

Annual Report 2018

for the fiscal year ended March 31, 2018

Nintendo Co., Ltd.

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These documents are based on the Company's Annual Securities Report (Japanese only) prepared following the Financial Instruments and Exchange Act for the purpose of providing accurate financial information and other information in a manner that is easy to understand. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

[NOTE : Basis of Presenting Consolidated Financial Statements]

The accompanying consolidated financial statements of Nintendo Co., Ltd. (the "Company") and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as requested by the Financial Instruments and Exchange Act of Japan and are prepared on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. The financial statements of the Company and its domestic subsidiaries are prepared on the basis of the accounting and relevant legal requirements in Japan. The financial statements of the overseas consolidated subsidiaries are prepared on the basis of the accounting and relevant legal requirements of their countries of domicile and no adjustment has been made to their financial statements in consolidation to the extent that significant differences do not occur, as allowed under the generally accepted accounting principles and practices in Japan.

Each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen or one billion yen. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The consolidated financial statements presented herein are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The rate of ¥106 to 1 USD, the approximate current rate of exchange on March 31, 2018, has been applied for the purpose of presentation of the accompanying consolidated financial statements in US dollars. These amounts in US dollars are included solely for convenience and are unaudited. These translations should not be construed as representations that the Japanese yen amounts actually represent, have been or could be converted into US dollars at this or any other rate of exchange.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Information on the Company

I. Overview of the Company

1. Key financial data and trends

Consolidated financial data

Fiscal year	74th	75th	76th	77th	78th	
Fiscal year ended March 31	2014	2015	2016	2017	2018	
Net sales (Millions of yen) (Millions of dollars)	¥571,726	¥549,780	¥504,459	¥489,095	¥1,055,682	USD 9,959
Operating profit (loss) (Millions of yen) (Millions of dollars)	(46,425)	24,770	32,881	29,362	177,557	1,675
Ordinary profit (Millions of yen) (Millions of dollars)	6,086	70,530	28,790	50,364	199,356	1,880
Profit (loss) attributable to owners of parent (Millions of yen) (Millions of dollars)	(23,222)	41,843	16,505	102,574	139,590	1,316
Comprehensive income (Millions of yen) (Millions of dollars)	17,971	59,373	(3,689)	104,525	134,090	1,265
Net assets (Millions of yen) (Millions of dollars)	1,118,438	1,167,556	1,160,901	1,250,972	1,323,574	12,486
Total assets (Millions of yen) (Millions of dollars)	1,306,410	1,352,944	1,296,902	1,468,978	1,633,748	15,412
Net assets per share (Yen) (Dollars)	9,447.00	9,862.52	9,662.73	10,412.59	10,980.45	103.58
Profit (loss) per share (Yen) (Dollars)	(183.59)	353.49	137.40	853.87	1,162.30	10.96
Diluted profit per share (Yen) (Dollars)	—	—	—	—	—	—
Capital adequacy ratio (%)	85.60	86.29	89.50	85.15	80.74	—
Return on equity (ROE) (%)	—	3.66	1.42	8.51	10.86	—
Price earnings ratio (PER) (Times)	—	50.00	116.45	30.26	40.32	—
Net cash provided by (used in) operating activities (Millions of yen) (Millions of dollars)	(23,114)	60,293	55,190	19,101	152,208	1,435
Net cash provided by (used in) investing activities (Millions of yen) (Millions of dollars)	(20,084)	(105,394)	(71,740)	69,518	61,387	579
Net cash provided by (used in) financing activities (Millions of yen) (Millions of dollars)	(127,163)	(11,916)	(2,996)	(14,435)	(61,311)	(578)
Cash and cash equivalents at end of period (Millions of yen) (Millions of dollars)	¥341,266	¥281,539	¥258,095	¥330,974	¥484,480	USD 4,570
Number of employees [Separately, average number of temporary employees] (Persons)	5,213 [717]	5,120 [667]	5,064 [633]	5,166 [622]	5,501 [529]	— [—]

(Notes) 1. Net sales do not include consumption taxes.

2. “Diluted profit per share” is not noted because the Company has not issued any dilutive shares.

3. “Return on equity” and “Price earnings ratio” for the 74th fiscal year are not noted because the Company recorded net loss attributable to owners of parent in the 74th fiscal year.

2. Description of business

In the field of home entertainment, Nintendo Co., Ltd., its subsidiaries and associates (composed of 26 subsidiaries and five associates as of March 31, 2018), primarily engage in the development, manufacture and sale of entertainment products. Nintendo's major products are categorized into computer-enhanced "dedicated video game platforms," playing cards, Karuta and other products. "Dedicated video game platforms" are defined as hardware and software for the handheld systems and home consoles developed by Nintendo Co., Ltd. and its subsidiaries and associates, manufactured by Nintendo Co., Ltd. and distributed primarily by its subsidiaries and associates in Japanese and overseas markets.

The positions of Nintendo Co., Ltd. and its main subsidiaries and associates are described below. Segment information is omitted as Nintendo operates as a single business segment.

- Development

Nintendo Co., Ltd., Nintendo Technology Development Inc., Nintendo Software Technology Corporation, Retro Studios, Inc., Nintendo European Research and Development SAS, iQue (China) Ltd., ND CUBE Co., Ltd., 1-UP Studio Inc., MONOLITH SOFTWARE INC., Mario Club Co., Ltd.

- Manufacture

Nintendo Co., Ltd.

- Sale

Nintendo Co., Ltd., Nintendo of America Inc., Nintendo of Canada Ltd., Nintendo of Europe GmbH, Nintendo France S.A.R.L., Nintendo Benelux B.V., Nintendo Ibérica, S.A., Nintendo Australia Pty Limited, Nintendo RU LLC., Nintendo of Korea Co., Ltd., Nintendo (Hong Kong) Limited, Nintendo Sales Co., Ltd.

3. Subsidiaries and associates

(1) Consolidated subsidiaries

Name of company	Location	Capital stock or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with Nintendo Co., Ltd. (the "Company")				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
Nintendo of America Inc. *1, 2	U.S.	Thousands of USD 110,000	Sale	100	1	–	–	Purchasing products manufactured by the Company	–
Nintendo of Canada Ltd.	Canada	Thousands of CAD 4,000	Sale	100 (100)	1	–	–	Purchasing products manufactured by the Company from Nintendo of America Inc.	–
Nintendo of Europe GmbH *1, 2	Germany	Thousands of EUR 30,000	Sale	100	–	1	–	Purchasing products manufactured by the Company	–
Nintendo France S.A.R.L. *1	France	Thousands of EUR 10,000	Sale	100	–	1	–	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	–
Nintendo Benelux B.V.	The Netherlands	Thousands of EUR 6,800	Sale	100	–	1	–	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	–
Nintendo Ibérica, S.A.	Spain	Thousands of EUR 3,000	Sale	100 (100)	–	1	–	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	–
Nintendo RU LLC.	Russia	Millions of RUB 104	Sale	100 (100)	–	–	–	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	–
Nintendo Australia Pty Limited	Australia	Thousands of AUD 8,500	Sale	100	–	1	–	Purchasing products manufactured by the Company	–
Nintendo of Korea Co., Ltd. *1	Korea	Millions of KRW 25,000	Sale	100	–	4	–	Purchasing products manufactured by the Company	–
iQue (China) Ltd. *1	China	Thousands of USD 29,000	Development	100 (100)	–	2	–	Entrusted development of software	–
Nintendo Technology Development Inc.	U.S.	USD 1	Development	100	1	1	–	Entrusted development of hardware OS etc.	–
Nintendo Software Technology Corporation	U.S.	Thousands of USD 20	Development	100	1	–	–	Entrusted development of software	–
Retro Studios, Inc. *1	U.S.	Thousands of USD 10,001	Development	100	1	–	–	Entrusted development of software	–
Nintendo (Hong Kong) Limited	China	Thousands of HKD 49,300	Sale	100	–	3	–	Purchase of products manufactured by the Company and entrusted purchase of parts for products manufactured by the Company	–
Nintendo European Research and Development SAS	France	Thousands of EUR 300	Development	100 (100)	–	1	–	Entrusted development of software	–
Nintendo Sales Co., Ltd. *1, 2	Taito-ku, Tokyo	Millions of JPY 300	Sale	70	–	4	Granted	Purchasing products manufactured by the Company	Leasing of buildings, etc. owned by the Company
ND CUBE Co., Ltd.	Chuo-ku, Tokyo	Millions of JPY 483	Development	97	–	2	–	Entrusted development of software	–
1-UP Studio Inc.	Chiyoda-ku, Tokyo	Millions of JPY 90	Development	100	–	3	–	Entrusted development of software	–

Name of company	Location	Capital stock or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with Nintendo Co., Ltd. (the "Company")				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
MONOLITH SOFTWARE INC.	Meguro-ku, Tokyo	Millions of JPY 75	Development	97	-	2	-	Entrusted development of software	-
Mario Club Co., Ltd.	Higashiyama-ku, Kyoto	Millions of JPY 450	Development	100	-	4	-	Entrusted inspection of software etc.	Leasing of buildings owned by the Company

- (Notes)
1. There are five other consolidated subsidiaries not listed above.
 2. Figures in parentheses in Percentage of voting rights held by the Company represent the proportion of indirect ownership.
 3. Companies marked with *1 are specified subsidiaries.
 4. Proportion of sales of consolidated subsidiaries marked with *2, excluding inter-company transactions of sales, over total sales on a consolidated basis surpasses 10%. Major financial information is as follows.

Name of company	Net sales (Millions of yen)	Ordinary profit (Millions of yen)	Profit (Millions of yen)	Total net assets (Millions of yen)	Total assets (Millions of yen)
Nintendo of America Inc.	418,025	47,191	29,033	270,025	422,667
Nintendo of Europe GmbH	242,369	4,291	2,660	74,661	157,067
Nintendo Sales Co., Ltd.	212,505	4,734	4,855	14,437	55,942

Name of company	Net sales (Millions of dollars)	Ordinary profit (Millions of dollars)	Profit (Millions of dollars)	Total net assets (Millions of dollars)	Total assets (Millions of dollars)
Nintendo of America Inc.	3,943	445	273	2,547	3,987
Nintendo of Europe GmbH	2,286	40	25	704	1,481
Nintendo Sales Co., Ltd.	2,004	44	45	136	527

(2) Associates accounted for using equity method

Name of company	Location	Capital stock or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with the Company				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
The Pokémon Company	Minato-ku, Tokyo	Millions of JPY 365	Sale and license of Pokémon related goods	32	1	-	-	Purchasing products manufactured by the Company and entrusted manufacturing of products	-
WARPSTAR, Inc.	Chiyoda-ku, Tokyo	Millions of JPY 10	Animation production and intellectual property management	50	-	3	-	Entrusted management of merchandising rights	Leasing of buildings owned by the Company
PUX Corporation	Kadoma-shi, Osaka	Millions of JPY 45	Development of software engine and license business	27	-	1	-	Entrusted development of software	-

(Note) There is one associate accounted for using equity method other than the ones listed above.

II. Business Overview

1. Management policy, management environment, issues to address

Any forward-looking statements in the following discussion are based on the judgment of the Company group (the Company and its consolidated subsidiaries; also referred to as “Nintendo”) as of the consolidated fiscal year ended March 31, 2018.

(1) Basic management policy

Nintendo strives to create new forms of entertainment while maintaining a robust business structure. To expand our business, our highest emphasis is placed on providing users around the world with exciting forms of entertainment that they have never experienced before.

(2) Targeted management index

It is essential for us to provide new and entertaining products and services consistently. In doing so, Nintendo aims to improve its corporate value by sustaining robust growth while increasing profitability. Because Nintendo deals with entertainment products and content that naturally hold many uncertainties in terms of research and development, we have not set any specific management index targets. This allows our corporate decision-making to stay flexible in this highly competitive industry.

(3) Management environment, mid to long-term corporate business strategy and issues to address

Our industry is always required to offer products with exciting forms of entertainment. Under such a management environment, 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 our 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 unique software-driven integrated 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 also experience Nintendo IP.

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) 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 favorable 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.

2. Risk factors

Listed below are the various risks that could significantly affect Nintendo's operating results, share price and financial condition. However, unpredictable risks may exist other than the risks set forth herein.

Note that matters pertaining to the future presented herein are determined by Nintendo as of the end of the fiscal year ended March 31, 2018.

(1) Risks around economic environment

- Fluctuation in foreign exchange rates
Nintendo distributes its products globally with overseas sales accounting for about 70% of its total sales. The majority of monetary transactions are made in local currencies. In order to reduce the influence of fluctuations in foreign exchange rates, we have implemented measures such as increasing purchases in US dollars; however, it is difficult to eliminate the risks completely. In addition, the Company holds a substantial amount of assets in foreign currencies. Thus, fluctuations in foreign exchange rates have a strong influence not only when accounts in foreign currencies are converted to Japanese yen but also when they are revaluated for financial reporting purposes.

(2) Risks around business activities

- Fluctuation of market environment and competition against other companies
Nintendo's business is engaged in one segment of the broad entertainment field. However, its business can be affected by trends in other segments of the entertainment field. If consumer preferences shift to other forms of entertainment, the video game market may shrink. The emergence of new competitors resulting from technological innovation could have a detrimental impact as well.
In the video game industry, it may become even more difficult to be profitable due to large investments required in research and development, and marketing. In addition, competition may intensify with large-scale companies doing business in the same industry or in other segments of the entertainment field. As a result, Nintendo may experience difficulty in maintaining or expanding its market share as well as sustaining profitability.
Furthermore, Nintendo may face rapid structural changes or the imposition of new laws and regulations and, if unable to adapt to such changes, be affected in terms of its business and performance.
- Development of new products
Although Nintendo continuously makes efforts to develop innovative and attractive products in the field of computer entertainment, the development process is complicated and includes many uncertainties. The various risks involved are as follows:
 - a. Despite the substantial costs and time needed for development of software for dedicated video game platforms and applications for smart device gaming services, there is no guarantee that all new products and services will be accepted by consumers due to ever shifting consumer preferences. Also, development of certain products may be suspended or aborted.
 - b. While development of hardware is time-consuming, with technology continuously advancing, the Company may not be able to equip technologies required for entertainment. Furthermore, delays of hardware launches could adversely affect market share.
 - c. Due to the nature of Nintendo products and services, it may become difficult to develop, sell or launch the products and services as planned and the original plan could differ to a large extent.
- Product valuation and adequate inventory procurement
Products in the video game industry have relatively short life cycles, and are significantly impacted by consumers' preferences as well as seasonality. Although production is projected based on the forecasted equilibrium point of supply and demand, it is difficult to forecast demand accurately, which may lead to excess inventory. Obsolete inventory could have an adverse effect on Nintendo's operations and financial position.
- Dependency on outside manufacturers
Nintendo commissions a number of outside manufacturers to produce key components or assemble finished products. In the event one or more of these businesses fail, Nintendo may have difficulty procuring key

components or manufacturing its products. In addition, suppliers may be unable to provide necessary components on a timely basis. A shortage of key components could cause marginal decline due to higher costs, shortage of products and quality control issues. These issues may impair the relationship between Nintendo and its customers. Furthermore, as many suppliers' production facilities are located overseas, potential production interruptions caused by societal violence, natural disasters or any other accidents in the area could negatively affect Nintendo's operating performance.

- **Business operations affected by seasonal fluctuation**
A major portion of demand for Nintendo's products is focused on the holiday season. Should Nintendo fail to release attractive new products or supply hardware during that period, it would suffer unfavorable operating performance.
- **Problems in systems**
Nintendo operates various Internet services, including competitive Internet-based games, download sales of digital software and service provision via Internet servers, in addition to providing information via the Internet. In the event of the termination or destruction of the systems, or the leakage or unauthorized use of data, etc. as a result of, for example, a cyber-attack against these systems, a natural disaster or an accident, it could have an adverse effect on Nintendo's future operating results, share price and financial condition.
- **Various factors affecting business activities**
In addition to Japan, Nintendo engages in business in the United States, Europe, Australia, Asia and other areas in the world. Domestic and overseas business activities involve risks such as a) disadvantages from emergence of political or economic factors, b) disadvantages from inconsistency of multilateral taxation systems and diversity of tax law interpretation, c) difficulty in recruiting and securing human resources, and d) social disruption resulting from terror attacks, war and other catastrophic events.

(3) Risks around legal regulations and litigation

- **Product liability**
Nintendo manufactures its products in accordance with applicable quality control standards in locations of sale. However, large-scale product recalls may occur, and any such recalls would likely be primarily caused by discovery of defective products. Also, the defect of a product may lead to product reimbursement compensation resulting in additional expenses, and Nintendo's reputation as well as its operating performance and financial position may suffer.
- **Limitations of enforcing intellectual property rights**
Although Nintendo continues to accumulate various intellectual properties to produce different products, there are geographical regions in which it is difficult to effectively tackle unauthorized uploading via the Internet and counterfeit products, which may have a negative impact on Nintendo's operating performance and financial position in the future.
- **Leakage or unauthorized access of personal or confidential information**
Nintendo possesses personally identifiable information about its consumers, as well as confidential information concerning development and business operations. If such personally identifiable information or confidential information were ever leaked outside of Nintendo, due to breach or other unauthorized access or disclosure, it could have an adverse effect on Nintendo's future operating performance, share price and financial condition.
- **Changes in laws and regulations**
Unpredicted enforcement of or changes in laws and regulations, adoptions of or changes in accounting standards or taxation systems could have an effect on Nintendo's performance and financial position. Conflict of views between Nintendo and the tax authorities may cause additional tax costs.
- **Litigation**
Nintendo's operations in Japan and overseas may be subject to litigation, disputes and other legal procedures. These issues may affect Nintendo's operating performance.

(4) Other risks

Other than the risks set forth above, factors such as uncollectibility of notes and accounts receivable - trade, collapse of financial institutions, environmental restrictions or impairment of the corporate brand due to unforeseen circumstances may adversely affect Nintendo's operating performance and financial position.

3. Analysis of financial position, operating results and cash flow by the management

The description of the financial position, operating results and cash flow of Nintendo (the Company and its consolidated subsidiaries) in the fiscal year ended March 31, 2018 (“operating results, etc.”) and the understanding, analysis and examination of Nintendo’s operating results, etc. from the management’s viewpoint are as follows.

Any forward-looking statements contained in the following overview are made based on information available as of the end of the fiscal year ended March 31, 2018.

Segment information is omitted as Nintendo operates as a single business segment.

(1) Important accounting procedures and estimates

Consolidated financial statements of Nintendo are prepared in accordance with accounting standards generally accepted in Japan. In preparing such statements, estimates that may affect the value of assets, liabilities, revenue and expenses are made based on the accounting procedures selected and adopted by management. Management takes into account past results and the likelihood of future events to make estimates in a reasonable fashion, but uncertainties inherent to such estimates may cause the actual results to be materially different from these estimates. Important accounting procedures adopted in the consolidated financial statements of Nintendo are detailed in the section “V. Financial Information, Consolidated financial statements, etc., Significant matters forming the basis of preparing the consolidated financial statements.”

(2) Operating results, etc.

(i) Description and analysis of results

The results for the fiscal year ended March 31, 2018 show a very positive trend in global hardware sales for Nintendo Switch, which sold a total of 15.05 million units during this fiscal year. 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 during this fiscal year 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 for this fiscal year 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 (USD 573 million) (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 in Japan and overseas. Our smart devices and IP related income was ¥39.3 billion (USD 370 million) (62% increase on a year-on-year basis).

Nintendo’s management policy, management strategy, etc. are as described in “II. Business Overview, 1. Management policy, management environment, issues to address.” The availability of hit titles and their sales volumes are deemed to have a significant impact on operating results, etc., as described in “II. Business Overview, 3. Analysis of financial position, operating results and cash flow by the management, (3) Factors which may have a significant impact on operating results, etc.”

[Note] “Download Sales” has been renamed to “Digital Sales” as of the end of the fiscal year ended March 31, 2018.

(ii) Description and analysis of operating results

Net sales, operating profit, ordinary profit and profit attributable to owners of parent in the fiscal year ended March 31, 2018 increased from the previous fiscal year.

Net sales reached ¥1,055.6 billion (USD 9,958 million; 115.8% increase on a year-on-year basis), of which overseas sales were ¥794.4 billion (USD 7,494 million; 121.3% increase on a year-on-year basis, and 75.3% of total sales). Operating profit came to ¥177.5 billion (USD 1,674 million; 504.7% increase on a year-on-year basis). Ordinary profit was ¥199.3 billion (USD 1,880 million; 295.8% increase on a year-on-year basis) due to increase in operating profit and other factors, and profit attributable to owners of parent totaled ¥139.5 billion (USD 1,316 million; 36.1% increase on a year-on-year basis).

(Net sales and operating profit)

Net sales increased from the previous fiscal year by ¥566.5 billion (USD 5,344 million) to ¥1,055.6 billion (USD 9,958 million; an increase of 115.8% on a year-on-year basis), primarily due to the brisk sales of Nintendo Switch. Gross profit increased from the previous fiscal year by ¥204.6 billion (USD 1,930 million) to ¥403.5 billion (USD 3,806 million; an increase of 102.9% on a year-on-year basis). Due to such factors as the increase in delivery expenses in association with the increase in net sales, as well as the increase in advertising expenses related to the Nintendo Switch platform, selling, general and administrative expenses increased from the previous fiscal year by ¥56.4 billion (USD 532 million), resulting in an operating profit of ¥177.5 billion (USD 1,674 million; an increase of 504.7% on a year-on-year basis).

(Non-operating income and expenses, and ordinary profit)

Net non-operating income was ¥21.7 billion (USD 204 million), due mainly to the ¥10.3 billion (USD 97 million) share of profit of entities accounted for using equity method related to The Pokémon Company and other investments. As a result, ordinary profit was ¥199.3 billion (USD 1,880 million; an increase of 295.8% on a year-on-year basis).

Ordinary profit increased from the previous fiscal year primarily due to the increase in operating profit from the previous fiscal year, despite the decrease in the share of profit of entities accounted for using equity method from the previous fiscal year.

(Profit attributable to owners of parent)

Profit attributable to owners of parent was ¥139.5 billion (USD 1,316 million; an increase of 36.1% on a year-on-year basis), mainly due to the increase in ordinary profit from the previous fiscal year.

(iii) Description and analysis of financial position

(Total assets)

Total assets increased by ¥164.7 billion (USD 1,553 million) compared to the previous fiscal year-end to ¥1,633.7 billion (USD 15,412 million).

This was mainly due to the increase in cash and deposits by ¥81.7 billion (USD 770 million) from the previous fiscal year attributable to such factors as the receipt of proceeds through operating activities, in addition to the increase in inventories by ¥102.6 billion (USD 967 million) from the previous fiscal year stemming from the increase in finished goods inventory, etc.

(Total liabilities)

Total liabilities increased by ¥92.1 billion (USD 868 million) compared to the previous fiscal year-end to ¥310.1 billion (USD 2,925 million).

This was mainly due to the increase in notes and accounts payable - trade by ¥33.8 billion (USD 318 million) from the previous fiscal year owing to the increase in purchases related to the Nintendo Switch platform, in addition to the increase in income taxes payable by ¥32.1 billion (USD 302 million) from the previous fiscal year associated with an increase in taxable income.

(Net assets)

Net assets increased by ¥72.6 billion (USD 684 million) compared to the previous fiscal year-end to ¥1,323.5 billion (USD 12,485 million).

This was mainly due to the posting of profit attributable to owners of parent in the amount of ¥139.5 billion (USD 1,316 million) and the payment of dividends of surplus in the amount of ¥64.8 billion (USD 611 million).

(iv) Description and analysis of cash flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of March 31, 2018 was ¥484.4 billion (USD 4,569 million), with an increase of ¥153.5 billion (USD 1,448 million) during the fiscal year. During the previous fiscal year, there was an increase of ¥72.8 billion. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2018 are as follows:

Net cash provided by (used in) operating activities:

There were decreasing factors contributing to ¥201.0 billion (USD 1,896 million) of profit before income taxes such as an increase in inventories and the posting of share of profit of entities accounted for using equity method. However, due to increasing factors such as a decrease in notes and accounts receivable - trade, net cash resulted in an increase of ¥152.2 billion (USD 1,435 million) compared to an increase of ¥19.1 billion during the previous fiscal year.

Net cash provided by (used in) investing activities:

Net cash from investing activities increased by ¥61.3 billion (USD 578 million) compared to an increase of ¥69.5 billion during the previous fiscal year mainly due to proceeds from withdrawal of time deposits and sales and redemption of short-term and long-term investment securities exceeding payments into time deposits and purchase of short-term and long-term investment securities.

Net cash provided by (used in) financing activities:

Net cash from financing activities decreased by ¥61.3 billion (USD 578 million) compared to a decrease of ¥14.4 billion during the previous fiscal year mainly due to cash dividends paid.

(3) Factors which have a significant impact on operating results, etc.

Nintendo operates as a business in the field of home entertainment, in which the availability of hit titles and their sales volumes may have a significant impact on its operating results, etc. In addition, the field of entertainment is wide in scope, and any successful non-gaming propositions that provide consumers with more entertainment value and surprises may also have an impact.

More than 70% of Nintendo’s total sales are generated in the overseas markets, with most transactions carried out in local currencies. While Nintendo has attempted to increase dollar-based purchases in order to reduce the impact of exchange rate fluctuations, it is difficult to completely eliminate their risk. As a result, exchange rate fluctuations may have an impact on Nintendo’s financial performance.

While dedicated video game platforms and their compatible software, which are Nintendo’s main products, represent a majority of total sales, hardware and software have very different profit margins, and fluctuations of their proportions of the total sales may have an impact on gross profit and the gross profit percentage to sales.

In addition, there may be other fluctuating factors as described in “II. Business Overview, 2. Risk factors.”

(4) Financial source of capital and liquidity of funds

The current ratio as of March 31, 2018, is 459%, and the ratio of total liabilities to cash and cash equivalents is 1.6 times.

Nintendo maintains retained earnings that are necessary in order to adapt to changes in the business environment and to pursue further business expansion, etc. in the future.

Major components of the working capital requirements include purchase expenses of materials and parts for manufacturing, advertising expenses and research and development expenses, and dividend and income tax payments. Moreover, it is Nintendo’s basic policy to internally provide the capital necessary to fund future

growth, including capital investments. Nintendo's specific plans for capital investments are as described in "III. Equipment and Facilities, 2. Plans for new installation and retirement of equipment and facilities, etc."

During the launch periods of new products and the year-end sales season, there may be temporary increases in notes and accounts receivable - trade, notes and accounts payable - trade and inventories, which may have a downward or upward impact on net cash provided by (used in) operating activities.

Payments into or withdrawals from time deposits with maturities of more than three months, as well as timing of acquisition or sale of short-term investment securities, may have an upward or downward impact on net cash provided by (used in) investing activities.

4. Research and development activities

Nintendo primarily engages in the active development of hardware and software for dedicated video game systems, with support from various companies and organizations, in its effort to put smiles on the faces of everyone Nintendo touches around the world by offering new and compelling products that anyone can enjoy. We also undertake the planning and development of smart-device application software.

With respect to hardware, we continuously investigate and undertake research on fundamental technologies spanning data storage technology such as semiconductor memories, display technology such as liquid crystal displays, and electronic components, while we also carry out research and development activities to examine the applicability of various technologies including interfaces such as touch panels and sensors, wireless communication, networks and security to the field of home entertainment. Our efforts are not limited to in-house studies and research in that we are also exploring various possibilities on a daily basis to discover technologies that will help create new ways of playing by proactively turning our attention outside Nintendo. Moreover, we continue to enhance the durability, safety, quality and performance of our products to ensure that consumers can comfortably enjoy them over an extended period, as well as design and develop various accessories, and pursue cost-cutting and energy conservation initiatives.

With respect to software, we are focusing on taking full advantage of hardware features in planning its products, designing games whose elements include graphics, music and game scripts, and developing programs.

Furthermore, in order to deal with digital business expansion, we have strongly driven the expansion of system infrastructure that supports various networking functions of software and multi-sectorial network services such as Nintendo eShop.

In addition, we have established the research and development structure for smart device software to promote the planning and development of smart device application software and the development of a back-end server system.

In terms of our component procurement and manufacturing processes, we, with the cooperation and support of our manufacturing partners, continuously examine, and accumulate relevant technical know-how on, how one can apply new test methods and technologies in the mass production of components, and comply with relevant regulations.

Research and development expenses for the fiscal year were ¥64.0 billion (USD 603 million), with the outcomes of major research and development activities described below. Segment information is omitted since we operate as a single business segment.

For Nintendo Switch hardware, we not only launched a special hardware edition but also endeavored to develop various functions including a video capture function and updated the hardware's operating system. We released a total of nine titles of compatible software (figure for the Japanese market), including: *Mario Kart 8 Deluxe*, a popular race game; *ARMS*, our new IP in the form of a fighting game in which players hold the Joy-Con in both hands to engage in a fight by throwing punches with motion-controlled extendable arms; *Splatoon 2*, the second installment of the well-received Wii U software title *Splatoon*, in which players compete in splashing ink on the ground; and *Super Mario Odyssey*, the latest title in the Super Mario series in 3D action format that throws players into a world of adventure where they can exploit new actions, including throwing a cap to take control of enemies and objects.

In the Nintendo 3DS family, we launched New Nintendo 2DS XL, and launched special hardware editions of each model. We released a total of 11 compatible titles (figure for the Japanese market) including *Pokémon Ultra Sun* and *Pokémon Ultra Moon*, the latest titles in the Pokémon series.

On the smart-device front, we launched the distribution of *Animal Crossing: Pocket Camp*, which we planned and developed as a smart-device application based on our popular Animal Crossing series intended for smart devices, to propose a new way of enjoying games different from the series on dedicated video game systems.

Furthermore, we strengthened the security of Nintendo Account by introducing two-factor authentication, while for My Nintendo, a comprehensive membership service which is positioned as a bridge connecting dedicated video game platforms and smart devices, we enhanced its services such as making the points accumulated by game software purchases available for buying downloadable Nintendo Switch software.

We further enriched the lineup for amiibo and also launched the Super Nintendo Entertainment System: Super NES Classic Edition.

In addition, on Nintendo Developer Portal, a dedicated website for game creators working on Nintendo platforms, we offer support for game creators including individuals to deliver new entertainment to users around the world.

Moreover, we are working on the development of a new product that improves people's QOL (Quality of Life) in enjoyable ways. Our aim is to enable consumers to make daily efforts to improve their QOL in a fun manner by making sleep and fatigue status visible and offering various services based on this information.

Nintendo continues to engage in the development of new products for the future.

III. Equipment and Facilities

1. Overview of capital investments

Nintendo develops, manufactures and distributes electronic entertainment products, and in the fiscal year ended March 31, 2018, it invested ¥13.082 billion (USD 123 million), which was mainly used for research and development facilities, and included intangible assets such as internal use computer software.

Regarding the required funds, all of the capital investments were self-financed and we did not raise external financing. Segment information is omitted as Nintendo operates as a single business segment.

2. Plans for new installation and retirement of equipment and facilities, etc.

Plans for the installation of new equipment and facilities, etc. are as follows. There are no plans for retirement/sale of important equipment and facilities, excluding retirement/sale for the purpose of regular renewal. Segment information is omitted as Nintendo operates as a single business segment. Actual capital investments by Nintendo may vary significantly from the forecasts below due to factors including those stated in “II. Business Overview, 2. Risk factors.”

Company name	Description of equipment and facilities	Planned investment amount		Year/month of commencement	Year/month of scheduled completion
		Total amount (Millions of yen)	Amount already paid (Millions of yen)		
Nintendo Co., Ltd. and its consolidated subsidiaries	Research and development facilities	12,000 (USD 113 million)	4,064 (USD 38 million)	April 2017	March 2020
Nintendo Co., Ltd. and its consolidated subsidiaries	Production facilities for molds, etc.	9,000 (USD 84 million)	1,640 (USD 15 million)	April 2017	March 2020
Nintendo Co., Ltd. and its consolidated subsidiaries	Renovation, updating, etc. of other buildings, etc.	18,000 (USD 169 million)	7,378 (USD 69 million)	April 2017	March 2020
Total		39,000 (USD 367 million)	13,082 (USD 123 million)	—	—

(Notes) 1. Funds required for equipment and facilities, etc. in the future in the amount of ¥25,918 million (USD 244 million) referred to above are to be self-financed.

2. The above amounts do not include consumption taxes.

IV. Profile of the Company

1. Status of shares and other relevant matters

(1) Total number of shares and other information

(i) Total number of shares

Class	Total number of authorized shares to be issued (shares)
Common shares	400,000,000
Total	400,000,000

(ii) Number of shares issued

Class	Number of shares outstanding as of the end of fiscal year (March 31, 2018)	Number of shares outstanding as of issuance date of this report (June 29, 2018)	Name of stock exchange on which Nintendo is listed or name of authorized financial instruments firm association	Description
Common shares	141,669,000	141,669,000	Tokyo Stock Exchange (First Section)	Number of shares constituting a unit: 100 shares
Total	141,669,000	141,669,000	—	—

(2) Status of share subscription rights and other relevant matters

(i) Description of stock option scheme

Not applicable

(ii) Description of rights plans

Not applicable

(iii) Other matters regarding status of share subscription rights, etc.

Not applicable

(3) Exercise status and other relevant matters concerning bonds with share subscription rights containing a clause for exercise price adjustment

Not applicable

(4) Trend of total number of shares issued, amount of common shares and other relevant matters

Date	Change in the number of shares issued (thousand shares)	Balance of the number of shares issued (thousand shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
May 21, 1991	36,729	141,669	—	10,065	—	11,584

Date	Change in the number of shares issued (thousand shares)	Balance of the number of shares issued (thousand shares)	Change in capital stock (Millions of dollars)	Balance of capital stock (Millions of dollars)	Change in legal capital surplus (Millions of dollars)	Balance of legal capital surplus (Millions of dollars)
May 21, 1991	36,729	141,669	—	94	—	109

(Note) On May 21, 1991, the Company split the number of shares held by shareholders recorded in the shareholder registry as of March 31, 1991 by the ratio of 1.35 shares per share.

(5) Status of shareholders

As of March 31, 2018

Classification	Status of shares (number of shares constituting a unit: 100 shares)								Status of shares less than one unit (shares)
	National and local government	Financial institutions	Financial services providers	Other legal entities	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	—	77	76	578	1,007	74	36,332	38,144	—
Number of shares held (units)	—	357,819	29,796	46,698	678,279	357	301,921	1,414,870	182,000
Shareholding ratio (%)	—	25.29	2.11	3.30	47.93	0.03	21.34	100.00	—

(Note) 1. Out of treasury shares of 21,543,231 shares, 215,432 units and 31 shares are included in “Individuals and other” and “Status of shares less than one unit,” respectively.

2. “Other legal entities” includes one unit of shares held in the name of Japan Securities Depository Center, Incorporated.

(6) Status of voting rights

(i) Shares issued

As of March 31, 2018

Class	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 21,543,200	—	Number of shares constituting a unit: 100 shares
Shares with full voting rights (other)	Common shares 119,943,800	1,199,438	Same as the above
Shares less than one unit	Common shares 182,000	—	Shares less than one unit (100 shares)
Total number of shares issued	141,669,000	—	—
Total number of voting rights held by all shareholders	—	1,199,438	—

(Note) “Shares with full voting rights (other)” includes one hundred shares (one voting right) held in the name of Japan Securities Depository Center, Incorporated.

(ii) Treasury shares and other relevant matters

As of March 31, 2018

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under another name (shares)	Total number of shares held (shares)	Shareholding ratio over the total number of shares issued (%)
(Treasury shares) Nintendo Co., Ltd.	11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto 601-8501 Japan	21,543,200	—	21,543,200	15.21
Total	—	21,543,200	—	21,543,200	15.21

2. Status of acquisition of treasury shares and other relevant matters

[Class of shares, etc.] Acquisition of common shares under Article 155, item 7 of the Companies Act

(1) Status of acquisition based on a resolution approved at the General Meeting of Shareholders

Not applicable

(2) Status of acquisition based on a resolution approved by the Board of Directors

Not applicable

(3) Description of acquisition of treasury shares not based on a resolution approved at the General Meeting of Shareholders or a resolution approved by the Board of Directors

Acquisition under Article 155, item 7 of the Companies Act

Classification	Number of shares (shares)	Total amount of acquisition price (yen)
Treasury shares acquired during the fiscal year ended March 31, 2018	1,917	78,287,580
Treasury shares acquired during the current period	109	5,005,280

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Treasury shares acquired during the fiscal year ended March 31, 2018	1,917	738,562
Treasury shares acquired during the current period	109	47,219

(Note) The number of treasury shares acquired during the current period does not include shares less than one full unit purchased during the period from June 1, 2018 to the submission date of this report.

(4) Status of disposition and holding of acquired treasury shares

Classification	Fiscal year ended March 31, 2018		Current period	
	Number of shares (shares)	Total amount of disposal price (yen)	Number of shares (shares)	Total amount of disposal price (yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that was retired	—	—	—	—
Acquired treasury shares that was transferred in association with a merger, share exchange or corporate split	—	—	—	—
Other (sold due to demand for sale of shares constituting less than one full unit)	27	314,118	—	—
Number of treasury shares held	21,543,231	—	21,543,340	—

(Note) The number of treasury shares held during the current period does not include shares less than one full unit purchased or sold during the period from June 1, 2018 to the submission date of this report.

3. Dividend policy

It is the Company's basic policy to internally provide the capital necessary to fund future growth, including capital investments, and to maintain a strong and liquid financial position in preparation for changes in the business environment and intensified competition. As for direct profit returns to our shareholders, dividends are paid based on profit levels achieved in each fiscal period.

It is the Company's basic policy to distribute the surplus twice per year in the form of an interim dividend and a year-end dividend. The Articles of Incorporation of the Company stipulate that the Company "may pay an interim dividend based on a resolution approved by the Board of Directors" pursuant to the provisions of Article 454, item 5 of the Companies Act. The governing bodies which determine the interim dividend and year-end dividend are the Board of Directors and the General Meeting of Shareholders, respectively.

The annual dividend per share will be established at the higher of the amount calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the fiscal year rounded up to the 10 yen digit, and the amount calculated based on the 50% consolidated profit standard rounded up to the 10 yen digit.

The interim dividend per share is calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the six-month period rounded up to the 10 yen digit.

According to the aforementioned policy, the dividend for the fiscal year ended March 31, 2018, has been established at 590 yen (interim: 110 yen, year-end: 480 yen).

Retained earnings are maintained for effective use in research of new technology and development of new products and services, capital investments and securing materials, enhancement of selling power including advertisements, strengthening of network infrastructure, and treasury share buyback whenever deemed appropriate.

(Note) Dividend payments for which the record date is in the fiscal year ended March 31, 2018 are as follows.

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on October 30, 2017	¥ 13,213 million	¥ 110
Resolved at the Annual General Meeting of Shareholders on June 28, 2018	¥ 57,660 million	¥ 480

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on October 30, 2017	USD 124 million	USD 1.03
Resolved at the Annual General Meeting of Shareholders on June 28, 2018	USD 543 million	USD 4.52

4. Members of the Board of Directors

Nine male Directors and zero female Director (percentage of females: 0%)

Position	Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Representative Director and President		Shuntaro Furukawa	January 10, 1972	<p>April 1994 Joined the Company</p> <p>May 2012 Appointed as Outside Director of The Pokémon Company</p> <p>July 2015 Appointed as General Manager, Corporate Planning Department</p> <p>June 2016 Appointed as Director (to present) Managing Executive Officer and Supervisor of Corporate Analysis & Administration Division</p> <p>September 2016 In charge of Global Marketing Department</p> <p>June 2018 Appointed as Director and President (to present) Appointed as Representative Director (to present)</p>	*1	1
Representative Director	Fellow	Shigeru Miyamoto	November 16, 1952	<p>April 1977 Joined the Company</p> <p>June 2000 Appointed as Director (to present) General Manager, Entertainment Analysis & Development Division</p> <p>May 2002 Appointed as Senior Managing Director</p> <p>Appointed as Representative Director (to present)</p> <p>September 2015 Appointed as Fellow (to present)</p>	*1	1
Director	Senior Managing Executive Officer General Manager, Entertainment Planning & Development Division	Shinya Takahashi	November 9, 1963	<p>April 1989 Joined the Company</p> <p>July 2012 Deputy General Manager, Software Planning & Development Division</p> <p>June 2013 Appointed as Director (to present) General Manager, Software Planning & Development Division</p> <p>September 2015 General Manager, Entertainment Planning & Development Division (to present) Supervisor of Business Development Division, Development Administration & Support Division (to present)</p> <p>June 2016 Appointed as Managing Executive Officer</p> <p>June 2018 Appointed as Senior Managing Executive Officer (to present)</p>	*1	1
Director	Senior Executive Officer General Manager, Platform Technology Development Division	Ko Shiota	August 7, 1969	<p>April 1992 Joined the Company</p> <p>September 2015 General Manager, Platform Technology Development Division (to present)</p> <p>June 2016 Appointed as Executive Officer</p> <p>June 2017 Appointed as Director (to present) Appointed as Senior Executive Officer (to present)</p>	*1	1

Position	Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Director	Senior Executive Officer General Manager, Marketing Division and Licensing Division	Satoru Shibata	September 4, 1962	<p>April 1985 February 1999 June 2000 June 2016 May 2018 June 2018</p> <p>Joined the Company Appointed as President of Nintendo Australia Pty Limited Appointed as President of Nintendo of Europe GmbH Appointed as Executive Officer Appointed as Outside Director of The Pokémon Company (to present) Appointed as Director (to present) Appointed as Senior Executive Officer (to present) Appointed as General Manager, Marketing Division (to present) Appointed as General Manager, Licensing Division (to present) In charge of Advertising Department, Global Marketing Department (to present)</p>	*1	-
Director as a Full-time Audit and Supervisory Committee Member		Naoki Noguchi	February 8, 1954	<p>June 1980 May 2010 March 2014 June 2016</p> <p>Joined the Company General Manager, Software Planning & Development Administration Department Deputy General Manager, Human Resources Division Appointed as Director as a Full-time Audit and Supervisory Committee Member (to present)</p>	*2	1
Director as an Audit and Supervisory Committee Member		Naoki Mizutani	December 22, 1950	<p>April 1979 May 1989 June 1989 June 2003 June 2014 June 2016</p> <p>Registered as attorney-at-law Registered as patent attorney Opened Mizutani Law and Patent Office Appointed as Auditor of the Company Appointed as Director of the Company Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)</p>	*2	-
Director as an Audit and Supervisory Committee Member		Katsuhiro Umeyama	July 29, 1965	<p>March 1994 July 1999 August 1999 October 1999 November 2005 July 2009 June 2012 November 2015 June 2016</p> <p>Registered as certified public accountant Opened Umeyama Certified Public Accountant Office Registered as a certified tax accountant Opened Umeyama Certified Tax Accountant Office (current Umeyama Certified Tax Accountant LLC) Appointed as Outside Auditor of KURAUDIA Co., Ltd. (current KURAUDIA HOLDINGS Co., Ltd.) Appointed as Representative Partner of Umeyama Certified Tax Accountant LLC (to present) Appointed as Auditor of the Company Appointed as Outside Director (Audit and Supervisory Committee Member), KURAUDIA Co., Ltd. (current KURAUDIA HOLDINGS Co., Ltd.) (to present) Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)</p>	*2	-

Position	Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Director as an Audit and Supervisory Committee Member		Masao Yamazaki	June 16, 1956	April 1975 Joined Osaka Regional Taxation Bureau July 2010 Appointed as Director, Minato Tax Office, Osaka Regional Taxation Bureau July 2016 Appointed as Director, Higashi Tax Office, Osaka Regional Taxation Bureau August 2017 Registered as certified tax accountant September 2017 Opened Masao Yamazaki Certified Tax Accountant Office June 2018 Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)	*2	-
Total						5

- (Notes)
1. Directors, Mr. Naoki Mizutani, Mr. Katsuhiko Umeyama and Mr. Masao Yamazaki are Outside Directors.
 2. *1 The term of office of Directors (excluding those who are Audit and Supervisory Committee Members) commenced upon election at the Annual General Meeting of Shareholders for the fiscal year ended on March 31, 2018, and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2019.
 3. *2 The term of office of Directors who are Audit and Supervisory Committee Members commenced upon election at the Annual General Meeting of Shareholders for the fiscal year ended on March 31, 2018 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2020.
 4. The Company has adopted the Executive Officer System since June 29, 2016 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 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. Seven executive officers, excluding those who have the concurrent position as Director, are as follows.

Title	Name
Senior Executive Officer General Manager, General Affairs Division In charge of Quality Assurance Department, Investor Relations	Shigeyuki Takahashi
Senior Executive Officer President, Nintendo Sales Co., Ltd.	Satoshi Yamato
Senior Executive Officer General Manager, Manufacturing Division	Hirokazu Shinshi
Executive Officer President, Nintendo of America Inc.	Reginald Fils-Aime
Executive Officer Deputy General Manager, Entertainment Planning & Development Division	Yoshiaki Koizumi
Executive Officer Senior Officer, Entertainment Planning & Development Division	Takashi Tezuka
Executive Officer General Manager, Finance Administration Division, Finance Department and Payment Services Management Department	Hajime Murakami

5. Corporate governance

<Principles concerning corporate governance>

At Nintendo, we strive to maximize long-term corporate value while carefully considering the benefits for everyone we touch. We are working to achieve a highly transparent and sound system of corporate governance; we also educate our employees about our policies, including good corporate ethics.

(1) Outline of corporate governance system

For the purpose of strengthening the supervisory function of the Board of Directors, and further promoting corporate governance, Nintendo Co., Ltd. adopts the governance structure of a Company with Audit and Supervisory Committee. Furthermore, the Company has introduced 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 Board of Directors consists of five Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) is one year and the term of office of Directors who are Audit and Supervisory Committee Members is two years.

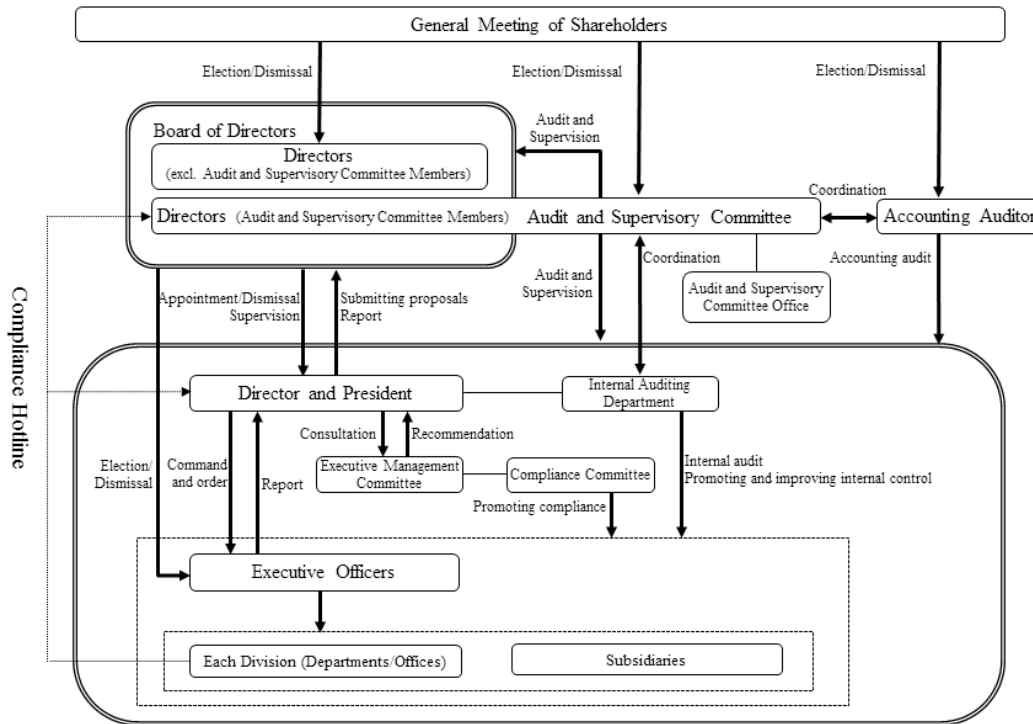
In addition to the meetings of the Board of Directors, which are generally held monthly, Nintendo Co., Ltd. also holds meetings of the Executive Management Committee consisting of the Directors (excluding Directors who are Audit and Supervisory Committee Members) twice a month as a general rule, in order to strongly drive management activities and thereby ensure prompt and efficient decision-making. Furthermore, Nintendo Co., Ltd. maintains a system where executive officers appointed by the Board of Directors every year perform their respective duties under the President's supervision and instructions.

The Audit and Supervisory Committee consists of one full-time Internal Director and three Outside Directors; all of the Outside Directors are designated as independent officers. The Audit and Supervisory Committee Members attend meetings of the Board of Directors and other important meetings, inspect important documents, have regular meetings with the President and hold monthly meetings of the Audit and Supervisory Committee as a general rule to share audit opinions. Furthermore, the full-time Audit and Supervisory Committee Member conducts fieldwork auditing over each division of the Company, etc., based on the annual audit plan.

With respect to internal auditing, the Internal Auditing Department, under the direct supervision of the President, conducts internal auditing from a fair and unbiased perspective independent from business divisions, and works on the promotion and improvement of internal control including subsidiaries and associates.

Accounting Auditor maintains close coordination with the Audit and Supervisory Committee, as well as the Internal Auditing Department, regarding accounting auditing, including the report on the audit plan and audit results, as well as information and opinion exchanges as necessary even during the period, in order to ensure effective and efficient auditing.

Reference: Corporate Governance System



(Board of Directors)

The Board of Directors consists of five Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members is one year and two years, respectively.

(Audit and Supervisory Committee)

The Audit and Supervisory Committee consists of one full-time internal Director and three Outside Directors, all of whom are designated as independent officers.

(Audit and Supervisory Committee Office)

The Company has established the Audit and Supervisory Committee Office which assists the Audit and Supervisory Committee in performing its duties.

(Executive Management Committee)

With the aim of promoting corporate activities strongly, the Company holds the Executive Management Committee meetings attended by Directors (excluding Directors who are Audit and Supervisory Committee Members) twice per month in principle and makes speedy and efficient decisions.

(Compliance Committee)

The Company has established the Compliance Committee chaired by General Manager of General Affairs Division to perform initiatives for promotion of compliance including establishment of the “Compliance Manual.”

(i) Compensation for officers, etc.

(a) Total amount of compensation, etc. by officer classification, total amount of compensation by type, and number of eligible officers at the reporting company

Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Base compensation	Variable compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	504	193	310	—	6
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	32	32	—	—	1
Outside Officers	28	28	—	—	3

Officer classification	Total amount of compensation, etc. (Millions of dollars)	Total amount of compensation, etc. by type (Millions of dollars)			Number of eligible officers (persons)
		Base compensation	Variable compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	4	1	2	—	6
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	0	0	—	—	1
Outside Officers	0	0	—	—	3

(Note) Employee salaries (including bonuses) paid to Directors who also serve as employees, which amounted to ¥92 million (USD 0 million), are not included in the above amounts.

(b) Total amount, etc. of compensation on a consolidated basis, etc. by officer at the reporting company

Name	Total amount of compensation on a consolidated basis, etc. (Millions of yen)	Officer classification	Company classification	Amount of compensation on a consolidated basis, etc. by type (Millions of yen)		
				Base compensation	Variable compensation	Other compensation
Tatsumi Kimishima	205	Director who is not an Audit and Supervisory Committee Member	Reporting company	76	106	—
		Director	Nintendo of America Inc.	22	—	—
Shigeru Miyamoto	141	Director who is not an Audit and Supervisory Committee Member	Reporting company	70	71	—

Name	Total amount of compensation on a consolidated basis, etc. (Millions of dollars)	Officer classification	Company classification	Amount of compensation on a consolidated basis, etc. by type (Millions of dollars)		
				Base compensation	Variable compensation	Other compensation
Tatsumi Kimishima	1	Director who is not an Audit and Supervisory Committee Member	Reporting company	0	1	—
		Director	Nintendo of America Inc.	0	—	—
Shigeru Miyamoto	1	Director who is not an Audit and Supervisory Committee Member	Reporting company	0	0	—

(c) Policy, etc. for the determination of compensation, etc. for officers

In regards to the compensation for Directors of the Company, upper limits on the total compensation for Directors who are not Audit and Supervisory Committee Members and that for Directors who are Audit and Supervisory Committee Members are determined separately by resolution of the General Meeting of Shareholders.

Compensation for Directors who are not Audit and Supervisory Committee Members consists of: base compensation, which is fixed compensation (salary paid in the same amount periodically); and variable compensation, which is linked to performance (salary linked to profit). Fixed compensation is paid in accordance with the respective positions and responsibilities of Directors, whereas variable compensation is paid for the purpose of raising incentives for higher performance, using consolidated operating profit as a benchmark.

Compensation for Directors who are 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 other Directors who execute operations.

(Note) Variable compensation for each Director who is not an Audit and Supervisory Committee Member is calculated using the prescribed formula based on points corresponding to his/her position as follows.

Calculation method of variable compensation for Directors who are not Audit and Supervisory Committee Members (“Directors”)

Variable compensation = Consolidated operating profit × 0.2% × Number of points of each Director ÷ Sum total of Directors’ points*

* The sum total of Directors’ points shall be set at 20.0 (fixed) if it falls short of 20.0.

Director’s points by position and number of Directors

Position	Points	Number of Directors (persons)	Total points
Representative Director and President	6.0	1	6.0
Representative Director and Fellow	4.0	1	4.0
Director and Senior Managing Executive Officer	4.0	1	4.0
Director and Managing Executive Officer	3.0	0	0.0
Director and Senior Executive Officer	1.5	2	3.0
Sum total	—	5	17.0

(Note) The above is calculated based on the number of Directors as of June 29, 2018.

Matters of note

- Directors refer to executive officers set forth in Article 34, paragraph (1), item (iii) of the Corporation Tax Act.
- “Indicator of the status of profit in the business year ending on or after the first day of the period in which duties pertaining to such remuneration are performed” provided for in Article 34, paragraph (1), item (iii)(a) of the Corporation Tax Act shall mean consolidated operating profit.
- The amount of consolidated operating profit shall be rounded down to the nearest hundred million yen.
- “Determined amount” provided for in Article 34, paragraph (1), item (iii)(a)1. of the Corporation Tax Act shall be limited to ¥600 million. In cases where the amount calculated by multiplying consolidated operating profit by 0.2% exceeds ¥600 million, the amount shall be ¥600 million.
- If a Director has resigned before the expiry of his/her term of office due to unavoidable circumstances, the amount corresponding to the number of months he/she was in office from the time of commencement of such period up to the end of the period (number of days falling short of one month shall be rounded up to one month) shall be paid. Of note, the amount shall not be prorated with respect to the number of months in cases where a Director resigns after the end of the period.

(ii) Shareholding status

(a) Investment securities held for purposes other than pure investment

Number of issues 34 issues
Total amount stated on balance sheet 54,355 million yen (USD 512 million)

(b) Shareholding classification, issue, number of shares, balance sheet amount and shareholding purpose of investment shares held for purposes other than pure investment

(Fiscal year ended March 31, 2018)

Specific investment shares

Issue	Number of shares (Shares)	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of dollars)	Shareholding purpose
DeNA Co., Ltd.	15,081,000	28,955	273	Shares are held for the purpose of maintaining and developing the business relationship.
BANDAI NAMCO Holdings Inc.	3,845,700	13,440	126	Shares are held for the purpose of maintaining and developing the business relationship.
The Bank of Kyoto, Ltd.	908,459	5,396	50	Shares are held for the purpose of maintaining and developing the business relationship.
Mitsubishi UFJ Financial Group, Inc.	2,455,870	1,711	16	Shares are held for the purpose of maintaining and developing the business relationship.
KADOKAWA DWANGO CORPORATION	612,200	678	6	Shares are held for the purpose of maintaining and developing the business relationship.
SQUARE ENIX HOLDINGS CO., LTD.	91,252	444	4	Shares are held for the purpose of maintaining and developing the business relationship.
Resona Holdings, Inc.	647,469	363	3	Shares are held for the purpose of maintaining and developing the business relationship.
KONAMI HOLDINGS CORPORATION	63,734	356	3	Shares are held for the purpose of maintaining and developing the business relationship.
TOPPAN PRINTING CO., LTD.	365,770	319	3	Shares are held for the purpose of maintaining and developing the business relationship.
Nissha Co., Ltd.	104,104	297	2	Shares are held for the purpose of maintaining and developing the business relationship.
Sumitomo Mitsui Trust Holdings, Inc.	60,920	262	2	Shares are held for the purpose of maintaining and developing the business relationship.
Shirai Electronics Industrial Co., Ltd.	336,000	188	1	Shares are held for the purpose of maintaining and developing the business relationship.
SANSHIN ELECTRONICS CO., LTD.	50,180	109	1	Shares are held for the purpose of maintaining and developing the business relationship.
Mizuho Financial Group, Inc.	284,219	54	0	Shares are held for the purpose of maintaining and developing the business relationship.
JAPAN PULP AND PAPER COMPANY LIMITED	11,355	48	0	Shares are held for the purpose of maintaining and developing the business relationship.
Sumitomo Mitsui Financial Group, Inc.	8,849	39	0	Shares are held for the purpose of maintaining and developing the business relationship.
KOEI TECMO HOLDINGS CO., LTD.	15,794	32	0	Shares are held for the purpose of maintaining and developing the business relationship.
TV TOKYO Holdings Corporation	10,000	27	0	Shares are held for the purpose of maintaining and developing the business relationship.
THE SHIGA BANK, LTD.	10,500	5	0	Shares are held for the purpose of maintaining and developing the business relationship.

(c) Investment shares held for the purpose of pure investment

There are no applicable shares.

(2) Company's systems and policies

< 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.

V. Financial Information

Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

	Previous fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)		(Millions of dollars)
	(Millions of yen)		(Millions of yen)		
Assets					
Current assets					
Cash and deposits		662,763		744,555	7,024
Notes and accounts receivable - trade		106,054		69,829	658
Securities		283,307		243,431	2,296
Inventories	*1	39,129	*1	141,795	1,337
Deferred tax assets		332		10,834	102
Other		49,535		66,405	626
Allowance for doubtful accounts		(379)		(87)	(0)
Total current assets		1,140,742		1,276,764	12,044
Non-current assets					
Property, plant and equipment					
Buildings and structures, net		38,707		36,094	340
Machinery, equipment and vehicles, net		1,400		1,450	13
Tools, furniture and fixtures, net		4,313		3,915	36
Land		42,133		41,812	394
Construction in progress		3		653	6
Total property, plant and equipment	*2	86,558	*2	83,926	791
Intangible assets					
Software		9,942		11,487	108
Other		2,882		2,533	23
Total intangible assets		12,825		14,020	132
Investments and other assets					
Investment securities	*3	157,963	*3	198,538	1,873
Deferred tax assets		49,453		37,094	349
Net defined benefit asset		7,680		7,931	74
Other		13,753		15,503	146
Allowance for doubtful accounts		(0)		(30)	(0)
Total investments and other assets		228,851		259,037	2,443
Total non-current assets		328,235		356,984	3,367
Total assets		1,468,978		1,633,748	15,412

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Liabilities			
Current liabilities			
Notes and accounts payable - trade	104,181	138,015	1,302
Income taxes payable	11,267	43,390	409
Provision for bonuses	2,341	3,217	30
Other	66,319	93,452	881
Total current liabilities	184,109	278,076	2,623
Non-current liabilities			
Net defined benefit liability	19,245	16,609	156
Other	14,650	15,487	146
Total non-current liabilities	33,895	32,097	302
Total liabilities	218,005	310,173	2,926
Net assets			
Shareholders' equity			
Capital stock	10,065	10,065	94
Capital surplus	13,256	13,742	129
Retained earnings	1,489,518	1,564,240	14,756
Treasury shares	(250,601)	(250,679)	(2,364)
Total shareholders' equity	1,262,239	1,337,369	12,616
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	18,913	16,402	154
Foreign currency translation adjustment	(30,312)	(34,736)	(327)
Total accumulated other comprehensive income	(11,399)	(18,334)	(172)
Non-controlling interests	132	4,540	42
Total net assets	1,250,972	1,323,574	12,486
Total liabilities and net assets	1,468,978	1,633,748	15,412

(ii) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	Previous fiscal year (From April 1, 2016 to March 31, 2017)		Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)		(Millions of yen)	
				(Millions of dollars)
Net sales		489,095	1,055,682	9,959
Cost of sales	*1, *3	290,197	*1, *3	652,141
Gross profit		198,898	403,540	3,806
Selling, general and administrative expenses	*2, *3	169,535	*2, *3	225,983
Operating profit		29,362	177,557	1,675
Non-operating income				
Interest income		6,237	9,064	85
Share of profit of entities accounted for using equity method		20,271	10,318	97
Other		2,083	4,126	38
Total non-operating income		28,593	23,509	221
Non-operating expenses				
Sales discounts		3	—	—
Loss on redemption of securities		2,199	794	7
Foreign exchange losses		5,256	766	7
Other		131	150	1
Total non-operating expenses		7,591	1,710	16
Ordinary profit		50,364	199,356	1,880
Extraordinary income				
Gain on sales of non-current assets	*4	185	*4	821
Gain on sales of investment securities		64,589	490	4
Reversal of loss on litigation		—	1,929	18
Total extraordinary income		64,775	3,240	30
Extraordinary losses				
Loss on disposal of non-current assets	*5	328	*5	366
Loss on sales of investment securities		—	2	0
Restructuring loss	*6	80	—	—
Loss on litigation		—	1,138	10
Total extraordinary losses		409	1,507	14
Profit before income taxes		114,730	201,090	1,897
Income taxes - current		25,331	56,977	537
Income taxes - deferred		(13,183)	3,167	29
Total income taxes		12,147	60,144	567
Profit		102,582	140,945	1,329
Profit attributable to non-controlling interests		8	1,354	12
Profit attributable to owners of parent		102,574	139,590	1,316

Consolidated statements of comprehensive income

	Previous fiscal year (From April 1, 2016 to March 31, 2017)		Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)		(Millions of yen)	
				(Millions of dollars)
Profit		102,582	140,945	1,329
Other comprehensive income				
Valuation difference on available-for-sale securities		7,147	(2,490)	(23)
Foreign currency translation adjustment		(5,916)	(4,028)	(38)
Share of other comprehensive income of entities accounted for using equity method		711	(336)	(3)
Total other comprehensive income	*1	1,942	*1	(64)
Comprehensive income		104,525	134,090	1,265
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		104,517	132,655	1,251
Comprehensive income attributable to non-controlling interests		8	1,434	13

(iii) Consolidated statements of changes in equity
 Previous fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,065	13,256	1,401,359	(250,563)	1,174,118
Changes of items during period					
Dividends of surplus			(14,415)		(14,415)
Profit attributable to owners of parent			102,574		102,574
Purchase of treasury shares				(38)	(38)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	88,159	(38)	88,121
Balance at end of current period	10,065	13,256	1,489,518	(250,601)	1,262,239

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	11,909	(25,250)	(13,341)	124	1,160,901
Changes of items during period					
Dividends of surplus					(14,415)
Profit attributable to owners of parent					102,574
Purchase of treasury shares					(38)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity	7,004	(5,061)	1,942	8	1,950
Total changes of items during period	7,004	(5,061)	1,942	8	90,071
Balance at end of current period	18,913	(30,312)	(11,399)	132	1,250,972

Current fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,065	13,256	1,489,518	(250,601)	1,262,239
Changes of items during period					
Dividends of surplus			(64,868)		(64,868)
Profit attributable to owners of parent			139,590		139,590
Purchase of treasury shares				(1,903)	(1,903)
Disposal of treasury shares		485		1,825	2,311
Net changes of items other than shareholders' equity					
Total changes of items during period	—	485	74,722	(77)	75,129
Balance at end of current period	10,065	13,742	1,564,240	(250,679)	1,337,369

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	18,913	(30,312)	(11,399)	132	1,250,972
Changes of items during period					
Dividends of surplus					(64,868)
Profit attributable to owners of parent					139,590
Purchase of treasury shares					(1,903)
Disposal of treasury shares					2,311
Net changes of items other than shareholders' equity	(2,510)	(4,424)	(6,935)	4,407	(2,527)
Total changes of items during period	(2,510)	(4,424)	(6,935)	4,407	72,602
Balance at end of current period	16,402	(34,736)	(18,334)	4,540	1,323,574

Current fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	94	125	14,052	(2,364)	11,907
Changes of items during period					
Dividends of surplus			(611)		(611)
Profit attributable to owners of parent			1,316		1,316
Purchase of treasury shares				(17)	(17)
Disposal of treasury shares		4		17	21
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4	704	(0)	708
Balance at end of current period	94	129	14,756	(2,364)	12,616

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	178	(285)	(107)	1	11,801
Changes of items during period					
Dividends of surplus					(611)
Profit attributable to owners of parent					1,316
Purchase of treasury shares					(17)
Disposal of treasury shares					21
Net changes of items other than shareholders' equity	(23)	(41)	(65)	41	(23)
Total changes of items during period	(23)	(41)	(65)	41	684
Balance at end of current period	154	(327)	(172)	42	12,486

(iv) Consolidated statements of cash flows

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Cash flows from operating activities			
Profit before income taxes	114,730	201,090	1,897
Depreciation	8,366	9,064	85
Increase (decrease) in allowance for doubtful accounts	23	(513)	(4)
Increase (decrease) in net defined benefit liability	(4,053)	(2,125)	(20)
Interest and dividend income	(6,904)	(10,116)	(95)
Foreign exchange losses (gains)	6,066	6,434	60
Loss (gain) on sales of short-term and long-term investment securities	(64,617)	(411)	(3)
Share of loss (profit) of entities accounted for using equity method	(20,271)	(10,318)	(97)
Decrease (increase) in notes and accounts receivable - trade	(65,706)	51,585	486
Decrease (increase) in inventories	(155)	(107,454)	(1,013)
Increase (decrease) in notes and accounts payable - trade	51,528	9,368	88
Increase (decrease) in accrued consumption taxes	1,212	(354)	(3)
Other, net	9,231	22,650	213
Subtotal	29,451	168,901	1,593
Interest and dividend income received	6,332	10,585	99
Interest expenses paid	(1)	(10)	(0)
Income taxes paid	(16,680)	(27,267)	(257)
Net cash provided by (used in) operating activities	19,101	152,208	1,435
Cash flows from investing activities			
Payments into time deposits	(537,674)	(534,832)	(5,045)
Proceeds from withdrawal of time deposits	500,936	590,660	5,572
Purchase of property, plant and equipment and intangible assets	(10,458)	(9,609)	(90)
Proceeds from sales of property, plant and equipment and intangible assets	544	984	9
Purchase of short-term and long-term investment securities	(680,408)	(552,785)	(5,214)
Proceeds from sales and redemption of short-term and long-term investment securities	804,571	567,484	5,353
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	*2 2,735	25
Other, net	(7,992)	(3,251)	(30)
Net cash provided by (used in) investing activities	69,518	61,387	579
Cash flows from financing activities			
Cash dividends paid	(14,384)	(64,829)	(611)
Purchase of treasury shares	(38)	(78)	(0)
Proceeds from sales of shares of parent held by subsidiaries	—	3,609	34
Other, net	(12)	(13)	(0)
Net cash provided by (used in) financing activities	(14,435)	(61,311)	(578)
Effect of exchange rate change on cash and cash equivalents	(1,306)	1,222	11
Net increase (decrease) in cash and cash equivalents	72,878	153,506	1,448
Cash and cash equivalents at beginning of period	258,095	330,974	3,122
Cash and cash equivalents at end of period	*1 330,974	*1 484,480	4,570

Notes to Consolidated Financial Statements

Significant matters forming the basis of preparing the consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 25 companies
The names of significant consolidated subsidiaries are omitted because they are provided in “I. Overview of the Company, 3. Subsidiaries and associates.”
Nintendo Network Services Inc. was excluded from the scope of consolidation from the consolidated fiscal year ended March 31, 2018, since its liquidation had been completed. Nintendo Sales Co., Ltd. was included in the scope of consolidation from the consolidated fiscal year ended March 31, 2018 following the acquisition of its shares.
- (2) The unconsolidated subsidiary is as follows:
Fukuei Co., Ltd.
The above is unconsolidated because it is a small-scale company and does not have a material impact on the consolidated financial statements with respect to total assets, net sales, profit or loss, retained earnings, etc.

2. Application of the equity method

- (1) Number of associates accounted for under the equity method: following four companies
Name of associates accounted for under the equity method
The Pokémon Company, WARPSTAR, Inc., PUX Corporation, and First Avenue Entertainment, LLLP
- (2) The company among the unconsolidated subsidiaries not accounted for under the equity method is Fukuei Co., Ltd., and the company among the associates not accounted for under the equity method is Ape Inc. This is because the impact each of said companies has on profit or loss, retained earnings, etc., is negligible, and it is immaterial as a whole.
- (3) With respect to associates accounted for under the equity method whose account closing dates differ from the consolidated account closing date, the financial statements of each of the companies, either based on their fiscal year or based on provisional accounts closing, are incorporated.

3. Year-ends of consolidated subsidiaries

Of consolidated subsidiaries, Nintendo Phuten Co., Ltd., iQue (China) Ltd., Nintendo RU LLC. and two other subsidiaries close accounts on December 31 every year.

As the difference between closing dates is within three months, the above subsidiaries were accounted for based on the financial statements as of the account closing date of each subsidiary. Necessary adjustments were made to the consolidated financial statements to reflect any significant transactions that took place between their account closing dates and the consolidated account closing date.

4. Accounting procedures

- (1) Valuation basis and method for important assets
 - (i) Securities
For held-to-maturity debt securities, the amortized cost method (straight-line method) is used. For other securities with market quotations, the market price method based on the market price, etc., on the account closing date is used (valuation difference is reported as a component of net assets and the cost of sales is calculated using the moving average method), and securities without market quotations are stated at cost using the moving-average method.
 - (ii) Derivatives
The fair value method is applied.
 - (iii) Inventories
They are mainly stated at cost using the moving-average method (the figures shown in the balance sheets have been calculated by writing them down based on decline in profitability).

(2) Depreciation and amortization methods of significant depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets):

The Company and its domestic consolidated subsidiaries apply the declining balance method, but certain tools, furniture and fixtures are subject to depreciation based on their useful lives in line with their commercial obsolescence. However, the straight-line method is applied for buildings, except for accompanying facilities, acquired on April 1, 1998 or thereafter and for facilities attached to buildings and structures acquired on April 1, 2016, and thereafter. Overseas consolidated subsidiaries apply the straight-line method based on the estimated economic useful lives.

Useful lives of main assets are as follows:

Buildings and structures	3-60 years
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(ii) Intangible assets (excluding leased assets):

Intangible assets are amortized using the straight-line method. Software for internal use is amortized over the estimated internal useful life (principally five years).

(iii) Leased assets

Leased assets in finance lease transactions that do not transfer ownership

The straight-line method with no residual value is applied, regarding the lease term as useful life.

(3) Accounting for significant reserves

(i) Allowance for doubtful accounts

The Company and its domestic consolidated subsidiaries provide the allowance for doubtful accounts based on the historical analysis of loss experience for general receivables and on individual evaluations of uncollectible amounts for specific receivables including doubtful accounts. Overseas consolidated subsidiaries provide the allowance for doubtful accounts based on the individual evaluation of uncollectible amount for each of receivables.

(ii) Provision for bonuses

The Company and certain consolidated subsidiaries provide the reserve for the estimated amount of bonuses to be paid to the employees.

(4) Accounting method for retirement benefit liability

(i) Periodic allocation method for estimated benefit obligation

Upon calculating the retirement benefit obligations, the estimated benefit obligation is attributed to periods up until the end of the fiscal year ended March 31, 2018, on a benefit formula basis.

(ii) Amortization method for actuarial gains and losses and past service cost

Actuarial gains and losses and past service cost are processed collectively in the year in which they are incurred.

(iii) Application of simple method at small enterprises, etc.

Some consolidated subsidiaries apply a simple method including a method in which an estimated amount required to be paid for voluntary retirement benefits at the end of the fiscal year is deemed as the retirement benefit obligations in the calculations of net defined benefit liability and retirement benefit expenses.

Assets in the Company's defined benefit corporate pension plan are recorded as "Net defined benefit asset" under investments and other assets as the plan assets exceeded the retirement benefit obligations.

(5) Standards of translation into yen of significant assets or liabilities denominated in foreign currencies

All the monetary receivables and payables of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen based on the spot rate of exchange in the foreign exchange market on the respective account closing dates. The foreign exchange gains and losses from translation are recognized in the accompanying consolidated statements of income. Assets or liabilities of overseas consolidated subsidiaries, etc. are translated into yen based on the spot rate of exchange in the foreign exchange market on the account closing date, while revenue and expenses are translated into yen based on the average rate of exchange for the fiscal year. The differences resulting from such translations are included in "Foreign currency translation adjustment" under net assets.

(6) Scope of cash and cash equivalents in the consolidated statements of cash flow

"Cash and cash equivalents" include cash on hand, time deposit which can be withdrawn on demand and

short-term investments, with little risk of fluctuation in value and maturity of three months or less of the acquisition date, which are promptly convertible to cash.

(7) Other important matters in preparing the consolidated financial statements

Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(Accounting standards, etc. yet to be applied)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018)

(1) Description

This is a comprehensive accounting standard for revenue recognition. Revenue will be recognized by applying the following five steps.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations within the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the contractual performance obligations.

Step 5: Recognize revenue when the performance obligations have been fulfilled or as the performance obligations are fulfilled over time.

(2) Scheduled application date

The Accounting Standard and Implementation Guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of Accounting Standard and Implementation Guidance

The amount of impact is being evaluated at the time of preparation of these consolidated financial statements.

Notes to consolidated balance sheets

*1. Inventories as of March 31, 2017 and 2018 were as follows:

	Previous fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)	
Finished goods	¥	35,824 million	¥	129,483 million USD 1,221 million
Work in process		117		63 0
Raw materials and supplies	¥	3,187 million	¥	12,248 million USD 115 million

*2. Accumulated depreciation of property, plant and equipment as of March 31, 2017 and 2018 were as follows:

	Previous fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)	
Accumulated depreciation	¥	67,257 million	¥	68,609 million USD 647 million

*3. Investments in unconsolidated subsidiaries and associates as of March 31, 2017 and 2018 were as follows:

	Previous fiscal year (As of March 31, 2017)		Current fiscal year (As of March 31, 2018)	
Investment securities	¥	25,264 million	¥	34,219 million USD 322 million

Notes to consolidated statements of income

***1. The ending inventory balance is the amount after write-down of book value due to decline in profitability, and the loss on valuation of inventories included in cost of sales for the years ended March 31, 2017 and 2018 were as follows:**

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Loss on valuation of inventories	¥ 3,142 million	¥ 4,832 million USD 45 million

***2. The major items of selling, general and administrative expenses for the years ended March 31, 2017 and 2018 were as follows:**

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Advertising expenses	¥ 48,726 million	¥ 72,616 million USD 685 million
Research and development expenses	59,171	63,999 603
Salaries, allowances and bonuses	20,471	24,993 235
Depreciation	5,325	5,146 48
Retirement benefit expenses	192	3,692 34
Provision for bonuses	590	1,178 11
Provision of allowance for doubtful accounts	¥ (94) million	¥ (5) million USD (0) million

***3. Research and development expenses included in general and administrative expenses and manufacturing costs for the years ended March 31, 2017 and 2018 were as follows:**

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Research and development expenses	¥ 59,197 million	¥ 64,032 million USD 604 million

***4. Gain on sales of non-current assets for the years ended March 31, 2017 and 2018 were as follows:**

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Land	¥ 175 million	Land ¥ 818 million USD 7 million
Machinery, equipment and vehicles	6	Buildings and structures 2 0
Tools, furniture and fixtures	4	
Total	¥ 185 million	¥ 821 million USD 7 million

***5. Loss on disposal of non-current assets for the years ended March 31, 2017 and 2018 were as follows:**

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Buildings and structures	¥275 million	Buildings and structures ¥350 million USD 3 million
Tools, furniture and fixtures	33	Tools, furniture and fixtures 7 0
Machinery, equipment and vehicles	19	Software 7 0
Total	¥328 million	Total ¥366 million USD 3 million

*6. Restructuring loss

Restructuring loss primarily consisted of extraordinary severance payment expenses associated with the restructuring of business in Australia.

Notes to consolidated statements of comprehensive income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥ 8,454 million	¥ (3,084) million	USD (29) million
Reclassification adjustments	1,645	(426)	(4)
Amount before tax effects	10,100	(3,510)	(33)
Tax effects	(2,953)	1,020	9
Valuation difference on available-for-sale securities	7,147	(2,490)	(23)
Foreign currency translation adjustment:			
Amount arising during the fiscal year	(5,916)	(4,028)	(38)
Foreign currency translation adjustment	(5,916)	(4,028)	(38)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the fiscal year	711	(336)	(3)
Total other comprehensive income	¥ 1,942 million	¥ (6,855) million	USD (64) million

Notes to consolidated statements of changes in equity

Previous fiscal year (From April 1, 2016 to March 31, 2017)

1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common shares	141,669,000	–	–	141,669,000

2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common shares	21,539,677	1,664	–	21,541,341

(Summary of causes of changes)

The increase is from acquisitions in line with purchase requests for shares less than one unit.

3. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2016	Common shares	¥14,415 million	¥120	March 31, 2016	June 30, 2016

(2) Dividend payments for which the record date is in the fiscal year ended March 31, 2017 and the effective date is in the following fiscal year

Resolution	Type of share	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2017	Common shares	¥51,654 million	Retained earnings	¥430	March 31, 2017	June 30, 2017

Current fiscal year (From April 1, 2017 to March 31, 2018)

1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common shares	141,669,000	–	–	141,669,000

2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common shares	21,541,341	72,563	70,673	21,543,231

(Summary of causes of changes)

Increase in treasury shares consisted of: an increase of 1,917 shares from acquisitions in line with buyback requests for shares less than one unit; and an increase of 70,646 shares involving shares of the parent company held by a subsidiary included in the scope of consolidation in the fiscal year ended March 31, 2018.

Decrease in treasury shares consisted of: a decrease in 27 shares from sales in line with selling requests for shares less than one unit; and a decrease of 70,646 shares from sales of shares of the parent company held by a consolidated subsidiary.

3. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2017	Common shares	¥51,654 million	¥430	March 31, 2017	June 30, 2017
Meeting of Board of Directors held on October 30, 2017	Common shares	¥13,213 million	¥110	September 30, 2017	December 1, 2017

(2) Dividend payments for which the record date is in the fiscal year ended March 31, 2018, and the effective date is in the following fiscal year

Resolution	Type of share	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2018	Common shares	¥57,660 million [USD 543 million]	Retained earnings	¥480 [USD 4.52]	March 31, 2018	June 29, 2018

Notes to consolidated statements of cash flow

*1. The reconciliations of cash and cash equivalents at end of period with the amount presented in the consolidated balance sheets for the years ended March 31, 2017 and 2018 were as follows:

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
Cash and deposits	¥ 662,763 million	¥ 744,555 million	USD 7,024 million
Time deposits with maturity of more than three months	(362,801)	(307,509)	(2,901)
Short-term investments with maturity of three months or less	31,011	47,434	447
Cash and cash equivalents	¥ 330,974 million	¥ 484,480 million	USD 4,570 million

*2. The breakdown of assets and liabilities at the time of commencement of consolidation associated with newly including Nintendo Sales Co., Ltd. into the scope of consolidation as a result of acquisition of its shares and the relationship between the acquisition price of its shares and net proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation are as follows.

Current assets	¥24,440 million	USD 230 million
Non-current assets	4,382	41
Current liabilities	(19,720)	(186)
Non-current liabilities	(192)	(1)
Gain on bargain purchase	(1,406)	(13)
Non-controlling interests	(2,973)	(28)
Acquisition price of shares of Nintendo Sales Co., Ltd.	4,530	42
Cash and cash equivalents of Nintendo Sales Co., Ltd.	(7,265)	(68)
Net: Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	¥2,735 million	USD 25 million

Lease transactions

1. Finance lease transactions

Information of finance leases as of March 31, 2017 and 2018 were omitted as they are immaterial.

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
Due within one year	¥ 1,278 million	¥ 1,351 million	USD 12 million
Due after one year	5,810	4,799	45
Total	¥ 7,089 million	¥ 6,151 million	USD 58 million

Financial instruments

1. Condition of financial instruments

(1) Policy for measures relating to financial instruments

Nintendo (the Company and its consolidated subsidiaries) invests its funds in highly safe financial assets such as deposits. Nintendo utilizes derivatives to reduce risk as described below and for the purpose of improving the investment yield on short-term financial assets, and does not enter into transactions for speculative purposes.

(2) Details of financial instruments, related risks, and risk management system

Notes and accounts receivable - trade are exposed to credit risk from customers. In order to reduce this risk, Nintendo monitors the financial position and transaction history, assesses creditworthiness and sets a transaction limit for each customer. Since bonds included in securities and investment securities are mainly those that are held to maturity and issued by financial institutions that have high creditworthiness, the credit risk is minimal. Such bonds are also subject to foreign currency exchange risk and market risk. Nintendo closely monitors the market price of such bonds and the financial position of the issuer and reviews their status on a regular basis. Stocks included in investment securities are mainly those of companies with which the Company has business relationships. These stocks are exposed to market risk, but the balance held is immaterial.

Notes and accounts payable - trade and income taxes payable are all due within one year.

Derivative transactions include foreign exchange forward contracts, non-deliverable forward contracts and currency option contracts etc. to reduce risk of exchange rate fluctuations arising from deposits and trade receivables denominated in foreign currencies. These transactions are conducted by the Finance Department of the Company and the departments in charge of financial matters of its consolidated subsidiaries after securing approval from the president or the executive officer in charge within limits such as the balance of foreign currency deposits. The status of derivative transactions is reported to the executive officer in charge and the Board of Directors on a regular basis. Since counterparties of such transactions are limited to financial institutions that have high creditworthiness, Nintendo judges that risk due to default is minimal.

(3) Supplementary explanation regarding fair values of financial instruments

The fair values of financial instruments include values based on market prices and reasonably measured values when market prices are unavailable. As variable factors are incorporated into the measurement of such values, the values may vary depending on the assumptions used. In addition, the contract amounts of the derivative transactions described in "Derivative transactions" do not represent the market risk of derivative transactions.

2. Fair value of financial instruments

The book value on the consolidated balance sheets, fair value, and differences between them as of March 31, 2017 and 2018 were as follows:

Previous fiscal year (As of March 31, 2017)

(Millions of yen)			
	Book value	Fair value	Difference
Cash and deposits	662,763	662,763	–
Notes and accounts receivable - trade	106,054	106,054	–
Short-term and long-term investment securities			
Held-to-maturity debt securities	172,144	172,134	(9)
Other securities	242,159	242,159	–
Total assets	1,183,122	1,183,113	(9)
Notes and accounts payable - trade	104,181	104,181	–
Income taxes payable	11,267	11,267	–
Total liabilities	115,448	115,448	–
Derivatives	(286)	(286)	–

Current fiscal year (As of March 31, 2018)

(Millions of yen)			
	Book value	Fair value	Difference
Cash and deposits	744,555	744,555	–
Notes and accounts receivable - trade	69,829	69,829	–
Short-term and long-term investment securities			
Held-to-maturity debt securities	170,046	170,021	(24)
Other securities	236,081	236,081	–
Total assets	1,220,512	1,220,487	(24)
Notes and accounts payable - trade	138,015	138,015	–
Income taxes payable	43,390	43,390	–
Total liabilities	181,406	181,406	–
Derivatives	(1,258)	(1,258)	–

(Millions of dollars)			
	Book value	Fair value	Difference
Cash and deposits	7,024	7,024	–
Notes and accounts receivable - trade	658	658	–
Short-term and long-term investment securities			
Held-to-maturity debt securities	1,604	1,603	(0)
Other securities	2,227	2,227	–
Total assets	11,514	11,514	(0)
Notes and accounts payable - trade	1,302	1,302	–
Income taxes payable	409	409	–
Total liabilities	1,711	1,711	–
Derivatives	(11)	(11)	–

(Notes) 1. Fair value measurement of financial instruments and matters relating to securities and derivative transactions

Cash and deposits, notes and accounts receivable - trade

As these items are settled in a short period of time, their book values approximate their fair values. Consequently, their fair values are based on their book values.

Short-term and long-term investment securities

The fair value of stocks is based on their prices on the securities exchanges. The fair values of bonds are based on their prices provided by correspondent financial institutions. Securities classified by purpose of holding are described in "Securities."

Notes and accounts payable - trade and income taxes payable

As these items are settled in a short period of time, their book values approximate their fair values. Consequently, their fair values are based on their book values.

Derivative transactions

Assets and liabilities arising from derivative transactions are shown on a net basis. The items that are net liabilities are shown in the parentheses.

Matters regarding fair value measurement method and derivative transactions by type of transaction target are provided in "Derivative transactions."

2. Consolidated balance sheets amounts of financial instruments for which the fair value is deemed extremely difficult to determine

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
Unlisted stocks	¥26,967 million	¥35,841 million	USD 338 million

These unlisted stocks which do not have market prices and of which future cash flow cannot be estimated are not included in "Short-term and long-term investment securities," since the estimation of the fair value is deemed to be extremely difficult.

3. Redemption schedule for monetary receivables and securities with maturity subsequent to the consolidated account closing date

Previous fiscal year (As of March 31, 2017)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	662,763	—	—
Notes and accounts receivable - trade	106,054	—	—
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	134,022	—	—
Money held in trust	13,000	—	—
Corporate and government bonds	25,121	—	—
Other securities with maturity			
Certificate of deposits	3,663	—	—
Corporate and government bonds	107,374	47,038	—
Other	1,137	16,128	4,118
Total	1,053,137	63,167	4,118

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	744,555	—	—
Notes and accounts receivable - trade	69,829	—	—
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	136,664	—	—
Money held in trust	13,000	—	—
Corporate and government bonds	20,374	—	—
Other securities with maturity			
Certificate of deposits	4,568	4,764	—
Corporate and government bonds	68,832	78,571	—
Other	4,526	14,255	1,085
Total	1,062,351	97,591	1,085

(Millions of dollars)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	7,024	–	–
Notes and accounts receivable - trade	658	–	–
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	1,289	–	–
Money held in trust	122	–	–
Corporate and government bonds	192	–	–
Other securities with maturity			
Certificate of deposits	43	44	–
Corporate and government bonds	649	741	–
Other	42	134	10
Total	10,022	920	10

Securities

1. Held-to-maturity debt securities

Previous fiscal year (As of March 31, 2017)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	3,000	3,001	1
Securities whose fair value does not exceed their book value on the consolidated balance sheets	169,144	169,133	(10)
Total	172,144	172,134	(9)

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	—	—	—
Securities whose fair value does not exceed their book value on the consolidated balance sheets	170,046	170,021	(24)
Total	170,046	170,021	(24)

(Millions of dollars)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	—	—	—
Securities whose fair value does not exceed their book value on the consolidated balance sheets	1,604	1,603	(0)
Total	1,604	1,603	(0)

2. Other securities

Previous fiscal year (As of March 31, 2017)

(Millions of yen)

	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	54,765	27,835	26,930
Debt securities	96,937	96,365	572
Other	10,499	10,320	179
Sub-total	162,202	134,520	27,681
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	977	1,129	(152)
Debt securities	78,922	79,842	(920)
Other	58	58	—
Sub-total	79,957	81,029	(1,072)
Total	242,159	215,549	26,609

Current fiscal year (As of March 31, 2018)

(Millions of yen)

	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	53,617	28,920	24,696
Debt securities	54,420	54,384	35
Other	9,103	8,842	260
Sub-total	117,140	92,147	24,993
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	908	1,370	(462)
Debt securities	112,797	114,142	(1,344)
Other	5,235	5,237	(2)
Sub-total	118,940	120,750	(1,809)
Total	236,081	212,897	23,183

(Millions of dollars)

	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	505	272	232
Debt securities	513	513	0
Other	85	83	2
Sub-total	1,105	869	235
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	8	12	(4)
Debt securities	1,064	1,076	(12)
Other	49	49	(0)
Sub-total	1,122	1,139	(17)
Total	2,227	2,008	218

3. Other securities sold during the fiscal years ended March 31, 2017 and 2018

Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	185,330	36	(9)
Other	29,143	27	(0)
Total	214,473	63	(9)

Current fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	121,409	21	(98)
Other	45,709	490	(2)
Total	167,119	512	(100)

(Millions of dollars)

	Amount sold	Total gain	Total loss
Debt securities	1,145	0	(0)
Other	431	4	(0)
Total	1,576	4	(0)

4. Securities subject to booking of impairment loss

Previous fiscal year (from April 1, 2016 to March 31, 2017)
Not applicable.

Current fiscal year (from April 1, 2017 to March 31, 2018)
Information on securities subject to booking of impairment loss was omitted as they are immaterial.

Derivative transactions

Derivative contracts not qualifying for hedge accounting

Currencies

Previous fiscal year (As of March 31, 2017)

(Millions of yen)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian Dollar	4,575	–	2	2
	Selling British Pound	1,382	–	(17)	(17)
	Currency options				
	Written call options				
	Euro [Premium]	12,758 [212]	– [-]	156	55
	Purchased put options				
Euro [Premium]	7,415 [11]	– [-]	12	1	
	Currency swaps				
	Receiving Japanese Yen /paying US Dollar	11,414	–	(127)	(127)
	Total	–	–	–	(85)

Current fiscal year (As of March 31, 2018)

(Millions of yen)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian Dollar	2,214	–	17	18
	Selling British Pound	8,692	–	(102)	(102)
	Currency options				
	Written call options				
	Euro [Premium]	9,912 [12]	– [-]	3	8
	Australian Dollar [Premium]	1,637 [5]	– [-]	8	(3)
Purchased put options					
Euro [Premium]	6,608 [18]	– [-]	14	(3)	
	Currency swaps				
	Receiving Japanese Yen /paying US Dollar	22,493	–	(1,174)	(1,174)
	Total	–	–	–	(1,257)

(Millions of dollars)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian Dollar	20	–	0	0
	Selling British Pound	82	–	(0)	(0)
	Currency options				
	Written call options				
	Euro [Premium]	93 [0]	– [–]	0	0
	Australian Dollar [Premium]	15 [0]	– [–]	0	(0)
	Purchased put options				
	Euro [Premium]	62 [0]	– [–]	0	(0)
	Currency swaps				
Receiving Japanese Yen /paying US Dollar	212	–	(11)	(11)	
	Total	–	–	–	(11)

- (Notes) 1. The fair value as of March 31, 2017 and 2018 is calculated based on price quoted by correspondent financial institutions.
2. Amounts presented in square parentheses [] above are option premiums.

Retirement benefits

1. Summary of retirement benefit plans adopted

The Company has a defined benefit corporate pension plan and a lump-sum severance payment plan which are defined benefit plans. Certain consolidated subsidiaries have defined contribution plans as well as defined benefit plans. The Company and certain consolidated subsidiaries may also pay extra retirement allowance to employees. Certain consolidated subsidiaries adopt a simple method to calculate retirement benefit obligation.

2. Defined benefit plans

- (1) Reconciliation between beginning balance and ending balance of retirement benefit obligations (excluding those under the plan in which a simple method is applied)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit obligations	49,780	49,916	470
Current service costs	3,046	2,627	24
Interest cost	957	1,087	10
Actuarial gains and losses	9	1,262	11
Retirement benefits paid	(1,062)	(2,151)	(20)
Prior service cost accrued	(2,654)	–	–
Foreign currency translation difference	(160)	(1,488)	(14)
Ending balance of retirement benefit obligations	49,916	51,253	483

(2) Reconciliation between beginning balance and ending balance of plan assets (excluding those under the plan in which a simple method is applied)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of plan assets	33,548	38,616	364
Expected return on assets	1,685	1,706	16
Actuarial gains and losses	(156)	207	1
Contribution by the business operator	4,427	5,168	48
Retirement benefits paid	(974)	(1,994)	(18)
Foreign currency translation difference	86	(929)	(8)
Ending balance of plan assets	38,616	42,774	403

(3) Reconciliation between beginning balance and ending balance of net defined benefit liability under the plan in which a simple method is applied

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of net defined benefit liability	221	263	2
Retirement benefit expenses	51	79	0
Retirement benefit payment	(2)	(23)	(0)
Contribution into plan	(7)	(39)	(0)
Other	–	(82)	(0)
Foreign currency translation difference	(0)	(0)	(0)
Ending balance of net defined benefit liability	263	199	1

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and net defined benefit liability and net defined benefit asset recorded in consolidated balance sheets

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Retirement benefit obligations for funded plans	36,542	38,927	367
Plan assets	(38,672)	(43,329)	(408)
	(2,130)	(4,401)	(41)
Retirement benefit obligations for unfunded plans	13,694	13,079	123
Net amounts of liabilities and assets recorded in consolidated balance sheets	11,564	8,678	81
Net defined benefit liability	19,245	16,609	156
Net defined benefit asset	(7,680)	(7,931)	(74)
Net amounts of liabilities and assets recorded in consolidated balance sheets	11,564	8,678	81

(Note) Includes those under the plan in which a simple method is applied.

(5) Retirement benefit expenses and their breakdown

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Current service costs	3,098	2,707	25
Interest cost	957	1,087	10
Expected return on assets	(1,685)	(1,706)	(16)
Amortization of actuarial gains and losses treated as expenses	166	1,055	9
Prior service cost recognized as cost	(2,654)	–	–
Severance payment expenses	73	–	–
Other	216	56	0
Retirement benefit expenses for defined benefit plan	171	3,199	30

(Note) Retirement benefit expenses of consolidated subsidiaries applying a simple method are recorded in “Current service costs.”

(6) Plan assets

a. Main components of plan assets

The ratios of components to plan assets by major category are as follows.

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
Stocks		34%	27%
Bonds		56	61
Other		10	12
Total		100%	100%

b. Method for establishing expected long-term return rate on plan assets

In order to determine expected long-term return rate on plan assets, the present as well as expected future allocation of plan assets, along with the present as well as expected long-term rate of return on various assets comprising plan assets, are considered.

(7) Matters concerning the basis for actuarial calculation

The main calculation bases for actuarial gains or losses are as follows.

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Discount rate	0.6% to 3.9%	0.5% to 3.9%
Expected long-term return rate on plan assets	3.9% to 7.0%	2.4% to 5.5%

3. Defined contribution plans

The amount of contribution required for the defined contribution plans at certain consolidated subsidiaries was ¥1,141 million for the year ended March 31, 2017 and ¥2,042 million (USD 19 million) for the year ended March 31, 2018.

Income taxes

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)	
Deferred tax assets			
Research and development expenses	¥ 29,663 million	¥ 30,758 million	USD 290 million
Unrealized intra-group profit and write-downs on inventory	3,123	9,898	93
Accounts payable - other and accrued expenses	5,015	6,503	61
Excess depreciation of deferred assets	5,269	6,003	56
Revenue recognition for tax purposes	4,637	4,476	42
Net defined benefit liability	5,802	3,814	35
Other	20,984	10,221	96
Deferred tax assets subtotal	74,496	71,676	676
Valuation allowance	(1,551)	(743)	(7)
Total deferred tax assets	72,944	70,933	669
Deferred tax liabilities			
Undistributed retained earnings of subsidiaries and associates	(9,643)	(11,573)	(109)
Valuation difference on available-for-sale securities	(7,981)	(7,298)	(68)
Other	(6,060)	(4,406)	(41)
Total deferred tax liabilities	(23,685)	(23,279)	(219)
Net deferred tax assets	¥ 49,259 million	¥ 47,654 million	USD 449 million

2. Significant factors in the difference between the statutory tax rate and effective tax rate

	Previous fiscal year (As of March 31, 2017)	Current fiscal year (As of March 31, 2018)
Statutory tax rate	30.8%	—
(Reconciliations)		
Different tax rates applied to the consolidated subsidiaries	5.0	—
Foreign tax credit on retained earnings of the overseas consolidated subsidiaries	2.4	—
Effect of unrecognized tax effect on unrealized gains	(0.8)	—
Effect of profit and loss of the associates accounted for using equity method	(5.7)	—
Valuation allowances	(22.0)	—
Other	0.9	—
Effective tax rate after tax effect accounting	10.6%	—

(Note) The difference between the statutory tax rate and the effective tax rate after tax effect accounting in the fiscal year ended March 31, 2018 is omitted as it was no more than 5% of the statutory tax rate.

3. Adjustment of amount of deferred tax assets and deferred tax liabilities due to change in income tax rate

As the U.S. tax reform bill “Tax Cuts and Jobs Act” was enacted on December 22, 2017, the statutory tax rate used in calculating deferred tax assets and deferred tax liabilities of consolidated subsidiaries in the U.S. in the fiscal year ended March 31, 2018 was changed to mainly 24.31% (from mainly 37.66% in the fiscal year ended March 31, 2017) with respect to temporary differences, etc. that are expected to be collected or paid in the consolidated fiscal year(s) commencing on or after April 1, 2018.

This has resulted in a decrease in the amount of deferred tax assets (net of deferred tax liabilities) by ¥2,265 million (USD 21 million), an increase in the amount of valuation difference on available-for-sale securities by ¥17 million (USD 0 million), an increase in foreign currency translation adjustment by ¥101 million (USD 0 million), and an increase in income taxes - deferred by ¥2,384 million (USD 22 million).

Business combinations, etc.

Business combination by acquisition

(1) Description of business combination

The Company acquired the shares of JESNET Co. Ltd. (“JESNET”) on April 3, 2017 and turned it into its consolidated subsidiary in the first quarter of the fiscal year ended March 31, 2018.

(i) Name of acquired company and description of its business

Name of acquired company: JESNET Co. Ltd.

Description of business: Nintendo game systems, game system accessories, game software, card games, other amusement business

(ii) Main reason for conducting business combination

JESNET Co. Ltd. has been one of the largest-scale companies dedicated to handling Nintendo products in Japan for many years, selling mainly video game systems through its nationwide distribution network. This acquisition will unify Nintendo’s product development acumen with JESNET’s robust stocking and sales networks to form a supply structure that can meet consumer demand in a timely fashion. This means that Nintendo will have an integrated system from the development through supply of its products, allowing for rapid decision-making and an improvement in sales service. These steps are intended to strengthen the overall competitiveness of the Nintendo group and increase its corporate value.

(iii) Business combination date

April 3, 2017 (stock acquisition date)

April 1, 2017 (deemed acquisition date)

(iv) Legal form of business combination

Stock acquisition

(v) Name of company after acquisition

Nintendo Sales Co., Ltd.

(vi) Percentage of voting rights acquired

70%

(vii) Principal grounds on which company subject to acquisition was determined

The Company effectively took control of the acquired company as a result of the acquisition of its shares by the Company in exchange for cash.

(2) Period of business results of acquired company included in consolidated financial statements

From April 1, 2017 to March 31, 2018

(3) Acquisition cost of acquired company and breakdown of consideration by type

Consideration for acquisition: Cash ¥4,530 million (USD 42 million)

Acquisition cost: ¥4,530 million (USD 42 million)

(4) Description and amount of main acquisition-related expenses

Advisory fees, etc. ¥113 million (USD 1 million)

(5) Amount and cause of gain on bargain purchase

(i) Amount of gain on bargain purchase

¥1,406 million (USD 13 million)

(ii) Cause

As the market value of net assets exceeded the acquisition cost at the time of business combination, the difference was recognized as a gain on bargain purchase.

(6) Amount and breakdown of assets received and liabilities assumed on business combination date

Current assets	¥24,440 million (USD 230 million)
Non-current assets	¥4,382 million (USD 41 million)
Total assets	¥28,822 million (USD 271 million)
Current liabilities	¥19,720 million (USD 186 million)
Non-current liabilities	¥192 million (USD 1 million)
Total liabilities	¥19,912 million (USD 187 million)

(7) Estimate of amount of impact on consolidated statements of income for the fiscal year ended March 31, 2018 if business combination is assumed to have been completed on the first day of the fiscal year and calculation method thereof

This information was omitted as the deemed acquisition date is set at the first day of the fiscal year ended March 31, 2018.

Asset retirement obligations

Information of asset retirement obligations was omitted as its amount is immaterial.

Real estate for rent

Information of real estate for rent was omitted as its amount is immaterial.

Segment information, etc.

Segment information

The main business of Nintendo is developing, manufacturing, and distributing handheld and home console hardware systems and related software. Development and manufacturing of products for worldwide use are primarily done by the Company while distribution is done mainly by local subsidiaries. Nintendo operates as a single operating segment with single distribution channel and market for Nintendo's products and with each major subsidiary solely responsible for distributing. Decision for allocation of the management resources and evaluation of business results are made on a company-wide basis, not based on a product category or region basis. Therefore, segment information is omitted.

Related information

Previous fiscal year (From April 1, 2016 to March 31, 2017)

1. Information about products and services

(Millions of yen)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	247,949	110,951	130,194	489,095

2. Information by geographic areas

(1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		of which U.S.			
130,014	203,954	174,093	129,455	25,671	489,095

(Note) Net sales are categorized by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
64,195	21,576	787	86,558

(Note) Property, plant and equipment are categorized by country based on its location.

3. Information about major customers

Of sales to third parties, no major customer accounts for 10% or more of net sales in the consolidated financial statements of income.

Current fiscal year (From April 1, 2017 to March 31, 2018)

1. Information about products and services

(Millions of yen)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	188,269	753,409	114,003	1,055,682

(Millions of dollars)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	1,776	7,107	1,075	9,959

(Note) The previously used classification, i.e., “Nintendo 3DS Platform,” “Wii U Platform,” “Nintendo Switch Platform,” and “Other” was changed as presented above from the fiscal year ended March 31, 2018. Accordingly, “1. Information about products and services” of the previous fiscal year was reclassified.

2. Information by geographic areas

(1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		of which U.S.			
261,189	441,210	376,356	268,900	84,382	1,055,682

(Millions of dollars)

Japan	The Americas		Europe	Other	Total
		of which U.S.			
2,464	4,162	3,550	2,536	796	9,959

(Note) Net sales are categorized by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
63,626	19,503	796	83,926

(Millions of dollars)

Japan	U.S.	Other	Total
600	183	7	791

(Note) Property, plant and equipment are categorized by country based on its location.

3. Information about major customers

Of sales to third parties, no major customer accounts for 10% or more of net sales in the consolidated financial statements of income.

Information about impairment loss of non-current assets by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about amortized and unamortized balances of goodwill by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about gain on bargain purchase by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about related party

1. Related party transactions

Not applicable.

2. Note about significant associates

Summary financial information of significant associates

Summary financial information of all associates accounted for under the equity method (4 companies) including The Pokémon Company, a significant associate, for the fiscal year ended March 31, 2017, is as follows.

		Previous fiscal year	Current fiscal year	
Total current assets	(Millions of yen)	111,641	–	–
Total non-current assets	(Millions of yen)	34,935	–	–
Total current liabilities	(Millions of yen)	48,601	–	–
Total non-current liabilities	(Millions of yen)	41,322	–	–
Total net assets	(Millions of yen)	56,652	–	–
Net sales	(Millions of yen)	166,109	–	–
Profit before income taxes	(Millions of yen)	62,026	–	–
Profit	(Millions of yen)	42,045	–	–

- (Note) 1. The Company had designated The Pokémon Company as a significant associate from the fiscal year ended March 31, 2017 due to its increased materiality. The summary financial information of said company is included in the above.
2. Due to decreased materiality for the fiscal year ended March 31, 2018, statement is omitted.

Per share information

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
Net assets per share	¥10,412.59	¥10,980.45	USD 103.58
Profit per share	853.87	1,162.30	10.96

- (Notes) 1. Diluted profit per share is omitted as no residual securities were outstanding as of March 31, 2017 and 2018.
2. The basis of calculation of profit per share is as follows:

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)	
Profit attributable to owners of parent	¥102,574 million	¥ 139,590 million	USD 1,316 million
Amount not attributable to common shareholders	–	–	–
Profit attributable to owners of parent related to common shares	¥102,574 million	¥ 139,590 million	USD 1,316 million
Average number of shares (common shares)	120,128 thousand shares	120,098 thousand shares	–

Significant subsequent events

Not applicable.

- (v) Supporting schedules to the consolidated financial statements

Supplemental schedule of bonds

Not applicable.

Supplemental schedule of borrowings

Classification	Beginning balance	Ending balance	Average interest rate (%)	Payment due
Short-term loans payable	–	–	–	–
Long-term loans payable due within one year	–	–	–	–
Lease obligations due within one year	–	¥14 million [USD 0 million]	–	–
Long-term loans payable due after one year	–	–	–	–
Lease obligations due after one year	–	¥32 million [USD 0 million]	–	September 2019 – February 2022
Other interest-bearing liabilities	–	–	–	–
Total	–	¥46 million [USD 0 million]	–	–

(Note) 1. The average interest rates of lease obligations are omitted as the interest equivalents included in the total lease payments are allocated to each fiscal year by straight-line basis.

2. With respect to lease obligations due after one year, the scheduled annual repayment amount within five years from the consolidated account closing date is as follows.

	More than one year but no more than two years (Millions of yen)	More than two years but no more than three years (Millions of yen)	More than three years but no more than four years (Millions of yen)	More than four years but no more than five years (Millions of yen)
Lease obligations	14	14	3	—

Supplemental schedule of asset retirement obligations

The information was omitted as the amounts of asset retirement obligations as of the beginning and end of the fiscal year ended March 31, 2018 were less than or equal to a hundredth of the total of liabilities and net assets as of the beginning and end of the fiscal year ended March 31, 2018.

(2) Other

Quarterly information of the fiscal year ended March 31, 2018

(Millions of yen)				
(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	154,069	374,041	857,012	1,055,682
Profit before income taxes	31,363	71,208	196,375	201,090
Profit attributable to owners of parent	21,260	51,503	135,165	139,590
Profit per share (Yen)	177.09	428.94	1,125.53	1,162.30

(Millions of dollars)				
(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	1,453	3,528	8,085	9,959
Profit before income taxes	295	671	1,852	1,897
Profit attributable to owners of parent	200	485	1,275	1,316
Profit per share (Dollars)	1.67	4.04	10.61	10.96

(Yen)				
(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	177.09	251.84	696.45	36.84

(Dollars)				
(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	1.67	2.37	6.57	0.34

Corporate Information

Common Stock

Nintendo Co., Ltd. common stock is listed on the Tokyo Stock Exchange, Section 1.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders for the fiscal year ended March 31, 2018 was held on June 28, 2018 at Nintendo Co., Ltd. in Kyoto, Japan.

Independent Auditor

PricewaterhouseCoopers Kyoto
Kyoto, Japan

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For more information, please visit Nintendo's website.

President's Message

<https://www.nintendo.co.jp/ir/en/management/message.html>

Dividend Policy

https://www.nintendo.co.jp/ir/en/stock/dividend/index.html#haitou_houshin

Financial Data

<https://www.nintendo.co.jp/ir/en/sales/index.html>

Company History

<https://www.nintendo.co.jp/corporate/en/history/index.html>

CSR Report

<https://www.nintendo.co.jp/csr/en/index.html>