

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
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② Number of treasury shares

As of Jun. 30, 2018 :	21,543,340 shares	As of Mar. 31, 2018 :	21,543,231 shares
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③ Average number of shares

Three months ended Jun. 30, 2018 :	120,125,720 shares	Three months ended Jun. 30, 2017 :	120,056,885 shares
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[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 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 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 June 30, 2017	Three months ended June 30, 2018	Year ending March 31, 2019 (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 Number of New Titles Released	
			Apr. '17-Jun. '17	Apr. '18-Jun. '18	Life-to-date Jun. '18	Forecast 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	
	The Americas	187	153	12,435		
	Other	215	107	10,853		
	Total	585	295	36,784	1,600	
New titles	Japan	8	4	660		
	The Americas	7	3	482		
	Other	11	2	536		
Nintendo Switch	Hardware	Japan	52	50	489	
		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.