



MEMBERSHIP

July 27, 2016

# CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.  
11-1 Hokotate-cho, Kamitoba,  
Minami-ku, Kyoto 601-8501  
Japan

## Consolidated Results for the Three Months Ended June 2015 and 2016

### (1) Consolidated operating results

(Amounts below one million yen are rounded down)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2016	61,969	(31.3)	(5,134)	-	(38,674)	-	(24,534)	-
Three months ended June 30, 2015	90,223	20.8	1,149	-	14,286	-	8,284	-

[Note]

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

	Net income per share
	yen
Three months ended June 30, 2016	(204.23)
Three months ended June 30, 2015	68.97

### (2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of June 30, 2016	1,214,642	1,093,719	90.0
As of March 31, 2016	1,296,902	1,160,901	89.5

## Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2016	-	30.00	-	120.00	150.00
Year ending March 31, 2017 (forecast)	-	- *	-	- *	150.00

[Note]

\*Dividends are paid twice a year after the end of the second quarter and at the fiscal year-end based on profit levels achieved in each fiscal year as our basic policy. As for the dividend forecast for the fiscal year ending March 31, 2017, only the annual dividend is described because the financial forecast for the year is prepared only on a full fiscal year basis and the dividend cannot be separately forecasted between the interim and the fiscal year-end.

## Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2017	500,000	(0.9)	45,000	36.9	45,000	56.3	35,000	112.1	291.35

[Note]

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

**Others**

- (1) Changes for important subsidiaries during the three-month period ended June 30, 2016 : Not applicable
- (2) Application of peculiar methods for accounting procedures : Applicable
- (3) Changes in accounting procedures:
- 1) Related to accounting standard revisions etc. : Applicable
  - 2) Other changes : Not applicable
  - 3) Changes in accounting estimates : Not applicable
  - 4) Modified restatements : Not applicable
- (4) Outstanding shares (common shares)
- ① Number of shares outstanding (including treasury shares)
 

As of June 30, 2016 :	141,669,000 shares	As of March 31, 2016 :	141,669,000 shares
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  - ② Number of treasury shares
 

As of June 30, 2016 :	21,539,978 shares	As of March 31, 2016 :	21,539,677 shares
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  - ③ Average number of shares
 

Three months ended June 30, 2016 :	120,129,162 shares	Three months ended June 30, 2015 :	120,111,875 shares
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## [Notes]

1. This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures for the financial statements are in progress.
2. Forecasts announced by the Company (Nintendo Co., Ltd.) referred to above were prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

## 1. Consolidated Operating Results

During the three-month period ended June 30, 2016, for Nintendo 3DS, *Kirby: Planet Robobot*, which was released globally, showed steady sales. In the U.S., *BRAVELY SECOND: END LAYER* was released, and in Europe, *Fire Emblem Fates: Birthright/Conquest* was released and both titles got off to a good start. As a result, the worldwide sales of Nintendo 3DS hardware and software were 0.94 million (7% decrease on a year-on-year basis) and 8.47 million units (7% increase on a year-on-year basis) respectively.

With respect to Wii U, in addition to titles such as *Star Fox Zero/Guard* and *Mario & Sonic at the Rio 2016 Olympic Games*, which were released globally, *Splatoon* and *Super Mario Maker* which were released during the prior fiscal year showed steady sales. The global sales of Wii U hardware and software were 0.22 million (53% decrease on a year-on-year basis) and 4.68 million units (3% increase on a year-on-year basis) respectively.

For amiibo, the figure-type and the card-type sales remained at approximately 1.70 million units and 1.30 million units respectively mainly due to a lack of new titles that are compatible with amiibo.

Download sales decreased year on year because sales of in-game downloadable content were down.

In addition to these results, due to foreign exchange rates being impacted by significant yen appreciation, net sales were 61.9 billion yen (of which overseas sales were 44.8 billion yen or 72.3% of the total sales) and operating loss was 5.1 billion yen. As a result of exchange losses totaling 35.0 billion yen due to the appreciation of the yen, ordinary loss was 38.6 billion yen and loss attributable to owners of parent was 24.5 billion yen.

## 2. Consolidated Financial Forecast

For Nintendo 3DS, we will release *Pokémon Sun/Pokémon Moon* globally in November. These are the latest titles from the Pokémon series, which has sold 200 million units worldwide since the first title from the series released 20 years ago. We will also release *Mario Party Star Rush* this fall. Furthermore, multiple titles from third-party publishers are also scheduled for release. With the release of these titles, we will re-energize our Nintendo 3DS business and aim to expand our reach globally to a broad audience, including female and younger consumer demographics.

The dedicated gaming platform, code-named "NX," which is currently under development and incorporates a brand-new concept, is scheduled for launch in March 2017 globally.

Furthermore, Nintendo will release Pokémon GO Plus, a peripheral for the mobile game app *Pokémon GO*(\*) developed and distributed by U.S.-based company Niantic, Inc. Pokémon GO Plus interacts with the app and lets players know when Pokémon are detected. In addition, Nintendo plans to launch a miniature replica of the Nintendo Entertainment System, which was a phenomenon in the 1980s, with 30 classic software titles pre-installed in overseas markets this November.

For our smart-device business, following *Miitomo*, which launched in March this year, we will release new apps such as *Fire Emblem* and *Animal Crossing*. By continuously introducing apps for smart devices, we aim to maximize the population that has access to Nintendo IP. Alongside creating new demand, we aim to increase the synergistic effect on Nintendo's dedicated game system business.

There is no revision to the consolidated financial forecast for this fiscal year, announced on April 27, 2016.

\*The Pokémon Company, which is Nintendo's affiliated company accounted for by using the equity method, is supporting Niantic, Inc. in the development and operations of *Pokémon GO*, and licensing the ownership rights of Pokémon.

## 3. Other Information

Application of peculiar methods for accounting procedures

With respect to certain consolidated subsidiaries, corporate income tax amount is calculated by taking the amount of income before income taxes through the three-month period ended June 30, 2016 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

Changes in accounting procedures related to accounting standard revisions etc.

Effective beginning the three-month period ended June 30, 2016, Nintendo has adopted the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes (PITF No.32 of June 17, 2016)," following the revision of the Corporation Tax Act. Accordingly, the depreciation method of structures and facilities attached to buildings acquired on and after April 1, 2016 was changed from declining-balance method to straight-line method.

There is a minimal impact to the consolidated financial statements of the three-month period ended June 30, 2016.

Additional information

Effective beginning the three-month period ended June 30, 2016, Nintendo has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26 of March 28, 2016)."

## 4. Consolidated Balance Sheets

million yen

Description	As of March 31, 2016	As of June 30, 2016
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	570,448	582,532
Notes and accounts receivable-trade	38,731	25,351
Securities	338,892	226,375
Inventories	40,433	36,127
Other	32,999	45,426
Allowance for doubtful accounts	(369)	(109)
<b>Total current assets</b>	<b>1,021,135</b>	<b>915,703</b>
<b>Non-current assets</b>		
Property, plant and equipment	87,752	85,327
Intangible assets	9,977	9,428
Investments and other assets		
Investment securities	125,774	141,926
Other	52,262	62,257
Total investments and other assets	178,037	204,183
<b>Total non-current assets</b>	<b>275,766</b>	<b>298,938</b>
<b>Total assets</b>	<b>1,296,902</b>	<b>1,214,642</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	31,857	32,570
Income taxes payable	1,878	1,254
Provision	2,294	802
Other	62,407	52,442
<b>Total current liabilities</b>	<b>98,437</b>	<b>87,069</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	23,546	20,967
Other	14,017	12,885
<b>Total non-current liabilities</b>	<b>37,563</b>	<b>33,853</b>
<b>Total liabilities</b>	<b>136,001</b>	<b>120,923</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,065	10,065
Capital surplus	13,256	13,256
Retained earnings	1,401,359	1,362,409
Treasury shares	(250,563)	(250,567)
<b>Total shareholders' equity</b>	<b>1,174,118</b>	<b>1,135,163</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,909	13,569
Foreign currency translation adjustment	(25,250)	(55,142)
<b>Total accumulated other comprehensive income</b>	<b>(13,341)</b>	<b>(41,572)</b>
<b>Non-controlling interests</b>	<b>124</b>	<b>128</b>
<b>Total net assets</b>	<b>1,160,901</b>	<b>1,093,719</b>
<b>Total liabilities and net assets</b>	<b>1,296,902</b>	<b>1,214,642</b>

## 5. Consolidated Statements of Income

million yen

Description	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	90,223	61,969
Cost of sales	47,537	31,436
<b>Gross profit</b>	<b>42,685</b>	<b>30,532</b>
Selling, general and administrative expenses	41,536	35,667
<b>Operating income (loss)</b>	<b>1,149</b>	<b>(5,134)</b>
Non-operating income		
Interest income	1,026	1,123
Dividend income	319	546
Foreign exchange gains	10,818	-
Other	1,009	198
Total non-operating income	13,173	1,869
Non-operating expenses		
Sales discounts	18	3
Foreign exchange losses	-	35,003
Other	17	401
Total non-operating expenses	35	35,409
<b>Ordinary income (loss)</b>	<b>14,286</b>	<b>(38,674)</b>
Extraordinary income		
Gain on sales of non-current assets	3	5
Total extraordinary income	3	5
Extraordinary losses		
Loss on disposal of non-current asset:	5	18
Total extraordinary losses	5	18
<b>Profit (loss) before income taxes</b>	<b>14,285</b>	<b>(38,688)</b>
Total income taxes	6,003	(14,157)
<b>Profit (loss)</b>	<b>8,281</b>	<b>(24,530)</b>
Profit (loss) attributable to non-controlling interests	(2)	4
<b>Profit (loss) attributable to owners of parent</b>	<b>8,284</b>	<b>(24,534)</b>

## 6. Consolidated Statements of Comprehensive Income

million yen

Description	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Profit (loss)</b>	<b>8,281</b>	<b>(24,530)</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	11,160	1,675
Foreign currency translation adjustment	10,123	(29,891)
Share of other comprehensive income of entities accounted for using equity method	4	(15)
Total other comprehensive income	21,289	(28,231)
<b>Comprehensive income</b>	<b>29,571</b>	<b>(52,761)</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	29,573	(52,765)
Comprehensive income attributable to non-controlling interests	(2)	4

## 7. Others

### (1) Consolidated sales information

million yen

Category	Three months ended June 30, 2015	Three months ended June 30, 2016
Dedicated video game hardware	44,556	25,104
Dedicated video game software	44,439	34,850
Smart devices, IP related income, etc. *	932	1,649
Playing cards, Karuta, etc.	294	364
Total	90,223	61,969

[Note] Download sales

Three months ended June 30, 2015: 12.0 billion yen      Three months ended June 30, 2016: 7.8 billion yen

\* includes income for smart-device content and royalty income

### (2) Geographical sales breakdown

million yen

		Japan	The Americas	Europe	Other	Total
Three months ended June 30, 2016	Net sales	17,149	26,406	15,837	2,574	61,969
	Component ratio	27.7%	42.6%	25.6%	4.1%	100.0%
Three months ended June 30, 2015	Net sales	25,209	39,259	21,596	4,157	90,223
	Component ratio	27.9%	43.5%	23.9%	4.7%	100.0%

### (3) Other consolidated information

million yen

		Three months ended June 30, 2015	Three months ended June 30, 2016	Year ending March 31, 2017 (Forecast)
Depreciation of property, plant and equipment		1,659	1,246	6,000
Research and development expenses		13,878	13,474	65,000
Advertising expenses		11,022	7,857	50,000
Average exchange rates	1 USD =	121.36 yen	108.14 yen	110.00 yen
	1 Euro =	134.16 yen	122.02 yen	125.00 yen

Consolidated net sales in U.S. dollars	0.2 billion	0.2 billion	-
Consolidated net sales in Euros	0.1 billion	0.1 billion	-
Non-consolidated purchases in U.S. dollars	0.1 billion	0.1 billion	-

### (4) Balance of major assets and liabilities in foreign currencies (non-consolidated)

million U.S. dollars/euros

		As of March 31, 2016		As of June 30, 2016		As of March 31, 2017
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,196	1 USD = 112.68 yen	2,133	1 USD = 102.91 yen	1 USD = 110.00 yen
	Accounts receivable-trade	149		79		
	Accounts payable-trade	66		91		
Euro	Cash and deposits	665	1 Euro = 127.70 yen	725	1 Euro = 114.39 yen	1 Euro = 125.00 yen
	Accounts receivable-trade	111		98		

## (5) Consolidated sales units, number of new titles, and sales units forecast

			Sales Units in Ten Thousands Number of New Titles Released			
			Actual	Actual	Life-to-date	Forecast
			Apr. - Jun. '15	Apr. - Jun. '16	Jun. '16	Apr. '16-Mar. '17
Nintendo 3DS	Hardware	Japan	29	31	2,163	
		The Americas	40	35	2,011	
		Other	32	28	1,805	
		Total	101	94	5,979	500
	of which Nintendo 3DS XL	Japan	0	(0)	704	
		The Americas	5	(0)	663	
		Other	3	1	592	
		Total	8	1	1,959	
	of which Nintendo 2DS	Japan	-	-	10	
		The Americas	2	15	237	
		Other	3	9	269	
		Total	5	24	517	
	of which New Nintendo 3DS	Japan	6	4	108	
		The Americas	-	(0)	11	
		Other	9	4	74	
Total		15	8	192		
of which New Nintendo 3DS XL	Japan	21	27	318		
	The Americas	33	20	229		
	Other	17	12	142		
	Total	71	59	689		
Software	Japan	329	209	10,769		
	The Americas	232	316	9,481		
	Other	230	322	8,015		
	Total	792	847	28,265	5,500	
New titles	Japan	25	16	550		
	The Americas	10	10	420		
	Other	18	10	471		
Wii U	Hardware	Japan	15	7	321	
		The Americas	19	9	629	
		Other	13	5	353	
		Total	47	22	1,302	80
	Software	Japan	101	60	1,408	
		The Americas	206	246	4,884	
		Other	148	161	2,579	
		Total	455	468	8,872	1,500
	New titles	Japan	6	6	108	
		The Americas	4	7	157	
Other		6	6	146		

## [Notes]

- 1 Software sales units and the number of new titles for Nintendo 3DS are those of Nintendo 3DS card software (packaged and downloadable versions).
  - 2 Software sales units and the number of new titles for Wii U are those of Wii U disc software (packaged and downloadable versions).
  - 3 Actual software sales units of each platform include the quantity bundled with hardware.
  - 4 Forecasted software sales units do not include the quantity bundled with hardware.
- \* The dedicated video game hardware codenamed "NX" is scheduled for launch in March of 2017. Its estimated hardware and software sales units are reflected in the financial forecast ending March 31, 2017, however, we are not disclosing the specific information as it is provisional.