

## Outline of consolidated financial results for the nine months ended December 31, 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,” and “Notice of Full-Year Financial Forecast and Dividend Modifications” for the third quarter of the fiscal year ending March 31, 2018.

### 1. Briefing of consolidated financial results for the nine months ended December 31, 2017

#### ● Consolidated operating results for the nine months ended December 31, 2016 and 2017

|  | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 | Comparison        |
|--|--|--|-------------------|
| Net Sales  | 311.1 billion yen                      | 857.0 billion yen                      | 545.8 billion yen |
| Gross Profit                                       | 140.0 billion yen                      | 326.3 billion yen                      | 186.2 billion yen |
| (Gross Profit Ratio)                               | (45.0 %)                               | (38.1 %)                               |                   |
| Operating Profit                                   | 26.3 billion yen                       | 156.4 billion yen                      | 130.1 billion yen |
| (Operating Profit Ratio)                           | (8.5 %)                                | (18.3 %)                               |                   |
| Ordinary Profit                                    | 49.1 billion yen                       | 194.5 billion yen                      | 145.4 billion yen |
| (Ordinary Profit Ratio)                            | (15.8 %)                               | (22.7 %)                               |                   |
| Profit Attributable to<br>Owners of Parent         | 102.9 billion yen                      | 135.1 billion yen                      | 32.1 billion yen  |
| (Profit Attributable to<br>Owners of Parent Ratio) | (33.1 %)                               | (15.8 %)                               |                   |

(Net sales)

For Nintendo Switch, the hardware kept selling well and sales volume rose substantially during the holiday season. For the Nintendo Switch software, *SUPER MARIO ODYSSEY* was released in October and has been a big hit, with global sales reaching 9.07 million units. *Mario Kart 8 Deluxe*, released in April, has sold 7.33 million units, and *Splatoon 2*, released in July, has sold 4.91 million units, bringing to 8 the total number of million-seller titles for this fiscal year including the titles of other software publishers. The result is that hardware sales during this period totaled 12.13 million units, and software sales volume totaled 47.10 million units.

Nintendo 3DS hardware sales did not weaken after the launch of Nintendo Switch. In fact, sales grew during the holiday season in the US. Sales volume was firm in other regions as well, with the total reaching 5.86 million units. For the Nintendo 3DS software, sales of *Pokémon Ultra Sun* and *Pokémon Ultra Moon*, released in November, have grown to 7.17 million units, but overall software

sales totaled 31.25 million units.

In our smart-device business, consumers not only continued to enjoy *Super Mario Run* and *Fire Emblem Heroes*, which became available for download during the previous fiscal year, but also had fun with *Animal Crossing: Pocket Camp*, released globally during October and November. Smart devices and IP related income came to 29.1 billion yen.

Super Nintendo Entertainment System: Super NES Classic Edition proved to be a hit, and in our download business, brisk download sales for Nintendo Switch helped push total download sales to 43.1 billion yen.

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 133.0% to 326.3 billion yen. The gross profit ratio decreased by 6.9% compared to the same period of the previous fiscal year. 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 130.1 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 56.0 billion yen in selling, general and administrative expenses, including fixed expenses.

(Ordinary profit)

Ordinary profit increased 145.4 billion yen compared to the same period of the previous fiscal year due to increase in operating profit, and the recording of the 20.2 billion yen-foreign exchange gains.

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

Due to the revisions of our sales forecast and assumed exchange rate based on the sales performance for the nine months ended December 31, 2017 and after, we have revised the consolidated earnings forecast issued on “Six Months Earnings” on October 30, 2017 as follows.

### ● Consolidated Financial Forecast

|  | Previous forecast<br>announced on October 30, 2017 | Modified forecast<br>announced on January 31, 2018 |
|--|--|--|
| Net Sales                                  | 960.0 billion yen                                  | 1,020.0 billion yen                                |
| Operating Profit                           | 120.0 billion yen                                  | 160.0 billion yen                                  |
| Ordinary Profit                            | 125.0 billion yen                                  | 175.0 billion yen                                  |
| Profit Attributable to<br>Owners of Parent | 85.0 billion yen                                   | 120.0 billion yen                                  |

The assumed exchange rate after the third quarter and at the end of the fiscal year has been revised from 125 yen to 130 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<br>announced on<br>October 30, 2017 | Modified forecast<br>announced on<br>January 31, 2018 | Comparison         |
|-----------------------------|---|---|--------------------|
| Nintendo Switch<br>Hardware | 14.0 million units                                    | 15.0 million units                                    | 1.0 million units  |
| Nintendo Switch<br>Software | 50.0 million units                                    | 53.0 million units                                    | 3.0 million units  |
| Nintendo 3DS<br>Hardware    | 6.0 million units                                     | 6.4 million units                                     | 0.4 million units  |
| Nintendo 3DS<br>Software    | 40.0 million units                                    | 35.0 million units                                    | -5.0 million units |
| Wii U Software              | 3.0 million units                                     | 3.0 million units                                     | -                  |

※ While projected software volume includes actual posted sales quantity bundled with hardware, it does not include any future bundled software sales.

Reflecting the modifications of consolidated earnings forecasts, the dividend forecast for annual dividend of the fiscal year ending March 31, 2018 was modified from 360 yen to 500 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).