Thank you for making time to attend Nintendo’s financial briefing. I am Tatsumi Kimishima, President of Nintendo.

Mr. Furukawa, General Manager of the Corporate Planning Department, has just presented our financial results for this period.

Today’s presentation will take a look back over the first half and recent sales, provide outlook for the upcoming holiday season, and discuss Nintendo Switch. Please understand that we will not be presenting any new information regarding the product details of Nintendo Switch today.

We will start by looking back over our results for the first half, through the end of September, as well as a brief look at our recent sales as we approach the holiday season.

First, we will cover Wii U. We have significantly decreased the shipping volume for Wii U for the fiscal year ending March 2017 compared to the fiscal year ended March 2016, and we are expecting to sell 800,000 units.
These graphs show the sell-through (sales from retailers to consumers) of Wii U hardware and first-party packaged software in our major markets: Japan, the U.S. and Europe. Sales from April 2016 through the second week of October are compared against sales in the same period for the last two years. Hardware sell-through for this period is down significantly compared to the previous two years, but this is in alignment with our expectations. The sell-through for software is not as high as that for the previous period, which saw the release of major hits such as Splatoon and Super Mario Maker, but due to the increased sell-through overseas of popular titles at a special low price point under the Nintendo Selects banner, total sales are on par with those for the fiscal year ended March 2015.

Note: FY = Fiscal year (April through March of the following year)

Next, I will discuss the Nintendo 3DS situation.

This graph shows Nintendo 3DS system hardware sell-through in Japan from April 2016 through the second week of October compared with sell-through for the previous period. The Nintendo 3DS family had already reached an installed base of over 21 million units in Japan by the end of March this year, and sell-through for this period has continued at a comparable pace. We also introduced Nintendo 2DS to the Nintendo 3DS family hardware lineup in Japan last month, aiming to further expand the base for this platform. Nintendo 2DS is offered at an even more affordable price and children can easily enjoy playing with it as their first game system. The previously-released New
Nintendo 3DS and New Nintendo 3DS XL systems have also continued to sell without any major slowdown and have brought in new customers. Nintendo 3DS hardware overall continues to show strong sales trends.

Note 1: Nintendo 3DS hardware includes the New Nintendo 3DS, the New Nintendo 3DS XL, the Nintendo 3DS, the Nintendo 3DS XL and the Nintendo 2DS.
Note 2: FW: Week number in the fiscal year (the first week of April is FW1)

This graph shows Nintendo 3DS software sell-through trends in Japan compared with sell-through for the previous period. The sell-through includes titles from other software publishers. It is down this period compared to the last period, which saw the release of new entries in popular series, such as *Rhythm Heaven Megamix*, *Fire Emblem Fates: Birthright/Conquest*, *Animal Crossing: Happy Home Designer* and *Pokémon Super Mystery Dungeon*.

Next, this graph shows Nintendo 3DS hardware sell-through trends in the U.S. compared with sell-through for the previous period. In the U.S., the previously-released Nintendo 2DS was dropped to an even more affordable price, and promotional activities aimed at children and parents were effective in increasing sales. The release of *Pokémon GO* on July 6th also led to a major increase in sales of the Nintendo 3DS family systems, where consumers can enjoy past titles in the Pokémon series. The trend here is higher than that for the previous period, and we are maintaining this momentum as we head into the holiday season.

Note: *Pokémon GO* is an application for smart devices (Development and Publishing: Niantic, Inc., Development Oversight: The Pokémon Company)
This graph shows Nintendo 3DS first-party software in the U.S. compared with sell-through for the previous period. In the U.S., promotional activities aimed at children and parents were effective in increasing sales, and there was solid growth in sales for evergreen titles and Nintendo Selects games such as *The Legend of Zelda: Ocarina of Time 3D*. The release of *Pokémon GO* also provided a bump in sales for the Pokémon series, and as a result, sales here have also surpassed those in the previous period.

This graph shows Nintendo 3DS hardware sell-through trends in Europe compared with sell-through for the previous period. As in the U.S., the release of *Pokémon GO* across Europe starting in July spurred momentum for hardware sales.

This graph shows Nintendo 3DS first-party software sell-through trends in Europe compared with sell-through for the previous period. In the European market, we again see the boost in Pokémon series titles in July, but this is supported by new titles such as *Kirby: Planet Robobot*, *Fire Emblem Fates Birthright/Conquest*, and *Monster Hunter Generations*, for which Nintendo provided distribution in Europe. Evergreen titles and Nintendo Selects titles also sold well. Overall software sales are vigorous, outpacing the previous period.
In Europe, the first title in this series, *Yo-Kai Watch*, was released this year on April 29, with Nintendo of Europe managing distribution. This graph compares the sell-through in the European market with the earlier release in the Japanese market. It is easy to see that Europe is off to a strong start, outpacing the sales figures of the Japanese release. I am told that the *Yo-Kai Watch* toys are selling well in Spain and France as well, so we anticipate further demand as we head into the holiday season.

Over the summer, the smart device application *Pokémon GO* became a major hit and a social phenomenon.

This has sparked increased interest in *Pokémon*-related software.

Previous entries in the *Pokémon* series playable on the Nintendo 3DS system were *Pokémon X* and *Pokémon Y* in 2013 and *Pokémon Omega Ruby* and *Pokémon Alpha Sapphire* in 2014. We also released the original games in this series, *Pokémon Red*, *Pokémon Green*, *Pokémon Blue* and *Pokémon Pikachu*, as downloadable Virtual Console titles in February this year. These *Pokémon* series titles have seen an increase in sales despite having been on the market for some time already.

Note: *Pokémon Green* was released outside of Japan as *Pokémon Blue*.
This graph shows the month-on-month sales of titles in the Pokémon series in Japan, the U.S. and Europe, as mentioned earlier in the presentation. As you can see, the release of Pokémon GO in July led to a major upsurge in sales, particularly for the U.S. and European markets. We can clearly see that the release of Pokémon GO has raised interest in Pokémon and contributed to a resurgence of sales for previously-released Pokémon titles.

Similarly, this graph shows the month-on-month sales for Nintendo 3DS family systems. You can see that there is a peak in July for hardware as well, following the release of Pokémon GO.

We launched the Pokémon GO Plus accessory on September 16th to provide a more comfortable play experience for Pokémon GO. Demand far exceeded our expectations and production has not caught up, leading to product shortages. We apologize to the consumers and distributors affected by this. We are planning to expand production as needed, and will continue to produce and ship additional units.

This graph shows sell-in numbers (sales from Nintendo to retailers) for figure-type amiibo in Japan, the U.S. and Europe, compared with the previous period. In the previous period, we sold many amiibo, particularly in the Splatoon series, reaching total sell-in of approximately 10.6 million units. Sell-in for this period was approximately 3.8 million units.
This graph shows the download sales of digital content for Nintendo 3DS and Wii U during the second quarter over the past three years. As a result of our continuing efforts, the ratio of consumers who purchased software digitally when a packaged version is also available has increased year-on-year. However, since Wii U software sales are down this period, and the previous period saw the release of more downloadable content, including content for Mario Kart 8 and Super Smash Bros. for Wii U and Nintendo 3DS, sales for this period were limited to 14.7 billion yen, falling short of the previous period.

This concludes the look back at the first half of this fiscal year. Our major product launches are concentrated in the second half of this fiscal year, to a greater extent than average. Therefore, please understand that our results for the first half are largely within our expectations.

I will now discuss our outlook for the year-end holiday season.

As I laid out in the financial results briefing in April, our aims for the Nintendo 3DS system in this period are to continue to grow the platform by introducing major titles and to reach a broader audience, including children and female consumers.
For our first major title, we will be releasing two completely new entries in the Pokémon series, *Pokémon Sun* and *Pokémon Moon*, worldwide this November. We have included a variety of exciting new features, while also ensuring that it is an approachable title for all kinds of gamers, including people who are experiencing Pokémon for the first time with *Pokémon GO*. As Pokémon has been a hot topic recently, even among people with no game experience, there is fantastic momentum for the release of this latest Pokémon title.

*Pokémon Sun* and *Pokémon Moon* also contain elements tying them to the original *Pokémon Red* and *Pokémon Green*, such as the inclusion of first-generation Pokémon with different appearances, so these new titles should appeal strongly to fans of the first generation as well as successive entries. We are positioning these games as our main titles for the holiday season, and are working to ensure that a wide range of consumers across the world can enjoy them.

*Pokémon Sun* and *Pokémon Moon* are also showing favorable trends for pre-orders. These graphs compare pre-orders for these titles in Japan, U.S., and Europe against the last entries in the series, *Pokémon Omega Ruby* and *Pokémon Alpha Sapphire*. As you can see, pre-orders for *Pokémon Sun* and *Pokémon Moon* are much higher, particularly in the U.S. and European regions. The pre-order periods for *Pokémon Sun* and *Pokémon Moon* and *Pokémon Omega Ruby* and *Pokémon Alpha Sapphire* are different, so a straight comparison is not possible, but it is clear that the newest titles are trending at a higher level than the previous games. We will begin airing television commercials this weekend, so we expect pre-orders to continue to accelerate.
We released the *Pokémon Sun* and *Pokémon Moon* Special Demo Version starting on October 18th. Although the demo version only released last week, it has already passed 3.5 million downloads, the fastest start for any demo in the history of the Nintendo 3DS system. This point also shows the breadth of the audience for these games.

In celebration of the latest titles in the Pokémon series, we are also launching new versions of New Nintendo 3DS XL and Nintendo 2DS with original *Pokémon Sun* and *Pokémon Moon* designs in various regions this year.

In addition to Pokémon, we have several other titles for Nintendo 3DS this year that are sure to appeal to a wide range of consumers. First, we have a title that is perfect for gatherings of family and friends over the holiday season. The well-loved Mario Party series is back with less waiting time and more fun in the latest entry, *Mario Party Star Rush*, just released this month in Japan and Europe. This title will also expand your play options with new amiibo characters in the Mario series, launched on the same day. *Mario Party Star Rush* will be released in the U.S. on November 4.
Next, *Animal Crossing: New Leaf - Welcome amiibo*, out this November, adds amiibo functionality to *Animal Crossing: New Leaf* for new ways to play. Consumers who already own *Animal Crossing: New Leaf* can update to *Animal Crossing: New Leaf - Welcome amiibo* for free, so we hope that existing fans will also take this chance to visit their villages once again. We are also releasing a new set of amiibo cards for *Animal Crossing: New Leaf - Welcome amiibo*.

In December, we will bring *Super Mario Maker*, released for Wii U last year, to the Nintendo 3DS system as *Super Mario Maker for Nintendo 3DS*. As with the Wii U version, you can of course build new levels, and this title also lets you connect on the spot with your friends and family members that have their own copy of the software to share the levels you have built. It also comes with 100 new levels available to play immediately, and you can connect to the Internet to play hand-picked selections from the over eight million levels uploaded from the Wii U version, providing endless fun even if you don’t want to make your own levels.

In Japan, we are releasing *Miitopia* and *Momotaro Dentetsu 2017 Tachiagare Nippon!!* as major titles for the year-end holiday season. *Miitopia*, for which we have only announced the title, will be released by the end of this year, and we will provide more information about this exciting title at a later date. We also had a great response to the announcement of *Momotaro Dentetsu 2017 Tachiagare Nippon!!* in our Nintendo Direct last month, and this title will be out on December 22. Other offerings from third-party software publishers include the recently-released *Monster Hunter Stories* and *YO-KAI WATCH 3 SUKIYAKI*, to be released on December 15. We are now reaping the benefits of the large installed base we have established for the Nintendo 3DS system, and we expect this business to maintain its strong momentum throughout this fiscal year.
The Nintendo 3DS system, including Nintendo 2DS, has an attractive price point and a range of titles with strong appeal to fans of casual games, so we are focusing on promotional activities to reach female consumers, children and families.

This slide shows announced titles for the Nintendo 3DS system released in October or later or planned for release in Japan or overseas through the holiday season and after the beginning of next year, including third-party titles. The Nintendo 3DS platform has an incredible variety of titles in store, and we are continuing development efforts on a number of other exciting titles. This rich selection will appeal to all types of fans.

This next section will focus on our upcoming smart device applications, with our next release in December.

As we have explained in the past, Nintendo has three main goals when it comes to our smart device business. We would like to utilize smart devices as a platform to reach the maximum number of consumers with our IP. Of course, we also expect the smart device business to be profitable on its own, while generating synergy with our dedicated video game systems to maximize the potential of Nintendo’s overall business strategies. In addition to already-released Miitomo, we expect to have released the three titles listed above in series by the end of March 2017.
In September this year, we announced *Super Mario Run*, a new action game featuring Mario optimized for smart devices and playable with one hand. This game is set to launch globally in December.

The *Super Mario* action games have been well-loved by fans all over the world, and we hope to reach even more fans across the world through *Super Mario Run*. We have been informed that over 20 million people have already signed up to receive notifications for the release of this title.

Previously, we announced that we would be releasing *Super Mario Run* in more than 100 countries, but we can now say that we plan to release this title in approximately 150 countries for iPhone and iPad in December. Although we have not announced the release timing yet, we are also developing an Android version. Downloading *Super Mario Run* will be free, as will some of the play elements. All of the game content will be enjoyable after paying a set purchase price. With our current plan, once a set purchase price is paid, consumers can repeatedly play the game without worrying about additional fees required. So, children can also play it with peace of mind. We will announce further details, including pricing, at a later date.
We released *Miitomo* in March this year, and it will soon reach 15 million unique users. This title has not been impactful from a profit perspective, but the trends have been largely according to our expectations.

As our initial foray into the smart device business, *Miitomo* has focused on bringing Nintendo’s entertainment to as many people as possible across the world. Another main goal of *Miitomo* has been to let consumers connect with their friends. We are making preparations to allow friend relationships from *Miitomo* to be carried over to *Super Mario Run*. Since *Super Mario Run* has a mode where you can compete with other players, this means that active communication with your family and friends in *Miitomo* will lead to even more fun moments in *Super Mario Run*.

In order to enjoy *Miitomo* with your family and friends, we are planning a major update soon that will completely transform *Miitomo* by making communication with your friends even more fun. This update will introduce a unique message feature that lets you use your Mii character’s facial expressions and voice to send any message you want in expressive one-on-one communication. We are also planning additional features.

Now, we will turn from our holiday season plans for smart device applications to other upcoming launches.

To celebrate the 30th anniversary of *The Legend of Zelda* this year, we are releasing a special set of amiibo figures that will bring up fond memories for long-time fans of *The Legend of Zelda* and satisfy the most dedicated collectors in December. These amiibo figures will also be compatible with the newest entry in the series, *The Legend of Zelda: Breath of the Wild*, which will be released next year. We are also holding a concert series and releasing a set of three commemorative books to pay tribute to the 30th anniversary of *The Legend of Zelda*. 
We are also bringing back the nostalgic Famicom and NES home consoles in a palm-sized version for this holiday season. Nintendo Classic Mini Family Computer will launch in Japan on November 10, with the Nintendo Entertainment System: NES Classic Edition launching in the U.S. and Europe on November 11. These miniature systems connect directly to a TV and come with 30 pre-installed classic titles, allowing you to play without swapping out cartridges. The original consoles have been recreatd at palm size with unwavering attention to detail, not just in the systems themselves, but also in the controllers and packaging. We have hand-picked 30 pre-installed titles to spark the nostalgia of all the generations that enjoyed the original Famicom and NES. You can save the data at any point during your game play, which means you can try legacy titles more readily.

Note: The Nintendo Entertainment System: NES Classic Edition will be sold in Europe and Australia as the Nintendo Classic Mini: Nintendo Entertainment System.

When developing these products, the main audience we had in mind was the Famicom/NES generation: adults who fondly recall their experiences playing these systems and want to take a trip back to this early era of video games. However, we also designed these as products that will allow new generations to create fun new memories in the world of Famicom/NES. Since the announcement, we have received a fantastic response from consumers in the Famicom/NES generation, proving the emotional appeal of these products. We also see the nostalgic interest in these products as an opportunity to draw consumers’ attention to our new games as well.
As you can see, we are heading into the year-end holiday season with a richly varied product lineup. We hope this range of Nintendo products will reach a broad audience of consumers and reaffirm our company’s presence during this holiday season. We will work to carry this momentum forwards towards the launch of Nintendo Switch.

Finally, we will discuss our new gaming platform, Nintendo Switch. We had previously revealed that we have a new game system in development under the codename NX, and we have now announced that it will be released under the official name Nintendo Switch. We recently released a short video through our website showing off some of the new experiences made possible by Nintendo Switch. Please take a look.

(Link: Nintendo Switch announcement video)

We have received a fantastic response from all over the world to the Nintendo Switch reveal video presented above. We are not able to share each qualitative comment and response from consumers today. However, one example is the number of views we have received on our YouTube accounts. The total number of views just on our official YouTube Channels has already reached 23 million views worldwide and still growing. The reaction from our YouTube viewers has been overwhelmingly positive. We are very confident that a lot of consumers around the world have become interested in Nintendo Switch.
Nintendo Switch is a home console-type video game system that can be played at home or on the go. You can take the system away from your TV and play anywhere, alone or with friends. We are bringing this unprecedented entertainment experience to fans across the world.

When mounted on the Nintendo Switch Dock, you can experience high-impact gameplay on the large screen. Just remove the Nintendo Switch system from the Nintendo Switch Dock to transfer the game from the TV to the system screen instantly, letting you experience home console-quality gaming while switching between the TV and any other location.

The two unique detachable Joy-Con controllers also allow you to switch between multiple play styles with a single Nintendo Switch system, whether at home or on the go, letting you enjoy the gameplay of a home video game system with the portable convenience of a handheld system.

As you can see, we have a fantastic range of partner companies interested in Nintendo Switch. These are only some of our partners, and we are looking forward to working with all of our partners to bring exciting experiences to this new platform.

We plan to launch Nintendo Switch worldwide in March 2017. We are planning to ship two million hardware units globally from launch in March 2017 through the end of that month.
More information about Nintendo Switch will be announced at our presentation on January 13, 2017*.

We plan to announce the price, software lineup, specifications and other product details for Nintendo Switch at a special “Nintendo Switch Presentation 2017” planned for January 13, 2017 (JST). We will invite the media, analysts and distribution partners to this event, to be held at Tokyo Big Sight in Japan. The presentation event will also be streamed live worldwide over the Internet.

We do not plan to release any additional information about the product until that time.

We also plan to provide a “Nintendo Switch Hands-On Experience 2017” as early as January in Japan, the U.S. and Europe. In Japan, we will follow the presentation on January 13 with the hands-on experience for the general public at Tokyo Big Sight on January 14 and 15. Hands-on experiences will be offered for media and business partners in the U.S., Europe and Australia at around the same time. Our local subsidiaries will provide more details.

This concludes our presentation.

Thank you very much.

Disclaimers

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