



MEMBERSHIP

October 26, 2016

CONSOLIDATED FINANCIAL HIGHLIGHTS



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

Consolidated Results for the Six Months Ended September 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	%
Six months ended September 30, 2016	136,812	(33.0)	(5,947)	-	(30,883)	-	38,299	234.0
Six months ended September 30, 2015	204,182	19.1	8,977	-	16,436	(25.9)	11,466	(19.8)

[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
Six months ended September 30, 2016	318.82
Six months ended September 30, 2015	95.46

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of September 30, 2016	1,329,904	1,163,928	87.5
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	-	0.00	-	-	-
Year ending March 31, 2017 (forecast)	-	-	-	210.00	210.00

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	470,000 (6.8)	30,000 (8.8)	10,000 (65.3)	50,000 202.9	416.22

[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 September 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 Sept. 30, 2016 :	141,669,000 shares	As of March 31, 2016 :	141,669,000 shares
------------------------	--------------------	------------------------	--------------------
 - ② Number of treasury shares

As of Sept. 30, 2016 :	21,540,510 shares	As of March 31, 2016 :	21,539,677 shares
------------------------	-------------------	------------------------	-------------------
 - ③ Average number of shares

Six months ended Sept. 30, 2016 :	120,128,975 shares	Six months ended Sept. 30, 2015 :	120,121,206 shares
--------------------------------------	--------------------	--------------------------------------	--------------------

[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 six months ended September 30, 2016, we saw strong trends for the global release of *Kirby: Planet Robobot*. On the hardware side, Nintendo 2DS saw sales growth. The release of the smart device application *Pokémon GO* led to increased sales of software in the Pokémon series released in the past and drove the Nintendo 3DS family hardware sales growth, particularly outside of Japan. The sales volume for hardware this period was 2.71 million units (19% increase on a year-on-year basis), while software held steady with the previous year at 19.23 million units sold.

For the Wii U console, we have decided to ship 0.8 million units this fiscal year, based on our forecasts of comprehensive demand for Nintendo hardware. Activity has conformed to our expectations from the start of the fiscal year, with hardware sales volume of 0.56 million units (53% decrease on a year-on-year basis). There were no hit titles this period to compare with *Splatoon* and *Super Mario Maker* last year, so the software sales were 8.3 million units (33% decrease on a year-on-year basis).

As there were few new software titles offering amiibo functionality, amiibo sales were reduced to 3.8 million units for figure-type and 1.7 million units for card-type. In addition, there were relatively fewer offerings of downloadable content during this period, so download sales were down on the same period last year.

Along with this background, we felt the impacts of a strengthening yen, resulting in an operating loss of 5.9 billion yen against net sales of 136.8 billion yen (of which overseas sales were 97.3 billion yen or 71.1% of the total sales). We have also included 12.0 billion yen of share of profit of entities accounted for using the equity method related to The Pokémon Company and other companies, but we incurred foreign exchange losses totaling 39.9 billion yen, resulting in an ordinary loss of 30.8 billion yen. However, due to the sale of part of our ownership in the company that manages the Seattle Mariners Major League Baseball team, we recorded gain on sales of investment securities totaling 62.7 billion yen as extraordinary income, meaning that profit attributable to owners of parent was 38.2 billion yen.

2. Consolidated Financial Forecast

For the Nintendo 3DS system, we are planning global release of the latest titles in the Pokémon series, *Pokémon Sun/Moon*, in November, as well as the Nintendo 3DS version of last year's major hit for Wii U, *Super Mario Maker for Nintendo 3DS*, in December. We also have a range of strong third-party titles expected during this year.

We have also revealed that our new-concept gaming system, previously referred to using the development codename NX, will be released under the official name of Nintendo Switch. Nintendo Switch offers a wholly new concept as a home gaming system that can switch between different styles of play. We are planning to release it worldwide in March 2017.

We are also bringing back the NES home consoles that were popular in the 1980s in a palm-sized version. Nintendo Entertainment System: NES Classic Edition will launch with 30 well-loved pre-installed titles worldwide in November.

On the smart device front, *Super Mario Run*, a new action game featuring Mario optimized for smart devices, is set to launch globally in December. *Fire Emblem* and *Animal Crossing* applications will follow the release of *Super Mario Run* in series.

We have revised the financial forecast originally published on April 27, 2016. For details, see the Notice of Full-Year Financial Forecast Modifications issued today (October 26, 2016).

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 six-month period ended September 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 six-month period ended September 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 September 30, 2016
(Assets)		
Current assets		
Cash and deposits	570,448	584,545
Notes and accounts receivable-trade	38,731	32,850
Securities	338,892	286,016
Inventories	40,433	49,056
Other	32,999	45,172
Allowance for doubtful accounts	(369)	(68)
Total current assets	1,021,135	997,572
Non-current assets		
Property, plant and equipment	87,752	84,368
Intangible assets	9,977	12,074
Investments and other assets		
Investment securities	125,774	168,854
Other	52,262	67,033
Total investments and other assets	178,037	235,888
Total non-current assets	275,766	332,331
Total assets	1,296,902	1,329,904
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	31,857	62,886
Income taxes payable	1,878	8,503
Provision	2,294	2,529
Other	62,407	59,864
Total current liabilities	98,437	133,784
Non-current liabilities		
Net defined benefit liability	23,546	19,117
Other	14,017	13,073
Total non-current liabilities	37,563	32,191
Total liabilities	136,001	165,975
(Net assets)		
Shareholders' equity		
Capital stock	10,065	10,065
Capital surplus	13,256	13,256
Retained earnings	1,401,359	1,425,243
Treasury shares	(250,563)	(250,580)
Total shareholders' equity	1,174,118	1,197,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,909	28,216
Foreign currency translation adjustment	(25,250)	(62,403)
Total accumulated other comprehensive income	(13,341)	(34,187)
Non-controlling interests	124	130
Total net assets	1,160,901	1,163,928
Total liabilities and net assets	1,296,902	1,329,904

5. Consolidated Statements of Income

million yen

Description	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	204,182	136,812
Cost of sales	110,495	75,232
Gross profit	93,687	61,580
Selling, general and administrative expenses	84,709	67,527
Operating income (loss)	8,977	(5,947)
Non-operating income		
Interest income	2,170	2,582
Foreign exchange gains	719	-
Share of profit of entities accounted for using equity method	1,500	12,024
Other	3,146	971
Total non-operating income	7,536	15,578
Non-operating expenses		
Sales discounts	44	3
Foreign exchange losses	-	39,911
Other	32	599
Total non-operating expenses	77	40,514
Ordinary income (loss)	16,436	(30,883)
Extraordinary income		
Gain on sales of non-current assets	6	181
Gain on sales of investment securities	-	62,771
Total extraordinary income	6	62,953
Extraordinary losses		
Loss on disposal of non-current assets	23	25
Total extraordinary losses	23	25
Profit before income taxes	16,419	32,043
Total income taxes	4,966	(6,261)
Profit	11,452	38,305
Profit attributable to non-controlling interests	(13)	5
Profit attributable to owners of parent	11,466	38,299

6. Consolidated Statements of Comprehensive Income

million yen

Description	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	11,452	38,305
Other comprehensive income		
Valuation difference on available-for-sale securities	6,873	16,457
Foreign currency translation adjustment	3,228	(36,665)
Share of other comprehensive income of entities accounted for using equity method	(0)	(636)
Total other comprehensive income	10,101	(20,845)
Comprehensive income	21,554	17,459
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	21,568	17,454
Comprehensive income attributable to non-controlling interests	(13)	5

7. Others

(1) Consolidated sales information

million yen

Category	Six months ended September 30, 2015	Six months ended September 30, 2016
Dedicated video game hardware	103,002	65,869
Dedicated video game software	97,737	66,703
Smart devices, IP related income, etc. *	2,725	3,408
Playing cards, Karuta, etc.	716	830
Total	204,182	136,812

[Note] Download sales

Six months ended September 30, 2015: 21.0 billion yen

Six months ended September 30, 2016: 14.7 billion yen

* includes income for smart-device content and royalty income

(2) Geographical sales breakdown

million yen

		Japan	The Americas	Europe	Other	Total
Six months ended September 30, 2016	Net sales	39,504	54,388	37,329	5,590	136,812
	Component ratio	28.9%	39.8%	27.3%	4.0%	100.0%
Six months ended September 30, 2015	Net sales	59,504	88,408	48,288	7,981	204,182
	Component ratio	29.1%	43.3%	23.6%	4.0%	100.0%

(3) Other consolidated information

million yen

		Six months ended September 30, 2015	Six months ended September 30, 2016	Year ending March 31, 2017 (Forecast)
Depreciation of property, plant and equipment		3,251	2,551	6,000
Research and development expenses		28,872	28,498	65,000
Advertising expenses		21,482	13,530	50,000
Average exchange rates	1 USD =	121.80 yen	105.29 yen	102.64 yen
	1 Euro =	135.07 yen	118.15 yen	116.57 yen

Consolidated net sales in U.S. dollars	0.6 billion	0.4 billion	-
Consolidated net sales in Euros	0.3 billion	0.3 billion	-
Non-consolidated purchases in U.S. dollars	0.6 billion	0.3 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 September 30, 2016		As of March 31, 2017
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,196		2,162		
	Accounts receivable-trade	149	1 USD = 112.68 yen	223	1 USD = 101.12 yen	1 USD = 100.00 yen
	Accounts payable-trade	66		251		
Euro	Cash and deposits	665	1 Euro =	731	1 Euro =	1 Euro =
	Accounts receivable-trade	111	127.70 yen	160	113.36 yen	115.00 yen

(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. - Sep. '15	Apr. - Sep. '16	Sep. '16	Apr. '16-Mar. '17
Nintendo 3DS	Hardware	Japan	83	82	2,214	
		The Americas	75	97	2,073	
		Other	70	92	1,869	
		Total	228	271	6,157	600
	of which Nintendo 3DS XL	Japan	1	(0)	704	
		The Americas	11	(0)	663	
		Other	3	3	593	
		Total	16	3	1,961	
	of which Nintendo 2DS	Japan	-	18	28	
		The Americas	9	31	253	
		Other	8	37	297	
		Total	16	85	578	
	of which New Nintendo 3DS	Japan	16	7	111	
		The Americas	5	9	20	
		Other	20	10	80	
Total		40	27	211		
of which New Nintendo 3DS XL	Japan	60	57	348		
	The Americas	50	57	266		
	Other	36	39	169		
	Total	146	154	783		
Software	Japan	912	624	11,184		
	The Americas	548	660	9,825		
	Other	460	639	8,331		
	Total	1,920	1,923	29,340	5,500	
New titles	Japan	50	30	564		
	The Americas	29	25	435		
	Other	32	17	478		
Wii U	Hardware	Japan	32	16	330	
		The Americas	55	22	641	
		Other	31	18	365	
		Total	119	56	1,336	80
	Software	Japan	205	107	1,455	
		The Americas	669	424	5,062	
		Other	364	300	2,718	
		Total	1,237	830	9,235	1,400
	New titles	Japan	10	7	109	
		The Americas	15	9	159	
Other		16	10	150		

[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 While forecasted software sales units include the quantity bundled with hardware for six months ended September 30, 2016, they do not include the quantity to be bundled with hardware on and after October 1, 2016.
- * A new home gaming system "Nintendo Switch" 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.