



MEMBERSHIP

January 31, 2017

CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.
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Japan

Consolidated Results for the Nine Months Ended December 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	%
Nine months ended December 31, 2016	311,121	(26.9)	26,315	(38.1)	49,110	(11.2)	102,969	153.9
Nine months ended December 31, 2015	425,664	(3.9)	42,485	34.4	55,295	(40.1)	40,558	(31.9)

[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
Nine months ended December 31, 2016	857.16
Nine months ended December 31, 2015	337.64

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
As of December 31, 2016	1,463,219	1,266,503	86.5
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)	-	-	-	380.00	380.00

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)	20,000 (39.2)	30,000 4.2	90,000 445.3	749.20

[Note]

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

Others

(1) Changes for important subsidiaries during the nine-month period ended December 31, 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 Dec. 31, 2016 :	141,669,000 shares	As of March 31, 2016 :	141,669,000 shares		
② Number of treasury shares					
As of Dec. 31, 2016 :	21,541,079 shares	As of March 31, 2016 :	21,539,677 shares		
③ Average number of shares					
Nine months ended		Nine months ended			
Dec. 31, 2016 :	120,128,724 shares	Dec. 31, 2015 :	120,124,098 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 nine months ended December 31, 2016, the worldwide release of *Pokémon Sun* and *Pokémon Moon* generated buzz and led to blockbuster sales of 14.69 million units. In addition, *Super Mario Maker for Nintendo 3DS* surpassed the million-seller mark. 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 Nintendo 3DS family hardware sales growth, particularly outside of Japan. The worldwide sales volume for Nintendo 3DS hardware this period was 6.45 million units (10% increase on a year-on-year basis), while Nintendo 3DS software sales were 46.78 million units (20% increase on a year-on-year basis).

On the other hand, for the Wii U console, we planned 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 0.76 million units (75% decrease on a year-on-year basis) and software sales volume of 12.48 million units (45% decrease on a year-on-year basis).

On the smart device front, we released *Super Mario Run*, a new action game featuring Mario, in 150 countries and regions on December 15 (Pacific Standard Time). This title elicited a fantastic response, surpassing 40 million downloads in four days after the release.

The Nintendo Entertainment System: NES Classic Edition also launched in Japan and overseas in November to widespread popularity. Although the release of some new titles offering amiibo functionality restored some momentum, amiibo sales remained limited to 6.5 million units for figure-type and 6.6 million units for card-type. In addition, there were relatively fewer offerings of downloadable content during this period, so digital sales were also down to a large extent on the same period last year.

Along with this background, resulting in an operating income of 26.3 billion yen against net sales of 311.1 billion yen (of which overseas sales were 221.3 billion yen or 71.2% of the total sales). We have also included 16.7 billion yen of share of profit of entities accounted for using the equity method related to The Pokémon Company and other investments, resulting in an ordinary income of 49.1 billion yen. In addition, due to the sale of part of our equity in the company that manages the Seattle Mariners Major League Baseball team, we recorded gain on sales of investment securities totaling 63.5 billion yen as extraordinary income, meaning that profit attributable to owners of parent was 102.9 billion yen.

2. Consolidated Financial Forecast

We will launch Nintendo Switch, a new home gaming system that diversifies the ways you can play video games, on March 3, 2017 in Japan and overseas. Our launch lineup includes first-party software such as *The Legend of Zelda: Breath of the Wild* and *1-2-Switch* as well as strong third-party titles. *The Legend of Zelda: Breath of the Wild* will release for Wii U on the same day.

For Nintendo 3DS, we aim to maintain the buzz surrounding the hit titles *Pokémon Sun* and *Pokémon Moon* and *Super Mario Maker for Nintendo 3DS*, as well as releasing new titles such as *Mario Sports Superstars*.

For smart devices, we plan to release the game application *Fire Emblem Heroes* on February 2. We will also follow last December's release of *Super Mario Run* for iOS with an Android version in March. To accommodate the releases and operation of these applications, we have revised the release schedule for *Animal Crossing*, which we had originally planned to release during this period. This title will be released during the next fiscal year.

We have revised the financial forecast originally published on October 26, 2016. For details, see the Notice of Full-Year Financial Forecast and Dividend Forecast Modifications issued today (January 31, 2017).

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 nine-month period ended December 31, 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 nine-month period ended December 31, 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 December 31, 2016
(Assets)		
Current assets		
Cash and deposits	570,448	660,476
Notes and accounts receivable-trade	38,731	85,494
Securities	338,892	291,639
Inventories	40,433	39,817
Other	32,999	54,734
Allowance for doubtful accounts	(369)	(376)
Total current assets	1,021,135	1,131,785
Non-current assets		
Property, plant and equipment	87,752	87,525
Intangible assets	9,977	12,983
Investments and other assets		
Investment securities	125,774	165,207
Other	52,262	65,717
Total investments and other assets	178,037	230,924
Total non-current assets	275,766	331,434
Total assets	1,296,902	1,463,219
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	31,857	89,867
Income taxes payable	1,878	7,875
Provision	2,294	827
Other	62,407	62,943
Total current liabilities	98,437	161,514
Non-current liabilities		
Net defined benefit liability	23,546	20,004
Other	14,017	15,197
Total non-current liabilities	37,563	35,201
Total liabilities	136,001	196,716
(Net assets)		
Shareholders' equity		
Capital stock	10,065	10,065
Capital surplus	13,256	13,256
Retained earnings	1,401,359	1,489,912
Treasury shares	(250,563)	(250,594)
Total shareholders' equity	1,174,118	1,262,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,909	22,367
Foreign currency translation adjustment	(25,250)	(18,638)
Total accumulated other comprehensive income	(13,341)	3,729
Non-controlling interests	124	134
Total net assets	1,160,901	1,266,503
Total liabilities and net assets	1,296,902	1,463,219

5. Consolidated Statements of Income

million yen

Description	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	425,664	311,121
Cost of sales	242,364	171,055
Gross profit	183,299	140,065
Selling, general and administrative expenses	140,814	113,750
Operating income	42,485	26,315
Non-operating income		
Interest income	3,372	4,403
Share of profit of entities accounted for using equity method	1,678	16,781
Other	7,941	2,653
Total non-operating income	12,993	23,837
Non-operating expenses		
Sales discounts	85	3
Loss on redemption of securities	-	948
Other	98	91
Total non-operating expenses	183	1,043
Ordinary income	55,295	49,110
Extraordinary income		
Gain on sales of non-current assets	5	181
Gain on sales of investment securities	398	63,574
Total extraordinary income	404	63,756
Extraordinary losses		
Loss on disposal of non-current assets	28	114
Loss on business restructuring	911	79
Total extraordinary losses	940	193
Profit before income taxes	54,759	112,673
Total income taxes	14,196	9,693
Profit	40,563	102,979
Profit attributable to non-controlling interests	4	10
Profit attributable to owners of parent	40,558	102,969

6. Consolidated Statements of Comprehensive Income

million yen

Description	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	40,563	102,979
Other comprehensive income		
Valuation difference on available-for-sale securities	617	10,602
Foreign currency translation adjustment	1,178	7,633
Share of other comprehensive income of entities accounted for using equity method	1	(1,164)
Total other comprehensive income	1,797	17,070
Comprehensive income	42,361	120,049
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	42,356	120,039
Comprehensive income attributable to non-controlling interests	4	10

7. Others

(1) Consolidated sales information

million yen

Category	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Dedicated video game hardware	239,033	139,483
Dedicated video game software	181,023	159,618
Smart devices, IP related income, etc. *	4,387	10,683
Playing cards, Karuta, etc.	1,220	1,336
Total	425,664	311,121

[Note] Download sales

Nine months ended December 31, 2015: 30.5 billion yen Nine months ended December 31, 2016: 23.1 billion yen

* includes income for smart-device content and royalty income

(2) Geographical sales breakdown

million yen

		Japan	The Americas	Europe	Other	Total
Nine months ended December 31, 2016	Net sales	89,732	121,412	85,370	14,605	311,121
	Component ratio	28.8%	39.0%	27.4%	4.8%	100.0%
Nine months ended December 31, 2015	Net sales	116,685	186,087	109,865	13,025	425,664
	Component ratio	27.4%	43.7%	25.8%	3.1%	100.0%

(3) Other consolidated information

million yen

		Nine months ended December 31, 2015	Nine months ended December 31, 2016	Year ending March 31, 2017 (Forecast)
Depreciation of property, plant and equipment		4,747	3,984	6,000
Research and development expenses		45,166	44,107	65,000
Advertising expenses		39,756	29,198	55,000
Average exchange rates	1 USD =	121.70 yen	106.63 yen	107.92 yen
	1 Euro =	134.36 yen	118.02 yen	118.70 yen

Consolidated net sales in U.S. dollars	1.4 billion	1.0 billion	-
Consolidated net sales in Euros	0.8 billion	0.7 billion	-
Non-consolidated purchases in U.S. dollars	1.0 billion	0.8 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 December 31, 2016		As of March 31, 2017
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,196		2,158		
	Accounts receivable-trade	149	1 USD =	268	1 USD =	1 USD =
	Accounts payable-trade	66	112.68 yen	363	116.49 yen	110.00 yen
	Loans payable to subsidiaries	-		300		
Euro	Cash and deposits	665	1 Euro =	580	1 Euro =	1 Euro =
	Accounts receivable-trade	111	127.70 yen	249	122.70 yen	120.00 yen

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

			Actual		Sales Units in Ten Thousands Number of New Titles Released	
			Actual Apr. - Dec. '15	Actual Apr. - Dec. '16	Life-to-date Dec. '16	Forecast Apr. '16-Mar. '17
Nintendo 3DS	Hardware	Japan	201	181	2,313	
		The Americas	198	220	2,196	
		Other	188	244	2,021	
		Total	588	645	6,530	720
	of which Nintendo 3DS XL	Japan	3	(0)	704	
		The Americas	29	(0)	663	
		Other	21	6	596	
		Total	52	6	1,964	
	of which Nintendo 2DS	Japan	-	47	57	
		The Americas	40	60	282	
		Other	51	111	371	
		Total	92	217	710	
	of which New Nintendo 3DS	Japan	40	12	116	
		The Americas	5	40	51	
Other		44	12	82		
Total		89	64	249		
of which New Nintendo 3DS XL	Japan	140	122	414		
	The Americas	124	120	328		
	Other	70	110	240		
	Total	334	353	982		
Software	Japan	1,747	1,470	12,030		
	The Americas	1,072	1,641	10,806		
	Other	1,067	1,567	9,260		
	Total	3,887	4,678	32,096	5,500	
New titles	Japan	82	64	598		
	The Americas	46	34	444		
	Other	56	31	492		
Wii U	Hardware	Japan	75	20	334	
		The Americas	145	29	649	
		Other	87	26	373	
		Total	306	76	1,356	80
	Software	Japan	372	162	1,510	
		The Americas	1,217	646	5,284	
		Other	673	441	2,859	
		Total	2,262	1,248	9,652	1,400
	New titles	Japan	18	9	111	
		The Americas	28	15	165	
Other		28	13	153		

[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 nine months ended December 31, 2016, they do not include the quantity to be bundled with hardware on and after January 1, 2017.
- * 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.