,126	23,509
Non-operating expenses		
Loss on redemption of securities	794	
Foreign exchange losses	766	
Other	150	1,710
<b>Ordinary profit</b>		<b>199,356</b>
Extraordinary income		
Gains on sales of non-current assets	821	
Gain on sales of investment securities	490	
Reversal of loss on litigation	1,929	3,240
Extraordinary losses		
Loss on disposal of non-current assets	366	
Loss on sales of investment securities	2	
Loss on litigation	1,138	1,507
<b>Profit before income taxes</b>		<b>201,090</b>
Income taxes-current	56,977	
Income taxes-deferred	3,167	60,144
<b>Profit</b>		<b>140,945</b>
Profit attributable to non-controlling interests		1,354
<b>Profit attributable to owners of parent</b>		<b>139,590</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

# Non-Consolidated Financial Statements

(April 1, 2017 - March 31, 2018)

## Non-Consolidated Balance Sheet

(As of March 31, 2018)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>949,749</b>	<b>Current liabilities</b>	<b>257,034</b>
Cash and deposits	472,565	Notes and accounts payable-trade	133,119
Notes and accounts receivable-trade	197,000	Accounts payable-other	20,871
Securities	172,882	Income taxes payable	35,301
Inventories	14,886	Advances received	9,248
Deferred tax assets	14,234	Provision for bonuses	2,910
Other	78,182	Other	55,582
Allowance for doubtful accounts	(2)	<b>Non-current liabilities</b>	<b>7,051</b>
<b>Non-current assets</b>	<b>213,992</b>	Provision for retirement benefits	6,000
<b>Property, plant and equipment</b>	<b>63,109</b>	Other	1,050
Buildings	23,177	<b>Total liabilities</b>	<b>264,085</b>
Tools, furniture and fixtures	1,824	<b>(Net assets)</b>	
Land	36,550	<b>Shareholders' equity</b>	<b>883,540</b>
Construction in progress	325	<b>Capital stock</b>	<b>10,065</b>
Other	1,231	<b>Capital surplus</b>	<b>13,257</b>
<b>Intangible assets</b>	<b>4,567</b>	Legal capital surplus	11,584
Software	2,034	Other capital surplus	1,673
Other	2,533	<b>Retained earnings</b>	<b>1,110,897</b>
<b>Investments and other assets</b>	<b>146,315</b>	Legal retained earnings	2,516
Investment securities	63,823	Other retained earnings	1,108,380
Shares of subsidiaries and associates	31,397	Reserve for advanced depreciation of non-current assets	27
Investments in capital of subsidiaries and associates	10,419	General reserve	860,000
Deferred tax assets	30,650	Retained earnings brought forward	248,353
Other	10,024	<b>Treasury shares</b>	<b>(250,679)</b>
Allowance for doubtful accounts	(0)	<b>Valuation and translation adjustments</b>	<b>16,114</b>
<b>Total assets</b>	<b>1,163,741</b>	Valuation difference on available-for-sale securities	16,114
		<b>Total net assets</b>	<b>899,655</b>
		<b>Total liabilities and net assets</b>	<b>1,163,741</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

## Non-Consolidated Statement of Income

(April 1, 2017 - March 31, 2018)

(In millions of yen)

Description	Amount	
Net sales		978,496
Cost of sales		727,528
<b>Gross profit</b>		<b>250,968</b>
Selling, general and administrative expenses		122,864
<b>Operating profit</b>		<b>128,104</b>
Non-operating income		
Interest income	4,784	
Interest on securities	423	
Dividend income	2,048	
Other	1,449	8,706
Non-operating expenses		
Interest expenses	634	
Loss on redemption of securities	794	
Foreign exchange losses	1,925	
Other	27	3,380
<b>Ordinary profit</b>		<b>133,429</b>
Extraordinary income		
Gain on sales of non-current assets	452	
Gain on liquidation of subsidiaries and associates	101	
Gain on sales of investment securities	135	
Reversal of loss on litigation	1,929	2,619
Extraordinary losses		
Loss on disposal of non-current assets	364	
Loss on litigation	1,138	1,502
<b>Profit before income taxes</b>		<b>134,546</b>
Income taxes-current	34,237	
Income taxes-deferred	5,300	39,538
<b>Profit</b>		<b>95,007</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

**Independent Auditor's Report**  
(English Translation)

May 11, 2018

To the Board of Directors  
Nintendo Co., Ltd.

PricewaterhouseCoopers Kyoto

Yukihiro Matsunaga, CPA  
Engagement Partner  
Toru Tamura, CPA  
Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Nintendo Co., Ltd. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2017 to March 31, 2018.

**Management's Responsibility for Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, from an independent viewpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Although the purpose of the audit is not expressly to express an opinion on the effectiveness of the entity's internal control, in making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditors' Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nintendo Co., Ltd. and its consolidated subsidiaries as of March 31, 2018 and the consolidated result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

## Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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## *Notice to Readers:*

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, are written in Japanese.

**Independent Auditor's Report**  
(English Translation)

May 11, 2018

To the Board of Directors  
Nintendo Co., Ltd.

PricewaterhouseCoopers Kyoto

Yukihiro Matsunaga, CPA  
Engagement Partner  
Toru Tamura, CPA  
Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2-1 of the Companies Act, the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof of Nintendo Co., Ltd. (hereinafter referred to as the "Company") for the 78th fiscal year from April 1, 2017 to March 31, 2018.

**Management's Responsibility for Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements and accompanying supplemental schedules that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules from an independent viewpoint, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditors' Opinion

In our opinion, the financial statements and supplementary schedules thereof referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and the result of its operation for the year then ended in conformity with accounting principles generally accepted in Japan.

## Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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## *Notice to Readers:*

The original non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof, are written in Japanese.

## **Audit Report** (English Translation)

The Audit and Supervisory Committee audited the performance of duties by the Directors for the 78th fiscal year from April 1, 2017 to March 31, 2018, and hereby submits the method and results of the audit.

### 1. Summary of Auditing Methods

The Audit and Supervisory Committee received reports periodically from Directors, employees and other relevant personnel about the details of Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then sought explanations as necessary, expressed opinions and conducted the audit through the methods described below.

- (1) In conformity with the auditing standards, etc. of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, following the auditing policies, allocation of duties and other relevant matters, and cooperating with the internal control division, we participated in important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices. With respect to subsidiaries, we communicated with, and collected information from, Directors, Auditors and other relevant personnel of subsidiaries as well as received reports from subsidiaries on their business as necessary.
- (2) We examined the details of the basic policies pursuant to Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act set forth in the business report, based on the careful consideration at the meetings of the Board of Directors and others.
- (3) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "system to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and consolidated notes) related to the relevant fiscal year.

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and the Articles of Incorporation, and fairly represent the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal controls system.
4. We have found no matters to point out with respect to financial affairs of the Company and basic policy regarding the Company's control as described in the Business Report.

### (2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Kyoto are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Kyoto are fair and reasonable.

May 18, 2018

Audit and Supervisory Committee, Nintendo Co., Ltd.

Full-Time Audit and Supervisory Committee Member	Naoki Noguchi
Audit and Supervisory Committee Member	Naoki Mizutani
Audit and Supervisory Committee Member	Yoshimi Mitamura
Audit and Supervisory Committee Member	Katsuhiro Umeyama

(Note) Audit and Supervisory Committee Members, Mr. Naoki Mizutani, Mr. Yoshimi Mitamura and Mr. Katsuhiro Umeyama are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

## Instructions for Voting via the Internet

If you exercise your voting rights via the Internet, please read the following before you exercise your rights.

- 1) If you vote via the Internet, you may cast your vote only through the Company's designated voting website: <https://www.web54.net>. Please note that a special site for mobile phones is not provided.
- 2) When voting via the Internet, you will need your voting rights exercise code and password, displayed on the right-hand side of the Voting Rights Exercise Form.
- 3) When voting via the Internet, please vote for or against the proposals by 5 p.m. on Wednesday, June 27, 2018 Japan time, which is the day before the General Meeting of Shareholders.
- 4) If you exercise your voting rights more than once via the Internet, the last choice made will be taken as the effective choice.
- 5) Please understand that the shareholder is solely responsible for any expenses incurred while accessing the voting website.

### **Inquiries Regarding Voting via the Internet**

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support

Dedicated Line: Toll-free 0120 (65) 2031 (Japan only)

Business Hours: 9 a.m. ~ 9 p.m. (Japan time)

< For institutional investors >

Institutional investors may exercise your voting right using the voting platform operated by ICJ, Inc.