

**Outline of consolidated financial results for the nine months ended December 31, 2016 and consolidated earnings forecast for the fiscal year ending March 31, 2017.**

This outline is based on the documents “Earnings Release,” “Supplementary Information about Earnings Release,” “Notice of Full-Year Financial Forecast and Dividend Forecast Modifications,” and “Notice of Accounting of Non-Operating Income (Foreign Exchange Gains)” for the third quarter of the fiscal year ending March 31, 2017.

**1. Briefing of consolidated financial results for the nine months ended December 31, 2016**

● Consolidated operating results for the nine months ended December 31, 2015 and 2016

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Comparison
Net Sales	425.6 billion yen	311.1 billion yen	-114.5 billion yen
Gross Profit	183.2 billion yen	140.0 billion yen	-43.2 billion yen
(Gross Profit Ratio)	(43.1 %)	(45.0 %)	
Operating Income	42.4 billion yen	26.3 billion yen	-16.1 billion yen
(Operating Income Ratio)	(10.0 %)	(8.5 %)	
Ordinary Income	55.2 billion yen	49.1 billion yen	-6.1 billion yen
(Ordinary Income Ratio)	(13.0 %)	(15.8 %)	
Profit Attributable to Owners of Parent	40.5 billion yen	102.9 billion yen	62.4 billion yen
(Profit Attributable to Owners of Parent Ratio)	(9.5 %)	(33.1 %)	

(Net sales)

For Nintendo 3DS, 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 app *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 (9.7% increase on a year-on-year basis), while Nintendo 3DS software sales were 46.78 million units (20.4% increase on a year-on-year basis).

On the smart device front, we released *Super Mario Run*, a new action game app featuring Mario, in 150 countries and regions starting on December 15. 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.

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 Wii U hardware and software sales both down considerably on the previous year. amiibo sales and download sales were also down, leading to an overall reduction in net sales compared to the same period of the previous fiscal year.

(Gross profit and gross profit ratio)

The gross profit compared to the same period of the previous fiscal year decreased 23.6% to 140.0 billion yen. The gross profit ratio increased 1.9% compared to the same period of the previous fiscal year. Although there was a negative impact in exchange rates from the strong yen, this increase was due to the release of *Pokémon Sun* and *Pokémon Moon* increasing the proportion of first-party software sales, as well as the reduction in the proportion of hardware sales due to the drop in Wii U hardware sales.

(Operating income)

Operating income was down 38.1% compared to the same period of the previous fiscal year because of the reduction in gross profit caused by the drop in net sales, despite a reduction of 27.0 billion yen in selling, general and administrative expenses, including fixed expenses.

(Ordinary income)

Ordinary income decreased 11.2% compared to the same period of the previous fiscal year due to a decline in operating income, despite having the 16.7 billion yen-share of profit of entities accounted for using the equity method related to The Pokémon Company and other investments.

(Profit attributable to owners of parent)

Profit attributable to owners of parent increased 153.9% compared to the same period of the previous fiscal year mainly due to the sale of part of our equity in the company that manages the Seattle Mariners Major League Baseball team, which led to a recorded gain on sales of investment securities totaling 63.5 billion yen as extraordinary income.

## **2. Briefing of consolidated earnings forecast for the fiscal year ending March 31, 2017**

Due to the yen shifting to a weaker position than expected and the change in the assumed exchange rate, as well as the results through the third quarter and the sales trends since the start of the new year, we have revised the consolidated earnings forecast issued in the “Six Months Earnings” on October 26, 2016 as follows.

- Consolidated Financial Forecast

	Previous forecast announced on October 26, 2016	Modified forecast announced on January 31, 2017
Net Sales	470.0 billion yen	470.0 billion yen
Operating Income	30.0 billion yen	20.0 billion yen
Ordinary Income	10.0 billion yen	30.0 billion yen
Profit Attributable to Owners	50.0 billion yen	90.0 billion yen

Assumed exchange rates for the end of the fiscal year have been revised from 100 yen to 110 yen per U.S. dollar and from 115 yen to 120 yen per euro.

- Consolidated Unit Sales Forecast

	Previous forecast announced on October 26, 2016	Modified forecast announced on January 31, 2017 <sup>※</sup>	Comparison
Nintendo 3DS Hardware	6.0 million units	7.2 million units	1.2 million units
Nintendo 3DS Software	55.0 million units	55.0 million units	-
Wii U Hardware	0.8 million units	0.8 million units	-
Wii U Software	14.0 million units	14.0 million units	-

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.

Reflecting the modifications of consolidated earnings forecasts, the dividend forecast for annual and the year-end dividend of the fiscal year ending March 31, 2017 was modified from 210 yen to 380 yen per share.

On March 3, 2017, we are planning to release Nintendo Switch worldwide. Nintendo Switch offers a wholly new concept as a home gaming system that can switch between different styles of play. Our launch lineup includes first-party software such as the latest title in The Legend of Zelda series, *The Legend of Zelda: Breath of the Wild*, as well as *1-2-Switch*, which offers an unprecedented play experience through the expressive capabilities of the Joy-Con™ controllers. Through these first-party titles and a variety of strong third-party titles, we will endeavor to make a successful launch of Nintendo Switch and to expand this new game platform.

For Nintendo 3DS, we aim to continue to increase sales for *Pokémon Sun* and *Pokémon Moon* and *Super Mario Maker for Nintendo 3DS*. We will also introduce new titles such as *Poochy & Yoshi's Woolly World* and *Mario Sports Superstars* with the goal of further expanding the reach of Nintendo 3DS.

For smart devices, we plan to release the game app *Fire Emblem Heroes* in February. 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 the smart-device app *Animal Crossing*, which we had originally planned to release during this period. This title will be released during the next fiscal year.

Forecasts referred to above are based upon management's assumptions with information available at the time the announcement was made and, therefore, involve known and unknown risks and uncertainties. Please note that such risks and uncertainties may cause actual results to be materially different from the forecasts (earnings forecast, dividend forecast and other forecasts).