



MEMBERSHIP

January 31, 2019

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

Consolidated Results for the Nine Months Ended December 31, 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	%
Nine months ended December 31, 2018	997,295	16.4	220,029	40.6	240,268	23.5	168,785	24.9
Nine months ended December 31, 2017	857,012	175.5	156,462	494.6	194,563	296.2	135,165	31.3

[Note]

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

	Profit per share	
	yen	
Nine months ended December 31, 2018	1,405.08	
Nine months ended December 31, 2017	1,125.53	

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of December 31, 2018	1,821,251	1,424,396	77.9
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		yen		yen	
Year ended March 31, 2018	-	110.00	-	480.00	590.00	
Year ending March 31, 2019	-	170.00	-			
Year ending March 31, 2019 (forecast)	-	-	-	520.00	690.00	

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

[Notes]

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

Revisions to previously announced financial forecast: Not applicable

Others

(1) Changes for important subsidiaries during the nine-month period ended December 31, 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 Dec. 31, 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 Dec. 31, 2018 :	21,544,042 shares	As of Mar. 31, 2018 :	21,543,231 shares
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③ Average number of shares

Nine months ended Dec. 31, 2018 :	120,125,485 shares	Nine months ended Dec. 31, 2017 :	120,089,943 shares
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[Notes]

1. This earnings release report is not subject to audit by certified public accountant or audit firm.

2. Forecasts announced by the Company (Nintendo Co., Ltd.) referred to above were prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

1. Consolidated Operating Results

For the nine months ended December 31, 2018, three Nintendo Switch titles became major hits with record sales, which helped invigorate the platform. They are, *Super Mario Party* released in October, at 5.3 million units, *Pokémon: Let's Go, Pikachu!* and *Pokémon: Let's Go, Eevee!* released in November, at 10 million units, and *Super Smash Bros. Ultimate* released in December, at 12.08 million units. In addition, sales of other titles and titles released by other software publishers continued to grow steadily, bringing the total number of million-seller titles during this period to 20, including the titles of other software publishers. During the holiday season, software was a great driver of hardware sales, resulting in hardware sales of 14.49 million units (19.5% increase on a year-on-year basis) and software sales of 94.64 million units (100.9% increase on a year-on-year basis). Hardware sales of Nintendo 3DS, now in its 8th year since launch, were 2.31 million units sold (60.5% decrease on a year-on-year basis), while 11.08 million software units were sold (64.5% decrease on a year-on-year basis). Nintendo Entertainment System: NES Classic Edition and Super Nintendo Entertainment System: Super NES Classic Edition recorded total sales of 5.83 million units.

Turning to our digital business for dedicated video game platforms, sales of download version of packaged software, download-only software and add-on content for Nintendo Switch showed especially good growth, bringing digital sales to 84.2 billion yen (95.1% increase on a year-on-year basis).

For smart devices, many consumers around the world enjoy *Dragalia Lost*, which was released during this period, in addition to our previously-released titles. Our smart devices, IP related income was 33.3 billion yen (14.7% increase on a year-on-year basis).

Total sales reached 997.2 billion yen (of which overseas sales were 774.9 billion yen or 77.7% of the total sales). Operating profit came to 220.0 billion yen, ordinary profit was 240.2 billion yen, and profit attributable to owners of parent totaled 168.7 billion yen.

2. Consolidated Financial Forecast

Major software titles slated for release on Nintendo Switch include *New Super Mario Bros. U Deluxe* in January and *Yoshi's Crafted World* in March, as well as major titles planned by other software publishers. We aim to broaden the platform's user base by adding new titles and strengthening sales of popular titles already in the market.

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.

In the smart-device business, *Mario Kart Tour* was scheduled to be released this fiscal year, but in order to improve quality of the application and expand the content offerings after launch, the release date has been moved to summer 2019. As we endeavor to develop future planned applications, we will also focus on continued service operations for applications that have already been released so that consumers can enjoy playing them for a long time.

We have updated our Nintendo Switch and Nintendo 3DS unit sales forecasts, based on sales status for the nine months ended December 31, 2018, as well as our future outlook. For details, please refer to “(4) Consolidated sales units, number of new titles, and sales units forecast” at page 8.

There are no changes to the financial forecast for this fiscal year originally published on April 26, 2018.

3. Consolidated Balance Sheets

million yen

Description	As of March 31, 2018	As of December 31, 2018
(Assets)		
Current assets		
Cash and deposits	744,555	727,118
Notes and accounts receivable-trade	69,829	283,233
Securities	243,431	236,022
Inventories	141,795	181,839
Other	66,405	52,034
Allowance for doubtful accounts	(87)	(157)
Total current assets	1,265,929	1,480,090
Non-current assets		
Property, plant and equipment	83,926	85,735
Intangible assets	14,020	13,843
Investments and other assets	269,597	241,582
Total non-current assets	367,544	341,160
Total assets	1,633,474	1,821,251
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	138,015	156,374
Income taxes payable	43,390	65,759
Provision	3,217	1,749
Other	93,452	142,257
Total current liabilities	278,076	366,141
Non-current liabilities		
Net defined benefit liability	16,609	14,078
Other	15,213	16,635
Total non-current liabilities	31,822	30,713
Total liabilities	309,899	396,854
(Net assets)		
Shareholders' equity		
Capital stock	10,065	10,065
Capital surplus	13,742	13,743
Retained earnings	1,564,240	1,654,944
Treasury shares	(250,679)	(250,710)
Total shareholders' equity	1,337,369	1,428,043
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,402	18,344
Foreign currency translation adjustment	(34,736)	(26,902)
Total accumulated other comprehensive income	(18,334)	(8,558)
Non-controlling interests	4,540	4,911
Total net assets	1,323,574	1,424,396
Total liabilities and net assets	1,633,474	1,821,251

4. Consolidated Statements of Income

million yen

Description	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	857,012	997,295
Cost of sales	530,707	588,222
Gross profit	326,305	409,073
Selling, general and administrative expenses	169,842	189,043
Operating profit	156,462	220,029
Non-operating income		
Interest income	6,278	8,899
Foreign exchange gains	20,264	4,349
Share of profit of entities accounted for using equity method	8,646	5,132
Other	3,685	2,087
Total non-operating income	38,874	20,469
Non-operating expenses		
Loss on redemption of securities	733	127
Other	39	103
Total non-operating expenses	772	230
Ordinary profit	194,563	240,268
Extraordinary income		
Gain on sales of non-current assets	821	1
Gain on sales of investment securities	490	-
Reversal of loss on litigation	1,929	-
Total extraordinary income	3,240	1
Extraordinary losses		
Loss on disposal of non-current assets	290	62
Loss on valuation of investment securities	-	641
Loss on litigation	1,138	-
Total extraordinary losses	1,428	703
Profit before income taxes	196,375	239,566
Total income taxes	59,253	70,384
Profit	137,122	169,182
Profit attributable to non-controlling interests	1,957	396
Profit attributable to owners of parent	135,165	168,785

5. Consolidated Statements of Comprehensive Income

million yen

Description	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	137,122	169,182
Other comprehensive income		
Valuation difference on available-for-sale securities	3,896	1,912
Foreign currency translation adjustment	19,345	7,693
Share of other comprehensive income of entities accounted for using equity method	(404)	145
Total other comprehensive income	22,837	9,751
Comprehensive income	159,960	178,933
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	157,900	178,561
Comprehensive income attributable to non-controlling interests	2,059	371

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 nine-month period ended December 31, 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
Nine months ended December 31, 2018	Dedicated video game platform (*1)	204,875	425,622	253,132	78,711	962,340
	of which Nintendo 3DS platform	12,283	25,368	14,807	2,546	55,006
	of which Nintendo Switch platform (*2)	181,305	369,536	227,087	72,064	849,994
	of which the others (*3)	11,286	30,716	11,236	4,099	57,339
	Smart devices, IP related income, etc. (*4)	16,833	12,431	1,869	2,249	33,384
	Playing cards, etc.	642	919	8	-	1,570
Total		222,351	438,973	255,009	80,960	997,295

		Japan	The Americas	Europe	Other	Total
Nine months ended December 31, 2017	Dedicated video game platform (*1)	203,417	345,391	219,133	58,596	826,539
	of which Nintendo 3DS platform	48,925	66,654	48,640	6,439	170,660
	of which Nintendo Switch platform	137,555	252,351	156,323	48,618	594,849
	of which the others (*3)	16,937	26,385	14,169	3,538	61,029
	Smart devices, IP related income, etc. (*4)	13,141	12,619	2,458	882	29,101
	Playing cards, etc.	518	834	19	-	1,371
Total		217,077	358,845	221,611	59,478	857,012

[Note] Digital sales in dedicated video game platform (*5):

Nine months ended December 31, 2017: 43.1 billion yen Nine months ended December 31, 2018: 84.2 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 Nintendo Switch Online.

*3 Includes amiibo, Virtual Console and platforms other than Nintendo 3DS or Nintendo Switch.

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

*5 Includes downloadable versions of packaged software, download-only software, add-on content and Nintendo Switch Online.

(2) Other consolidated information

million yen

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Year ending March 31, 2019 (Forecast)
Depreciation of property, plant and equipment	4,766	4,323	6,000
Research and development expenses	46,998	50,764	70,000
Advertising expenses	57,648	62,678	85,000
Average exchange rates			
1 USD =	111.70 yen	111.14 yen	105.00 yen
1 Euro =	128.53 yen	129.49 yen	125.00 yen

Consolidated net sales in U.S. dollars	3.0 billion	3.7 billion	-
Consolidated net sales in Euros	1.7 billion	1.9 billion	-
Non-consolidated purchases in U.S. dollars	4.2 billion	4.1 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 December 31, 2018		As of March 31, 2019
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,069		2,212		
	Accounts receivable-trade	1,853	1 USD=	1,188	1 USD=	1 USD=
	Accounts payable-trade	1,058	106.24 yen	837	111.00 yen	105.00 yen
	Loans payable to subsidiaries	300		300		
Euro	Cash and deposits	571	1 Euro=	975	1 Euro=	1 Euro=
	Accounts receivable-trade	403	130.52 yen	665	127.00 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	
			Actual Apr. '17-Dec. '17	Actual Apr. '18-Dec. '18	Life-to-date Dec. '18	Forecast Apr. '18-Mar. '19
Nintendo 3DS	Hardware	Japan	132	45	2,515	
		The Americas	256	118	2,635	
		Other	198	68	2,334	
		Total	586	231	7,484	260
	of which New Nintendo 3DS XL	Japan	51	9	493	
		The Americas	81	8	440	
		Other	31	3	289	
	of which Nintendo 2DS	Total	163	21	1,222	
		Japan	6	0	65	
		The Americas	96	57	468	
	of which New Nintendo 2DS XL	Other	75	23	489	
		Total	177	80	1,022	
		Japan	74	36	114	
Nintendo 3DS	Software	The Americas	79	52	141	
		Other	93	42	146	
		Total	245	130	401	
		Japan	1,026	203	13,664	1,300
New titles	The Americas	1,017	471	12,753		
	Other	1,082	434	11,180		
	Total	3,125	1,108	37,597		
Nintendo Switch	Hardware	Japan	46	11	667	
		The Americas	25	12	491	
		Other	34	12	546	
		Total	1,213	1,449	3,227	1,700
	Software	Japan	892	1,718	3,033	
		The Americas	2,079	4,348	7,385	
		Other	1,739	3,398	5,942	
		Total	4,710	9,464	16,361	11,000
	New titles	Japan	47	162	245	
		The Americas	66	212	317	
		Other	74	205	315	

[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 While forecasted software sales units include the quantity bundled with hardware for nine months ended December 31, 2018, they do not include the quantity to be bundled with hardware on and after January 1, 2019.