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.

Our basic strategy remains unchanged. We seek to expand the number of people who have access to Nintendo IP.

Today I will be discussing three areas in which Nintendo is working to pursue that strategy. The three areas I will discuss are Nintendo 3DS sales and future business projections, smart-device business, and Nintendo Switch.

First, I will discuss the status of Nintendo 3DS. I will cover the sales for the third quarter, including the holiday season, as well as future business projections.
We released two completely new entries in the Pokémon series, Pokémon Sun and Pokémon Moon, worldwide in November last year, and achieved explosive sales. According to our recent analysis, the global sell-through (volume sold from retailers to consumers) has exceeded 13 million units and continues to grow.

This slide compares the sell-through from release to the end of that year for past titles in the Pokémon series. You can clearly see that Pokémon Sun and Pokémon Moon are off to an excellent start, even compared to past titles. Pokémon games tend to be long-selling titles in the U.S. and European markets. We can see that these titles still have excellent sales potential. We hope to maintain this momentum going forward to ensure that Pokémon Sun and Pokémon Moon also achieve long-selling status.

Note: The periods represented vary slightly, as Pokémon Omega Ruby and Pokémon Alpha Sapphire released in November 2014 and Pokémon X and Pokémon Y released in October 2013. Note: Pokémon Sun and Pokémon Moon, as well as Pokémon Omega Ruby and Pokémon Alpha Sapphire, released approximately one week later in Europe than in the other markets, so these figures represent the six weeks following release for Europe.
According to our latest data, we have seen that the ratio of players in their 20s and 30s has risen for *Pokémon Sun* and *Pokémon Moon* compared to past Pokémon titles for Nintendo 3DS.

In addition, as of the end of December 2016, we found that about 17% of *Pokémon Sun* and *Pokémon Moon* players had no previous Nintendo 3DS Pokémon titles in their activity log; in other words, *Pokémon Sun* and *Pokémon Moon* were the first Pokémon titles these players had experienced on Nintendo 3DS.

Celebrations of the Pokémon series’ 20th anniversary that began at the start of 2016, plus the incredible buzz around the smart-device application *Pokémon GO* in July drew attention to the brand and set the stage for this growth in sales. We believe these activities correlated with the increase in the ratio of players in their 20s and 30s and the acquisition and reactivation of new consumers.

Note: *Pokémon GO* is an application for smart devices (Development and Publishing: Niantic, Inc., Development Oversight: The Pokémon Company)

This graph shows Nintendo 3DS hardware and software sell-through in Japan from April 2016 through the final week of the calendar year, divided by quarters and compared year-on-year. In looking back on the life-to-date performance of Nintendo 3DS, hardware spread through the Japanese market first before the U.S. and European markets. For the first two quarters, both hardware and software maintained lower trends than the previous year, but for the third quarter, which also includes the holiday period, the release of *Pokémon Sun* and *Pokémon Moon* drove software sales higher than the previous year, and hardware sales did not lose momentum.
Note: Nintendo 3DS hardware includes the New Nintendo 3DS, the New Nintendo 3DS XL, the Nintendo 3DS, the Nintendo 3DS XL and the Nintendo 2DS systems.

Note: Due to the calendar differences, FY16Q3 contains one more week than FY17Q3.

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

Super Mario Maker for Nintendo 3DS, released in December last year in Japan, continues to sell well and is expected to become a million seller soon. In Japan, this title has the momentum to close in on the total sell-through for Wii U version, which launched the previous year. We were able to reach consumers who own a Nintendo 3DS system, but who do not own a Wii U system. This shows the size of the latent Nintendo 3DS market. This title is also off to a good start in the U.S. and Europe, where it was released in December as well.

This graph shows Nintendo 3DS hardware and software sell-through in the U.S. compared with the previous period. In the U.S., promotional activities aimed at children and parents were effective at increasing sales. We believe we were able to assert brand presence during the holiday season, including Black Friday, through Pokémon Sun and Pokémon Moon. This was the sixth year-end period since the launch of Nintendo 3DS, but major titles continued to drive hardware sales, and sell-through of hardware and software for the entire year was up compared to the previous year.
This graph shows Nintendo 3DS hardware and software sell-through in Europe compared with the previous period. In Europe, sales were up for both hardware and software in each quarter compared to the previous year. As in the other markets, *Pokémon Sun* and *Pokémon Moon* was a major driver of hardware and software sales. We also promoted titles for children and female consumers, creating a new group of Nintendo 3DS owners whose purchases of both new and evergreen titles further drove sales growth.

We have previously shared how the first title in the *Yo-Kai Watch* series, sold by our local subsidiary in the European market, was released in April last year and quickly surpassed initial sales of the Japanese release. This graph compares the sell-through in the European market with the earlier release in the Japanese market. Sales growth has maintained momentum even through the holiday period in Europe. High demand from children hoping to receive this title as a present has produced measurable results. The animated television show is also expanding to more regions, so we can expect further growth from this franchise in the future.

Note: *Yo-Kai Watch* (Developer: Level-5 Inc.)

This graph shows the share of Nintendo 2DS within the total Nintendo 3DS hardware sell-through per region, compared with the previous period. Nintendo 2DS is offered at an even more affordable price than other hardware in the Nintendo 3DS family, and children can easily enjoy playing with it as their first game system. It launched in the Japanese market in September last year. We reduced the price of Nintendo 2DS in the U.S. market in May last year and saw an increase in sales that exceeded our expectations. As you can see, the share of sales...
held by Nintendo 2DS has grown over the previous year in the U.S. and European markets.

Over this period, we appealed to a range of demographics, such as female consumers and children. With the spread of the 2DS due to its affordable price point, we were able to achieve definite sales drive in these demographics.

As I mentioned before, our efforts to appeal to children and female consumers have paid off this year. The expansion of Nintendo 3DS hardware into wider demographics, including children and female consumers, has provided renewed momentum for hardware sales in the Nintendo 3DS business. Sales of Nintendo 3DS hardware further accelerated due to the release of Pokémon Sun and Pokémon Moon. As we approach six years since the launch of Nintendo 3DS, it is a common assumption that the platform is entering its final stage. However, I believe we have shown that compelling software can continue to drive hardware sales. We have often asserted that software drives hardware sales in our dedicated video game system business, and this is further proof of that fact.

As for the sales of software in this period, some software such as Pokémon Sun and Pokémon Moon have continued to sell well. However, it can be also said that the sales of other software have not turned out to be satisfactory.

For Nintendo 3DS software sales, our future challenge will be to encourage consumers who already own the hardware to purchase a second or third software title continuously.
As for the future of the Nintendo 3DS business, Nintendo 3DS family hardware has continued to spread through our markets, reaching sales of 62 million units worldwide. Our efforts will focus on the opportunities to take advantage of this install base.

We will continue to introduce new titles that players can enjoy for the Nintendo 3DS family of systems. We have heard speculation that Nintendo Switch will replace the Nintendo 3DS, as both are game systems that can be played outside the home, but Nintendo 3DS has unique characteristics that differ from those of Nintendo Switch. Furthermore, the price points and play experiences offered by the two systems are different and we do not see them as being in direct competition. We plan to continue both businesses separately and in parallel.

This slide shows the major announced games for Nintendo 3DS that have been recently released or that are announced for release later this year in our markets. We will have several follow-up titles from popular franchises on Nintendo 3DS and we are developing many other unannounced titles to continue to enrich the software lineup going forward.

Note: *Fire Emblem Warriors* software is exclusively for the New Nintendo 3DS (Publisher in Japan: Koei Tecmo Games Co., Ltd.; Overseas Publisher: Nintendo; Developer: Koei Tecmo Games Co., Ltd.)
There are also many strong third-party titles on the way for Nintendo 3DS. For example, Capcom will release *Monster Hunter XX* in Japan on March 18.

Also, Square Enix has announced that the latest entry in the *Dragon Quest* series, *Dragon Quest XI* is in development for Nintendo 3DS. Both titles are sure to be highly anticipated by fans of the series. There are many other games coming from developers, so we hope to maintain last year’s momentum and continue to provide exciting experiences through our Nintendo 3DS.

This slide compares sell-through for Wii U hardware and first-party packaged software in Japan, the U.S. and Europe from April 2016 through the last week of the calendar year, compared with the same period over the past two years. We significantly decreased the shipping volume for Wii U this fiscal year compared to the fiscal year ended March 2016 and set our sales expectations at 800,000 units. As a result, hardware sell-through is down significantly compared to the previous two years. Also, there were fewer new titles this year, resulting in reduced trends in software sell-through compared to previous periods, but both the hardware and software results are largely in alignment with our expectations.
This figure shows the sell-in for amiibo figures compared to the previous period. In the previous period, we sold many amiibo, particularly in the Super Smash Brothers series, reaching total sell-in of approximately 20.5 million units. Sell-in for this period was approximately 6.5 million units.

This figure shows the download sales of digital content for Nintendo 3DS and Wii U up until the third quarter compared to the previous period. Sales during this period only reached 23.1 billion yen, falling short of the previous period, which saw the release of more downloadable content, including content for Mario Kart 8 and Super Smash Bros. for Wii U and Nintendo 3DS.

In November last year, we brought back the nostalgic Famicom and NES home consoles in palm-sized versions and shipped the entire quantity of Nintendo Classic Mini Family Computer units we initially prepared for each market. We apologize to our consumers and retail partners for the inconvenience caused by product shortages. Some parts require time to procure, but we are working to increase production. We also see the nostalgic interest in these products as an opportunity to draw consumers’ attention to our latest game system, Nintendo Switch.

Note: This system was sold as the Nintendo Entertainment System: NES Classic Edition in the United States. This system was sold as the Nintendo Classic Mini: Nintendo Entertainment System in Europe and Australia.
Next, I will cover our smart device business.

First, I would like to once again state Nintendo’s three main goals for our smart-device business. We would like to utilize smart devices as a platform to reach the maximum number of consumers with our IP. It is a prerequisite that the smart-device business be profitable on its own. We also aim to generate synergy with our dedicated video game systems business to maximize the potential of Nintendo’s overall business strategies.

I have also shared in the past that we strive to ensure that each title we release for smart devices provides a high-quality game experience that is optimized for smart devices.

Following these principles, we released a new type of Mario game that you can play with one hand, Super Mario Run. It launched on iPhone and iPad in December. This release was not limited to the countries and regions in which we have offered products and services through our dedicated video game system business, and it reached a wide range of consumers worldwide. As we shared through a previous press release, in its first four days Super Mario Run was downloaded more than 40 million times, a record speed for the App Store. Since then, downloads have maintained a strong pace, and as of today the application has reached 78 million downloads.
Super Mario Run is free to download, and parts of each of its three modes are available to play for free. After paying a set purchase price of 1200 yen, all of the game content can be enjoyed without needing to worry about additional payments. The download numbers for this title have continued to grow since release. However, the number of consumers who have purchased the full game (made the in-app payment) has grown relatively slowly compared to the overall growth in downloads. We can really feel the effects of the feedback we received from customers who purchased the full game. We hope to solidify Super Mario Run’s position as an evergreen application that can be enjoyed by everyone, including children. For that reason, we are taking a number of steps to ensure that Super Mario Run can be enjoyed for a long time, both by those who have already made the full purchase and by those who have downloaded the application but not yet made the purchase. We are also taking steps in-game to raise the ratio of purchases among consumers downloading the application for the first time.

Note: The price for the full purchase varies by country.

Here are some of the initiatives we have planned. For many of our consumers, it has been a long time since they last played a Mario game. Things that may seem easy or obvious to fans who have played recent Mario games may feel like obstacles to consumers who haven’t played a Mario game in a long time. We have added an Easy Mode setting that turns off the time and mistake restrictions. This setting with help users who downloaded the game and gave up in frustration to enjoy playing through the worlds at their own pace. We will also hold
We are taking steps to help customers who continue to play the game for free understand the diverse gameplay and new player characters they can get by purchasing the full game. We are also using feedback and play records to collect information on the places that are tripping players up, and we are working to improve in-game explanations and movement patterns to provide an easier experience for consumers who download the game in the future.

We will continue increasing the number of available countries and OS to ensure that more consumers can enjoy *Super Mario Run*. The iOS version released in Korea on February 1, 2017. We plan to release the Android version in March, 2017.

We also released a major update for *Miitomo* in November last year as part of our ongoing efforts to bring enjoyment to our consumers. As a result, we have seen an increase in active user volume for this title.
I will now talk about the third smart-device application, following Miitomo and Super Mario Run, that Nintendo will release, Fire Emblem Heroes. Distribution for both the iOS and Android versions of Fire Emblem Heroes will begin tomorrow, February 2, in 39 countries worldwide.

The Fire Emblem series is a franchise that is supported enthusiastically by fans in their 20s and 30s in particular. The series has become especially popular overseas since the titles on the Nintendo 3DS.

Though Fire Emblem Heroes changes many aspects of the Fire Emblem series to better suit play on a smart device — such as smaller maps that fit on a smartphone screen and the ability to attack enemies by dragging an allied character over an enemy — it inherits a deep battle system and the joy of training your characters, which are aspects typical of the Fire Emblem series. We developed Fire Emblem Heroes to be a quality title that fans of the series will appreciate and play thoroughly.

At the same time, we hope to provide a chance for consumers who have never played Fire Emblem before to experience the appeal of the series.
This title uses the free-to-start business model, in which users can download the game and start playing for free.

As the word “Heroes” in the title implies, users can acquire various heroes who have appeared throughout the history of the Fire Emblem series. Heroes are obtained by expending items called orbs. The focus of the game is to train your characters, form a team to take into battle by picking heroes from those and progress through the story. Characters are acquired randomly. Users can acquire orbs, which are required to get characters, by progressing in the game’s story, but they can also purchase additional orbs in the shop.

Distribution for Fire Emblem Heroes will begin tomorrow.

As stated yesterday, we have revised the release timeframe for our Animal Crossing smart-device title. While we had previously said that we planned to launch the title by the end of March 2017, because the Android version of Super Mario Run will now be launching in March, we are changing the distribution period to next fiscal year so we can prepare all the content we wish to include and properly support the distribution of this application. I apologize to all the consumers who are anticipating this title. We will provide more details about the specific release period at a later date. This revision will have minimal impact on the earnings forecast.
Next, I’d like to discuss Nintendo Switch.

Since our presentation on January 13, we have run Nintendo Switch demo events in regions across the world. These photos show some of those events. You can get a sense of the enthusiastic atmosphere and the enjoyment that the attendees felt.

Nintendo Switch will launch with the two sets pictured here on March 3, 2017 in Japan, the U.S., Canada, major European countries, Australia, Hong Kong and other regions. The manufacturer’s suggested retail price in Japan is 29,980 yen. The manufacturer’s suggested retail price in the U.S. is $299.99. As we have stated before, unlike Wii U, the Nintendo Switch price point was set to ensure that the hardware is not basically sold at a loss.

Note: MSRP = Manufacturer’s Suggested Retail Price
We are continuously producing in earnest, and there are no changes to our plans to ship two million hardware units worldwide by the end of March 2017. Pre-order sales have also begun across the globe. We have heard that many retailers have already closed pre-orders and have allocated remaining inventory for sale on launch day. This pre-order momentum is reassuring proof that the core gamer demographic understands the uniqueness of the Nintendo Switch and continues to support us. We are preparing our supply system to ensure that we will be able to make continued shipments after launch as well.

Now, let us once again present the hardware characteristics and the diverse play modes offered by Nintendo Switch through this video.

(Link: Nintendo Switch overview)

(Link: Nintendo Switch play styles)
The most unique feature of Nintendo Switch is that, while it is a home console-type video game system, simply by removing the system from the Nintendo Switch Dock, you can enjoy the experience of a TV video game system in the play mode of your choice wherever you go even when you are away from a TV.

By switching between TV mode, tabletop mode and handheld mode, you can actively choose the play mode that fits your style.

The Joy-Con controllers are the keys.

In our recent presentation, we described the HD Rumble feature of the Joy-Con controllers, which lets you feel realistic tactile sensations, such as the number of ice cubes colliding in a glass.
We also introduced the Motion IR Camera that can recognize shape, motion and distance of hands or other objects. These features of the Joy-Con controllers make the play experience of Nintendo Switch even further unique.

The combination of two Joy-Con controllers that come with the system and the concept of a home gaming system that you can carry around with you inspired new games that you can enjoy with your friends anywhere and at any time.

One such game is *1-2-Switch*. This title will release alongside the system on March 3.

*1-2-Switch* incorporates many different gameplay styles that take full advantage of the features of the Joy-Con.
These photos show consumers trying out 1-2-Switch for themselves at the recent hands-on event. You can see how not only the players themselves, but the people watching around them are also joining in on the fun. With Nintendo Switch and 1-2-Switch, by simply setting up the stand, detaching the Joy-Con controllers, and passing one to a friend, you can transform any space into the game world. We hope this will provide a spark for communication in all kinds of settings. We expect that people who enjoy 1-2-Switch themselves will pass the fun on, generating buzz across the world.

1-2-Switch, which we just introduced, is one of the launch titles for Nintendo Switch. Here is the full launch lineup.

The games shown here will release alongside the system in Japan on March 3.

Here are the announced first-party titles that will follow the system launch, releasing through 2017 in Japan. Some of those who have seen this lineup have expressed the opinion that the launch lineup is weak.
Focus on continuing to provide new titles regularly, generating buzz among consumers and maintaining hardware sales momentum

Our thinking in arranging the 2017 software lineup is that it is important to continue to provide new titles regularly without long gaps. This encourages consumers to continue actively playing the system, maintains buzz, and spurs continued sales momentum for Nintendo Switch.

For that reason, we will be releasing *Mario Kart 8 Deluxe*, *ARMS*, which is making its debut on the Nintendo Switch during the first half of 2017, and *Splatoon 2*, which attracted consumers’ attention most during the hands-on events in Japan, in summer 2017. We believe that these titles exemplify the concept of the Nintendo Switch, which is to be able to play anywhere with anyone and at any time, and will expand and invigorate competition between players.

*Splatoon 2* in particular will offer voice chat, a much-requested feature from our overseas fans, using smart-devices and the ability to bring eight Nintendo Switch systems together for eight-person local multiplayer. In this way, we are working to create titles and environments to invigorate the competitive gaming scene so that a wider demographic of customers can enjoy, talk about, and continue playing the Nintendo Switch.
Over 100 Titles in Development from over 70 Software Publishers

Next I will provide a follow-up report about our software publisher partners. After the presentation on January 13, we have continued to receive requests from more and more software publishers who want to develop games for the system. At the presentation, we announced that there were over 80 titles in development from more than 50 software publishers, but that number has now climbed to over 100 titles from more than 70 publishers. Please look forward to more announcements about the software lineup in the future.

Finally, I would like to cover our sales company that is planned to start operations in Japan on April 3. In August 2016, we announced that we would acquire one of the largest distributors in Japan handling Nintendo products, JESNET Co. Ltd., as a subsidiary, and that we would accept an assignment of business from AJIOKA Co., Ltd. The purpose of the newly-established company is to provide an integrated system from the development through supply of our products, allowing for rapid decision-making and an improvement in sales service. It will operate under the name Nintendo Sales Co., Ltd. The company overview is presented here.

This concludes our presentation.
Thank you very much.
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