

Outline of consolidated financial results for the six months ended September 30, 2017 and consolidated earnings forecast for the fiscal year ending March 31, 2018

This outline is based on the documents “Earnings Release,” “Supplementary Information about Earnings Release,” “Notice of Full-Year Financial Forecast Modifications,” and “Notice of Dividend (end of 2nd quarter) and Dividend Forecast Modifications” for the second quarter of the fiscal year ending March 31, 2018.

1. Briefing of consolidated financial results for the six months ended September 30, 2017

- Consolidated operating results for the six months ended September 30, 2016 and 2017

	Six months ended September 30, 2016	Six months ended September 30, 2017	Comparison
Net Sales	136.8 billion yen	374.0 billion yen	237.2 billion yen
Gross Profit	61.5 billion yen	143.7 billion yen	82.1 billion yen
(Gross Profit Ratio)	(45.0 %)	(38.4 %)	
Operating Profit	-5.9 billion yen	39.9 billion yen	45.9 billion yen
(Operating Profit Ratio)	(-4.3 %)	(10.7 %)	
Ordinary Profit	-30.8 billion yen	69.5 billion yen	100.4 billion yen
(Ordinary Profit Ratio)	(-22.6 %)	(18.6 %)	
Profit Attributable to Owners of Parent	38.2 billion yen	51.5 billion yen	13.2 billion yen
(Profit Attributable to Owners of Parent Ratio)	(28.0 %)	(13.8 %)	

(Net sales)

For Nintendo Switch, the hardware sales were continuously robust, and *Splatoon 2* released in July gained popularity both in Japan and overseas, with 3.61 million units sold globally. *Mario Kart 8 Deluxe* and *ARMS* also both sold well after their releases in April and June, respectively. All told, the sales volume for the Nintendo Switch hardware and software during this period came to 4.89 million units and 22.02 million units respectively.

Sales of the Nintendo 3DS family were given an increase with the global release of New Nintendo 2DS XL in June and July. Hardware sales came in at 2.86 million units (5% increase on a year-on-year basis). Despite firm sales of *Fire Emblem Echoes: Shadows of Valentia* and *Metroid: Samus Returns*, overall software sales were 13.82 million units (28% decrease on a year-on-year basis).

amiibo sales and download sales were also increased, and Super Nintendo Entertainment System: Super NES Classic Edition was off to a good start following its September launch.

Due to these factors, as well as a positive impact from the depreciation of the yen, our total sales were increased compared to the same period of the previous fiscal year.

(Gross profit and gross profit ratio)

Gross profit compared to the same period of the previous fiscal year increased by 133.4% to 143.7 billion yen. The gross profit ratio decreased by 6.6% compared to the same period of the previous fiscal year. Although there was a positive impact in exchange rates from the depreciation of the yen, this decrease was because the proportion of hardware sales over the total sales increased due to the launch of Nintendo Switch.

(Operating profit)

Operating profit was increased 45.9 billion yen compared to the same period of the previous fiscal year because of increment in gross profit caused by increase in net sales, despite an increase of 36.2 billion yen in selling, general and administrative expenses, including fixed expenses.

(Ordinary profit)

Ordinary profit increased 100.4 billion yen compared to the same period of the previous fiscal year due to increase in operating profit, and the recording of the 16.3 billion yen-foreign exchange gains as non-operating income while we had incurred 39.9 billion yen-foreign exchange losses as non-operating expense in the same period of the previous fiscal year.

- Dividend

Based on our dividend policy, the end of second quarter dividend per share for the fiscal year ending March 31, 2018 is set at 110 yen.

2. Briefing of consolidated earnings forecast for the fiscal year ending March 31, 2018

Due to the revisions of our financial forecast and assumed exchange rate based on the sales performance for the six months ended September 30, 2017 and after, we have revised the consolidated earnings forecast issued on “Fiscal Year Earnings” on April 27, 2017 as follows.

- Consolidated Financial Forecast

	Previous forecast announced on April 27, 2017	Modified forecast announced on October 30, 2017
Net Sales	750.0 billion yen	960.0 billion yen
Operating Profit	65.0 billion yen	120.0 billion yen
Ordinary Profit	60.0 billion yen	125.0 billion yen
Profit Attributable to Owners of Parent	45.0 billion yen	85.0 billion yen

The assumed exchange rate after the second quarter and at the end of the fiscal year has been revised from 115 yen to 125 yen per euro. The assumed exchange rate for U.S. dollar remains unchanged at 105 yen per U.S. dollar.

● Consolidated Unit Sales Forecast

	Previous forecast announced on April 27, 2017	Modified forecast announced on October 30, 2017 [※]	Comparison
Nintendo Switch Hardware	10.0 million units	14.0 million units	4.0 million units
Nintendo Switch Software	35.0 million units	50.0 million units	15.0 million units
Nintendo 3DS Hardware	6.0 million units	6.0 million units	-
Nintendo 3DS Software	40.0 million units	40.0 million units	-
Wii U Software	3.0 million units	3.0 million units	-

※ While forecasted software sales units include the quantity bundled with hardware for six months ended September 30, 2017, they do not include the quantity to be bundled with hardware on and after October 1, 2017.

Reflecting the modifications of consolidated earnings forecasts, the dividend forecast for annual dividend of the fiscal year ending March 31, 2018 was modified from 190 yen to 360 yen per share.

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).