

# Nintendo's loses \$97m in three months

TOKYO, JAPAN: Japanese videogame manufacturer Nintendo posted a \$97 million quarterly net loss, with higher costs tied to sales of its Wii U console hurting into its bottom line as worldwide sales weakened.



Nintendo's Satoru Iwata slashed his salary by 50% in January to atone for the company's poor performance. But Nintendo still reported a loss of \$97m in the June quarter. Image: [Gamespek](#)

The shortfall comes after the firm logged its third year of operating losses, underscoring the challenges it from competing console manufacturers, Sony and Microsoft.

Nintendo, made famous by the Super Mario and Pokemon franchises, has fallen on hard times in recent years, piling up losses as rivals Sony and Microsoft outpaced it in console sales.

All three companies are also fighting off a trend toward cheap - or even free - downloadable games for smartphones and other mobile devices.

Kyoto-based Nintendo said its net loss for the three months to June came in at ¥9.92bn on sales of ¥74.70bn, down 8.4% compared with last year.

Nintendo said it sold 510,000 Wii U consoles globally in the quarter, well up from 160,000 units in the period last year.

It said the increase boost was largely due to the launch of the newest installment of its popular racing game, "Mario Kart 8", which sold 2.82m units in the quarter.

"'Mario Kart 8', with a good start in sales, has contributed to a gain in momentum for the Wii U platform business," the

company said.

"But we suffered an operating loss as marketing and other expenses dragged profits down moving Nintendo into the red, it said.

## **Demand for Wii U wanes sharply**

Lack-lustre demand for the Wii U saw the firm sell 2.72m units globally during the past fiscal year, less than a third of its earlier prediction for 9.0m and dealing a blow to hopes it would match the blockbuster success of the original Wii.

"Nintendo can't expect much from the Wii U since its performance has failed to match company forecasts," said Hideki Yasuda, an Analyst at Ace Research Institute in Tokyo. "The Christmas and year-end sales season is going to be crucial."

Despite the weak earnings, Nintendo left unchanged its forecast for a ¥20bn net profit on sales of ¥590 billion yen for the year to March 2015.

"For the year-end sales season, which is the biggest sales season of the year, we expect to expand sales by releasing key titles and launching new products," Nintendo's statement said.

Nintendo scratched its way back to net profit in 2012 thanks to a sharply weaker yen, which inflates Japanese firms' repatriated profits.

But the company booked a net loss in its latest fiscal year, as dismal sales of its Wii U console during the crucial Christmas holiday period dented results.

In January, company President Satoru Iwata said he would slash his salary in half for five months to atone for the downturn.

Among many key criticisms levelled at Nintendo has been its long-standing refusal to license some of its iconic brands for use on mobile applications.

Source: AFP via I-Net Bridge

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