

**Q & A Summary**

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<b>Q1</b>	<b>Prime Minister Abe dressed up as Mario for his entrance to the closing ceremony of the Rio de Janeiro Olympics. Did Nintendo consent to this performance, and, if it did, what were the reasons that led up to that decision?</b>
<b>A1</b>	<p><b>Tatsumi Kimishima (Representative Director, President):</b></p> <p>I presume that the closing ceremony at the Rio de Janeiro Olympics was an opportunity to introduce Japan to the world and show a variety of characters from Japanese companies, including Mario, in order to convey the vast amount of IP (Intellectual Property) and culture that originates in Japan. We cooperated in this endeavor along with other companies to show one part of the Japanese culture, and I feel that the response from people all over the world was positive.</p>

<b>Q2</b>	<b>The current video game market is divided into three segments: smart devices, home console and PC. Most recently, the PC gaming market has shown incredible growth and professional PC gamers are starting to appear in the United States. Are you planning any hardware or software initiatives in the PC market?</b>
<b>A2</b>	<p><b>Kimishima:</b></p> <p>We are aware that many consumers play PC games. However, we believe that the integrated hardware-software business is the best way for us to provide the surprises and new gameplay experiences that we want to achieve. On the other hand, we offered three applications for smart devices during the previous fiscal year, and, though the content and consumers playing the applications were different, each one was received extremely favorably. <i>Super Mario Run</i>, for example, achieved 150 million downloads worldwide, and consumers who had never played our games before were able to experience our IP on their smart devices. We believe that we can further expand our core integrated hardware-software business by providing our software on smart devices and increasing the number of consumers who experience our IP.</p> <p>Speaking of our integrated hardware-software business, E3 was held on June 13 through 15 in Los Angeles. Mr. Miyamoto and Mr. Takahashi will explain our initiatives during the show.</p> <p><b>Shinya Takahashi (Director, Managing Executive Officer):</b></p> <p>This year at E3 we focused on the demo for <i>Super Mario Odyssey</i> and planned competitions for three software titles, <i>ARMS</i>, <i>Splatoon 2</i> and <i>POKKÉN TOURNAMENT DX</i>. Everyone enjoyed playing <i>Super Mario Odyssey</i> on Nintendo Switch in TV mode, handheld mode and tabletop mode.</p> <p>Starting this year, E3 was officially opened to the public, not just to those involved in the industry, and the line was particularly long for our booth. On the first day there were so many people that you literally could not even see the floor. The competitions also got very heated and both the competitors on the stage and the audience in the hall were shouting in unison with excitement. I think that it ended up being a very good show.</p> <p>Mr. Miyamoto made a surprise appearance at Ubisoft Entertainment’s press conference the day</p>

	<p>before E3. That got the fans pretty excited too, so I would like to “switch” over to Mr. Miyamoto and have him talk about it.</p> <p><b>Shigeru Miyamoto (Representative Director, Creative Fellow):</b></p> <p>We have had a good relationship with Ubisoft, known for such big name titles as <i>Watch Dogs</i> and <i>Assassin’s Creed</i>, for many years. I showed up on their stage as a surprise guest when they held their press conference the day before the E3 show, specifically when they announced their unique new title (<i>Mario + Rabbids Kingdom Battle</i> for Nintendo Switch), a collaboration between the Rabbids, their cute-looking characters with a bit of a twisted sense of humor, and our Mario characters. It seems a number of our fans were attending this Ubisoft conference, and the announcement of this title was excitedly welcomed by the crowds.</p> <p>As for E3 2017 overall, Nintendo gained a lot of attention, and we received warm cheers from the participants. Your question just now was about software for gaming computers. Indeed, in the past I have seen a number of exhibition booths at E3 where dozens of PCs lined the hall for consumers to try out network experiences. However, at E3 this year, there were not many gaming PC exhibits or VR exhibits, which captured significant attention last year. I feel as if this environment allowed the attendees to see Nintendo anew as a company offering consumer-oriented dedicated video game systems.</p>
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<b>Q3</b>	<p><b>This is about the number of software titles for each hardware system. More than 1,000 titles were released for Family Computer System (known as Nintendo Entertainment System outside Japan) during its ten-year lifespan and more than 1,300 titles were released for Super Famicom (known as Super Nintendo Entertainment System outside Japan) during its ten-year lifespan. Compared to that, there were only between 100 and 200 titles released for Wii U during its five-year lifespan. It was extremely concerning to see this hardware system’s lifespan shorten rapidly and the number of titles decrease. Fortunately, Nintendo Switch is off to a favorable start, and we want to see it nurtured so that it can grow into a long-lived product with more than 1,000 titles released in ten years, like Family Computer System. What do you think about this? Further, I read in an article that Nintendo devotes approximately 300 people for debugging in the final stages of software development to raise game quality and ensure that the intentions of the developers were conveyed smoothly. I think that this would be an extremely effective method for the future as well. Please continue to maintain this software development system.</b></p>
<b>A3</b>	<p><b>Kimishima:</b></p> <p>I believe that the number of titles you mentioned includes those from software publishers, not just those from Nintendo. Software publishers determine whether to develop for a video game system based on its momentum. With this in mind, we are planning to sell 10 million units of Nintendo Switch hardware during this fiscal year. If we can sell 10 million units in one year, then software publishers will feel more at ease about investing in development for Nintendo Switch. Therefore, we hope to achieve our unit sales plans for this fiscal year and gain the support of even more software publishers.</p> <p>Regarding our development framework, indie development, or software development by</p>

individuals or small teams of developers, is becoming extremely popular, but developers must go through a wide variety of procedures in order to develop software, so we are taking initiatives to lower the procedural and cost-related difficulties. Our development environment is one of those initiatives, and I believe that the article you read conveyed that our framework is more than capable enough to handle debugging (the process of checking to make sure the software behaves as intended by the developers). To help software publishers feel at ease about developing with Nintendo, we need to steadily release our own titles and show them that momentum. We hope to maintain momentum for Nintendo Switch for a long time by increasing opportunities to build up various businesses on our hardware while simultaneously adjusting our development environment so that even small-scale developers who could not support us before can support us now.

**Q4** **The "Issues to be Addressed" section of the Business Report (in the Convocation Notice) mentions presenting opportunities for a wide range of consumers to experience Nintendo IP and different worlds featured in Nintendo games. Do you not also need to increase the number of shareholders who are Nintendo fans? Currently it costs about 4 million yen to buy 100 shares in Nintendo, so what do you think about splitting shares so that they can be purchased for about 1 million yen, which is within the limits of NISA (Nippon Individual Savings Account)?**

**A4** **Kimishima:**  
 We believe a stock trading unit reduction is one effective policy to expand the investor base and enhance stock liquidity. On the other hand, there are varying opinions regarding a reduction among our shareholders, so we will consider the movement of the overall stock market, and Nintendo's share price and liquidity, among other factors, to carefully evaluate the feasibility of a stock trading unit reduction from various perspectives. Moreover, our minimum trading unit is 100 shares, as you pointed out, and it is not possible to change this according to the regulations of the Tokyo Stock Exchange, Inc., so, if we were to reduce our unit of investment, then we would need to split the shares.

**Q5** **You have been ambitiously releasing new titles for your handheld system, Nintendo 3DS, while emphasizing that Nintendo Switch is a home console from the very beginning, so I get the impression that you are balancing the two platforms well. However, at E3 you announced that a main title in the Pokémon series, which are considered to be handheld titles, is in development for Nintendo Switch. It feels as if the positioning for Nintendo Switch has changed, but what are your current thoughts on separating your home console, Nintendo Switch, from handheld systems like Nintendo 3DS and its successors, and about balancing the two.**

**A5** **Kimishima:**  
 Nintendo Switch has all the features consumers seek in a home console while simultaneously offering a variety of play styles and enabling consumers to take it anywhere, anytime and play with anyone. We understand that Nintendo Switch is diversifying the way people play games.  
 I cannot announce any details of the Pokémon title for Nintendo Switch at this point in time.

	<p>Our handheld platform, the Nintendo 3DS family, has already sold more than 66 million units worldwide. We are extremely grateful that our consumers have bought so many units and hope to offer new software for owners of this hardware to enjoy during this fiscal year as well.</p> <p>We will consider a variety of elements, including consumer desires, as we determine our future direction. I think that there are many Nintendo 3DS owners who also wish to play Nintendo Switch, so we hope to provide as many different ways to play as possible for both our home console and handheld systems.</p> <p><b>Takahashi:</b></p> <p>The main characteristic of Nintendo Switch is that you can take it out and get together with others to play anytime, anywhere and with anyone. For example, you can pass one of the Joy-Con controllers to the person next to you and start playing with them immediately. We want to use this characteristic of Nintendo Switch in a variety of software title.</p> <p>There is already a lot of software released for Nintendo 3DS and we will launch New Nintendo 2DS XL next month, so we will continue to consider consumer tastes and age ranges as we make new software.</p>
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<b>Q6</b>	<p><b>The "Issues to be Addressed" section of the Business Report mentioned "consumers who had never played Nintendo games before" getting to experience the worlds featured in Nintendo games. Although I'm glad to see the increasing number of games available to play on Nintendo Switch, I'm curious if you're pursuing any titles like <i>Wii Sports</i> or <i>Wii Fit</i> that would introduce new categories of play that haven't existed before in games. I'm sure there are still quite a few underserved demographics, so I'd like to know if you have any plans to develop software targeted more directly at women, or people who enjoy sports or music.</b></p>
<b>A6</b>	<p><b>Kimishima:</b></p> <p>A software title like <i>1-2-Switch</i> is different than typical games that are played while looking at a TV in that both players can look each other in the eye instead of at the screen when playing together. A game like that lets players get a sense of what the other person is up to and respond, and that's a style of play that hasn't really existed before. Beyond that, we are still in the early days following the launch of Nintendo Switch, so there is still a lot to look forward to.</p> <p><b>Miyamoto:</b></p> <p>A lot of people say that what they want out of a new video game system is high performance, but when we look at the sales of Nintendo Switch, it is clear that a large number of consumers worldwide are really looking for more variety in the ways they can play. Of course, the capabilities of Nintendo Switch are considerable in their own right, so I feel like it has been surprisingly well-received among people who seek high performance as well. I myself really enjoy creating titles like <i>Wii Fit</i> or <i>nintendogs</i> that are different than our existing franchises, and that's the sort of culture that permeates our entire development staff.</p> <p><b>Takahashi:</b></p> <p>Given that Nintendo Switch is a Nintendo product, we have been hard at work on some of what</p>

we consider to be our key titles for it, like *Super Mario Odyssey* and *The Legend of Zelda: Breath of the Wild*, which we released simultaneously with the hardware. We still have some titles that we haven't announced yet, but we did just announce that *Metroid Prime 4* is currently in development. *1-2-Switch* is unique in that it is the first of these titles to really provide a new way to play on Nintendo Switch, and we are working on a variety of projects now where we are asking ourselves how we can follow up on *1-2-Switch* in terms of using Nintendo Switch to play differently, and what would be fun to play. We are looking forward to announcing some of these projects soon.

**Q7** I'd like to hear your thoughts on taking advantage of content you have created in the past, especially any non-game content. Kirby, for example, is extremely popular, and I would think that paid releases of the animated Kirby series or similar existing video content on Nintendo Switch or smartphone devices would be a worthwhile investment. Could you explain some of your strategies related to video content?

**A7** **Kimishima:**  
 We are looking into strengthening or relationship with media production that makes use of Nintendo IP, which could include investing in video production. The number of consumers we reach with Nintendo IP (through video content) keeps growing, and I would like to bring even more consumers to our integrated hardware-software business this way.

**Miyamoto:**  
 When we brought that series to Europe, it had a very positive impact on sales of Kirby titles in certain parts of Europe. I am aware that our video properties could allow us to expand into quite a few countries where we are not already selling our dedicated video game systems. Even in just the past few years, we have produced short animations like *Pikmin Short Movies*, and the ones for *Star Fox Zero* (for Wii U) and *Poochy & Yoshi's Woolly World* (for Nintendo 3DS), which were mainly used to promote the games or appear within them. I would be interested in more actively pursuing the development of these kinds of videos going forward.

**Q8** I personally am very excited about Super Nintendo World, which is currently under construction at Universal Studios Japan. Could you discuss expanding to theme parks outside of Japan to reach Nintendo fans all around the world, and about any future theme park-related developments?

**A8** **Kimishima:**  
 We are indeed moving forward with bringing our IP and characters to Universal's theme parks through our connection with Universal Parks and Resorts. We have also announced that we will be expanding beyond Japan, with plans for Orlando, Florida and Hollywood, California. So far, we have not determined whether we will move into any other locations besides the US and Japan. That will all depend on our future negotiations with Universal.

**Miyamoto:**  
 I was very pleased to participate in the Super Nintendo World groundbreaking event held recently

(June 8) at Universal Studios Japan in Osaka. Our goal is to open the area before the Tokyo Olympics and Paralympics, and we have announced our plans to expand to the corresponding theme parks in Florida and Hollywood after Osaka. This is more than just a simple licensing deal between Universal and Nintendo. It is a highly collaborative project between both companies, including a large number of Nintendo developers, myself included, so please look forward to more information to come.

**Q9 Several Game Boy Advance titles have been released on Virtual Console for Nintendo 3DS already, but have you thought about making them available through retail?**

**A9 Satoshi Yamato (Senior Executive Officer):**

We have been thinking about a lot of different ways to make use of Virtual Console titles, and not just Game Boy Advance titles. Similar to these software titles we have made available on a variety of platforms over the Internet, we consider the Nintendo Classic Mini: Super Famicom (to be sold as Super Nintendo Entertainment System: Super NES Classic Edition in the U.S.), scheduled to be launched in Japan this October (and September overseas) to be a type of Virtual Console. It would be possible to sell these titles as packaged software or via download cards, but if we were to start selling products like this in the future, I think we would first have to consider whether we can establish that kind of business model, and do our due diligence in finding out if there is sufficient demand for it.

**Q10 You are running the Nintendo World Store in New York, and my understanding is that this one store in the U.S. is the only one you have. Do you plan on expanding the number of shops in the future?**

**A10 Kimishima:**

In the U.S., we have support from many retailers selling our products, so we don't have any plans to expand our own retail operations. The Nintendo World Store in Manhattan is primarily a marketing operation for us. Consumers come from around the world and get to play a variety of software, and they can sometimes purchase software before it is available in their own country, so the store is quite popular. We may consider expanding this type of store to other regions if conditions are favorable in consideration of relations with our retailers and possible locations. Consumers who experience the store pass that experience on via word of mouth to many other consumers, and since we have visitors from all around the world, I think the store is fulfilling its role very well.

This is a separate example, but we also opened an area in Kansai International Airport on June 23 that displays Mario and other Nintendo characters, and offers the chance to play Nintendo Switch, Nintendo 3DS and smart device applications. I have heard that this area is very popular. We will continue to create opportunities like this for consumers to interact with our products and services, without limiting these experiences to stores.

**Q11 You have nearly 1 trillion yen in cash and deposits, and marketable securities on your balance sheet. I would like to know how you plan to use these funds effectively in the future, whether these levels of capital are required going forward and what your policies are regarding**

	<b>shareholder returns.</b>
<b>A11</b>	<p><b>Kimishima:</b></p> <p>We use the capital we have on hand in accordance with the demand for capital for new product development including acquisition of technology, as well as production and sales. We have seen remarkable technological innovation recently, and investment is required to use this technology effectively in our hardware and software development. Going forward, we see the need to expand our business in a wide range of fields, from our integrated hardware-software business to active use of our IP and our smart-device and video businesses. We will continue to invest as needed for these endeavors. We believe we will be able to develop our business in the future precisely because we have these internal reserves.</p> <p>Our business has a lot of ups and downs, and it depends heavily on whether consumers respond well to our products. When we miss the mark, we need to be able to continue development to find success with consumers the next time. Therefore, we believe that relatively deep internal reserves are crucial for our business, and we hope you can understand this necessity.</p> <p>As for our policies regarding shareholder returns, our basic policy is to provide returns through dividends. If our business enters an upswing and internal reserves increase, we would consider ways to use this effectively instead of simply keeping the cash on hand. This may include the purchasing of treasury shares or M&amp;As. We do not see our current levels of cash and internal reserves as excessive by any means, and we hope you can understand that.</p>

<b>Q12</b>	<b>When Super Nintendo World opens at Universal Studios Japan, will you be able to provide any special benefits for shareholders, such as a preview day or distribution of Express Passes?</b>
<b>A12</b>	<p><b>Kimishima:</b></p> <p>Nintendo does not provide shareholder special benefit plans. Our basic policy is to provide returns through dividends. The background for this policy is that requests from shareholders may be varied, and it would be difficult to provide any type of treatment that could satisfy both individual shareholders and institutional investors. We understand the interest that our shareholders have in Super Nintendo World and appreciate your request to provide arrangements for visiting the park.</p>

<b>Q13</b>	<b>Currently, you have used two main types of payment model in your smartphone applications. One model is to offer the application itself for a set price, as with <i>Super Mario Run</i>, or to offer items for a set price, as in <i>Pokémon GO</i>. The other model, used by <i>Fire Emblem Heroes</i>, is to pay for a chance at random acquisition and enjoy getting strong heroes. Are there any other payment models you might adopt? What is your thinking regarding payment models going forward?</b>
<b>A13</b>	<p><b>Kimishima:</b></p> <p>We feel that Nintendo is still a newcomer in the smart-device business, and we have released three applications so far with different IPs and payment models. Although no single model is clearly superior, we have been able to learn a lot. We want to keep thinking about how consumers would want to pay for content in our future smart-device applications.</p> <p><i>Super Mario Run</i> has seen over 150 million downloads and access from over 200 countries. Less than 10 percent of these consumers have actually purchased the full game. While there are</p>

	<p>consumers all over the world who want to play a Mario game, there are varying economic situations across the world, and some consumers are not able to pay for the game. This may be due to the price or the payment methods, so in the future we will consider not only a single set price, but other methods that incorporate a wider variety of elements to allow as many consumers as possible to play.</p> <p>The number of downloads of <i>Fire Emblem Heroes</i> is less than a tenth of the number for <i>Super Mario Run</i>, but the total figure that consumers have spent on this title is more than on <i>Super Mario Run</i>. There is a wide variety of consumers, including consumers who are willing to pay to get items within the games we offer.</p> <p>We are planning to release an application using the characters from <i>Animal Crossing</i>. The composition and size of the target audience varies based on the IP characters and game content, so we want to take what we have learned and consider all of these elements to provide a smart-device application that consumers will want to play for a long time.</p>
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<b>Q14</b>	<p><b>I think it's great that we can purchase Nintendo 3DS downloadable software whenever we want. However, when I tried to download some third-party software titles, there was a message stating that sales for this product had ended, and I was disappointed. Have sales ended for any downloadable software from Nintendo? I can understand that rights may expire eventually, but please try to continue selling these downloads so that we can enjoy these titles as long as possible, even for third-party software.</b></p>
<b>A14</b>	<p><b>Yamato:</b></p> <p>I do not have the information on hand so I cannot provide a detailed explanation, but it is possible that we received rights to sell a title and had to end sales when those rights expired. Also, for older platforms, the server operations may shut down, so this is another reason you may find that sales have ended for titles on the platforms prior to Nintendo 3DS.</p> <p><b>Susumu Tanaka (Senior Executive Officer):</b></p> <p>There are some titles for which sales have ended on Nintendo 3DS and Nintendo DSi. We stopped offering these titles at the request of the software publishers. This may be due to rights issues, and there have also been cases of ending sales a few years after regular sales have quieted down. If you would like to request rerelease of these titles, it may be possible to open sales again at the software publisher's determination, but please understand that the software publishers are responsible for these decisions.</p>

<b>Q15</b>	<p><b>Why did you decide to have the General Meeting of Shareholders on June 29, when many companies have their shareholder meetings? I read an article in the newspaper that said the government was considering revising the law to allow companies to have their meetings on different days. For next year and beyond, can you consider having it on a different day so that more shareholders will be able to attend?</b></p>
<b>A15</b>	<p><b>Kimishima:</b></p> <p>As you point out, we are aware that the government is considering a revision of the law to make the dates of shareholder meetings more flexible. We will look into options for the General Meeting</p>



The 77th Annual General Meeting of Shareholders  
Nintendo Co., Ltd.

	<p>of Shareholders next year and beyond in consideration of this development. We want to ensure that our shareholders have sufficient time to exercise their voting rights to make full use of the General Meeting of Shareholders, so we make every effort to send the convocation notice to shareholders as early as possible. We sent out this notice on June 7 this year, which was as early as we could manage. The General Meeting of Shareholders must be held by the end of June, and we left just one day of margin in setting the date on June 29. According to the Corporation Law, the minimum allowable period between distribution of the convocation notice to holding the General Meeting of Shareholders is 14 days, but we allow for 21 days of advance notice. The General Meeting of Shareholders is an important forum for communication between the shareholders and the company, so we will carefully consider any further opportunities to make full use of each meeting.</p>
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