Thank you for making time to attend today. I am Shuntaro Furukawa, President of Nintendo. Mr. Murakami has just presented our financial results for the period.

At our presentation last year, we described our basic strategy focusing on these three initiatives. The first is to continue to pursue the design and development of unique products and services that are overwhelmingly fun to play and whose appeal is easy to understand at a glance. The second is to make active use of the Nintendo IP. And the third is to create initiatives that promote business based on the use of Nintendo Accounts, with the goal of developing long-term relationships with consumers.

In light of our position within the current environment, our direction will not change as we continue with our existing basic strategy and medium-term initiatives in 2020. We introduced our plans to expand the number of people who have access to Nintendo IP in 2015, and have since worked to bring access to Nintendo IP to a broader range of consumers in areas beyond our core business of dedicated video game platforms. We are starting to see results from our efforts in creating venues and opportunities for consumers to interact with the Nintendo IP, and I will focus our discussion today on the current status of these initiatives.

Nintendo is a company that creates entertainment to bring smiles to people's faces, and as we've said before our basic strategy towards that end is to expand the number of people who have access to Nintendo IP.

Continue pursuing our current basic strategy

Expanding the Number of People Who Have Access to Nintendo IP

We are starting to see results from our efforts in creating venues and opportunities for consumers to interact with the Nintendo IP, and will focus our discussion today on the current status of these initiatives.
One of our initiatives to expand the number of people who have access to Nintendo IP was the November 2019 opening of Nintendo TOKYO in the SHIBUYA PARCO building as our first directly managed store in Japan. Since its opening, visitors have included not just young people, but also families with their children, and tourists from other countries. However, it is often necessary to wait to enter the store, which we regret can be an inconvenience to visitors. While Nintendo TOKYO does not greatly impact our financial results, the store serves as a base to convey the appeal of Nintendo's IP, and we believe it will be a highly effective fixed point of contact between Nintendo and consumers.

Going forward, we plan to enhance our product lineup to reach a broader audience as well as to satisfy repeat visitors. We also intend to analyze consumer reactions and their opinions about the store as we consider the possibility of expanding to additional locations both inside and outside of Japan.

As a result of our partnership with Universal Parks & Resorts, SUPER NINTENDO WORLD is under construction at Universal Studios Japan, and is an especially large initiative in our strategy to expand the number of people who have access to Nintendo IP. The SUPER NINTENDO WORLD area is scheduled to open this year, before the start of the 2020 Tokyo Olympics. In the SUPER NINTENDO WORLD area guests can enjoy the world of a Mario game-like experience, like hitting a real-life Question Block, with their whole body. The area will have multiple themed areas, focusing on a cutting-edge Mario Kart-themed ride and a family-friendly Yoshi-themed ride, as well as plenty of restaurants and shops.
There will also be a variety of areas with interactive experiences, that can be accessed using a special wristband called the “Power Up Band”.

Universal Studios Japan released new images and information earlier on January 14th, and they will continue to release information in preparation for opening. As already announced, this initiative is not limited to Universal Studios Japan, but will also be expanded to Hollywood and Orlando in the US, as well as Singapore.

The motion picture project that we are developing in partnership with Illumination, is one of the bigger examples of such projects that we are undertaking. As we have shared previously, production is moving along smoothly aiming for a theatrical release in 2022. This is a project that Nintendo is proactively involved in from its development and production, and we will also own the rights so that the movie can be leveraged for business opportunities.

The movie will be jointly produced by Mr. Shigeru Miyamoto, Representative Director and Fellow at Nintendo, as well as Mr. Chris Meledandri, founder and CEO of Illumination. Funding for this movie will be provided by Nintendo and Universal Pictures, and Universal Pictures will also be handling the distribution and promotion of the movie.

We are pursuing initiatives that make use of the global spread of smart devices to introduce consumers to our characters, worlds, and gameplay. *Mario Kart Tour*, released in September, had the largest launch of any of our applications, and it has continued to do well since then. This application is played by a wide range of consumers, and female consumers account for nearly 40% of the total. As with *Mario Kart Tour*, other applications are also continuing to expand the fans of Nintendo IPs by utilizing the spread and install base of smart devices.
Let’s move on to a discussion of the dedicated video game platforms that make up our core business.

Nintendo Switch sales during the holiday season were robust for both hardware and software, and surpassed the results for the same period of the previous fiscal year, which were also good. We estimate that the global sell-through for the Nintendo Switch family of systems has grown to more than 48 million units, and its install base continues to expand. Nintendo Switch remains on a growth trajectory coming out of its third holiday season, with a solid business foundation in all major markets.

This graph shows the transition in sell-through, from April 2019 onwards, of the Nintendo Switch family of consoles in Japan, compared to the previous fiscal year. Sales of both Nintendo Switch and Nintendo Switch Lite are totaled together from September 2019 onwards. At the financial briefing for the second quarter, we talked about the significant increase in sell-through that followed the launches of the new Nintendo Switch model and Nintendo Switch Lite. Afterwards, we were able to maintain that momentum into the holiday season, and greatly increase our sales compared to the previous year. Total sales for April through December exceeded the same period in the previous year by 23%.

Note: Sell-through refers to unit sales by retailers to consumers.
This is the North American market. Nintendo Switch had record-setting sell-through in the 2018 holiday season, thanks in part to the release of titles popular in the North American market such as *Super Smash Bros. Ultimate*. As reported by Nintendo of America, the sales volume for the Nintendo Switch family of consoles in the US market during the week of Black Friday in 2019 reached 800,000 units, which set a new weekly sales record for Nintendo Switch. Moreover, monthly sell-through in December surpassed 2 million units. For Nintendo hardware, this is a new record since Wii for sell-through in a single month. Total sales for April through December exceeded the same period in the previous fiscal year by 16%.

These are the figures for the European market. They have consistently exceeded last year’s, right from the start. Although Black Friday originated in the United States, sales in line with Black Friday have become active in Europe in recent years. During the week of Black Friday, sales of the Nintendo Switch family of consoles reached around 600,000 units. Total sales for April through December exceeded the same period in the previous fiscal year by 15%.

The software market for Nintendo Switch has expanded beyond even the hardware performance just described. Among Nintendo titles, sales of evergreen titles that have already been released are stable, and those titles released during the holiday season also showed good momentum.
Sales of *Ring Fit Adventure* have continued to grow since its release in October. Sales took off initially in East Asia such as in Japan and South Korea, followed by gathering momentum in the European market after Black Friday. No detailed sell-through information is available for the Asian region, so totals include only the major Japanese/North American/European regions. Currently, cumulative sell-through has exceeded 1.7 million units. However, despite continuous shipments, this product is selling out rapidly and shortages continue in East Asia, including Japan. Many consumers are still waiting, and I would like to apologize again for this inconvenience.

*Ring Fit Adventure* is entertainment that integrates hardware and software in an adventure that involves a full-body workout. It has been highly rated by consumers since launch, and its popularity can also be seen on online shopping sites in several regions.

It is being picked up by a wide variety of consumers including women and families, and we can confirm that many consumers are purchasing it together with a Nintendo Switch console. There is a higher ratio of female consumers playing *Ring Fit Adventure* compared to other titles, and a wide range of ages regardless of gender, as families play the title at home, giving a real feel for how our consumer base is expanding. The brief and daily aspect of play appears to be prompting continued interaction with Nintendo Switch.
• Sell-through of over 4 million units in first 9 weeks (Total for Japan, North America, and Europe)
• Selling over twice as fast at release as Luigi’s Mansion: Dark Moon for Nintendo 3DS, higher overseas sales ratio
• The ratio of children and families increased as the holiday season approached

The total sell-through in Japan, North America, and Europe for Luigi’s Mansion 3 has exceeded 4 million units in the 9 weeks since its release on October 31. Compare to the sell-through of Luigi’s Mansion: Dark Moon released in March 2013, it is off to more than twice as fast of a start during the same time period from the release.

Compare to Luigi’s Mansion: Dark Moon, its momentum of sell-through is particularly stronger in North America and Europe, the ratio of overseas sales has been high for this title. In addition, although people in their twenties were the main purchasers immediately after release, the ratio of children and families increased as the holiday season approached.

Pokémon Sword and Pokémon Shield, released on November 15th, is the latest entry in the Pokémon series. This graph shows a comparison of cumulative sell-through for different entries in the Pokémon series during the first 9 weeks after release. Cumulative sell-through for Japan, North America, and Europe in the first 9 weeks after release was 12.28 million units. This record surpasses Pokémon Sun and Pokémon Moon, which held the previous record for best-selling entry in the Pokémon series. Sales have continued to grow since the beginning of the year, and we expect sales to continue as these become evergreen titles.

This graph shows the sell-through trends for first-party Nintendo Switch software in all major markets from April through December in this fiscal year compared with the same months in the previous fiscal year. In addition to the contributions of evergreen titles throughout the year, sell-through of titles released during the holiday season showed good momentum, as discussed. Sell-through of first-party titles for April through December totaled 56.59 million units, up 26% from the previous year.
Sales results were good not only for Nintendo titles, but also for titles from other software publishers. Total Nintendo sales related to other software publishers’ titles continue to rise, with an increase of more than 50% over the previous year seen between April and December 2019. We had a development environment ready from an early stage for Nintendo Switch, and as many developers have seen the Nintendo Switch installed base continue to grow, they are joining in from a wider range of regions than ever before. Titles from other software publishers are being sold in a variety of genres for Nintendo Switch, and these sales continue to grow alongside the growth of the platform itself.

One more point to mention is the more than 15 million accounts worldwide with a paid membership to Nintendo Switch Online, and those sales occupy a certain presence within our digital sales. But while new members continue to join, there are also those who do not renew their memberships. We will continue to enhance the appeal of the service to bring more features and more fun to Nintendo Switch.

Supported by a broad base of consumers, the Nintendo Switch business was able to continue to perform well in its third holiday season. March of 2020 will mark three full years since the launch of Nintendo Switch and the start of its fourth year of sales. According to the conventional wisdom for dedicated video game platforms, Nintendo Switch should be entering the midway phase of the hardware lifecycle. But we believe we have built a foundation on which we can pursue further growth opportunities for Nintendo Switch. This is premised on two points I want to touch on here, although I will not go into detail today about future development and lineup plans because it is in the nature of our business to value surprise in a good sense.
The first point is that we have introduced two styles of Nintendo Switch hardware that users can choose to match their lifestyle.

Over the course of our history, we have introduced a variety of models with different characteristics for each generation of handheld system, including Nintendo DS and Nintendo 3DS. In this way, we have been able to meet a wider range of consumer needs and expand the consumer base. With the launch of Nintendo Switch Lite in 2019 as a member of the Nintendo Switch family at a different price point and with different features, we are seeing new consumers purchasing Nintendo Switch for the first time, and also consumers who already own Nintendo Switch opting to purchase an additional system to make use of both systems.

This chart compares total sell-through of the Nintendo Switch family in Japan, North America, and Europe for April through December of 2018 and 2019. You can see that sales in 2019 of Nintendo Switch alone, shown in dark red, were close in scale to the sell-through of 2018, and that Nintendo Switch Lite added to the results to boost overall sell-through. However, we feel that we have not yet fully communicated the special features and appeal of Nintendo Switch Lite, so we will continue to address this going forward.
Regarding Nintendo Switch, we believe that it is important to continue to communicate the appeal of both Nintendo Switch systems and expand the installed base. Please note that we have no plans to launch a new Nintendo Switch model during 2020.

But as was revealed today in a separate announcement, a special edition Nintendo Switch with an *Animal Crossing: New Horizons* design will launch in Japan on March 20 on the same day as the game’s release.

**Note:** North American market:  Scheduled launch is March 13, 2020  European/Australian markets:  Scheduled launch is March 20, 2020

The second point is that the focusing of development on the Nintendo Switch platform makes it easier to promote long-term software growth.

Previously, our dedicated video game platforms were separated into home consoles and handheld systems. Some consumers chose to play both, while others chose one or the other, based on the different kinds of games available. By taking unique approaches with software, making use of the different characteristics of home consoles and handheld systems, many consumers enjoyed playing each kind of system, for example playing *Wii Sports* and *Wii Fit* on the Wii, and the Brain Training series and *nintendogs* on the Nintendo DS.
Nintendo Switch adds tabletop mode to the TV mode and handheld mode that are characteristic to home consoles and to handheld systems, respectively. This has led to variations not only in gameplay, but in opportunities to play, resulting in a wider world of unique entertainment that is different from the situation and environment of past hardware.

A variety of software has been released for Nintendo Switch, including titles highly anticipated by consumers, completely new titles, and unique titles achievable only through the integrated development of hardware and software. Nintendo Switch has become the platform that brings together the numerous franchises that have supported our previous home console and handheld systems. There are over 48 million Nintendo Switch consoles in the market at the present time, so we will be able to continue to focus on software development for Nintendo Switch going forward. We are developing many new titles for Nintendo Switch in addition to the ones that have been announced. New titles will be released continuously going forward, and not just Nintendo titles, but also titles in a variety of genres including indie titles from other software publishers.

We are also focused on initiatives that keep consumers playing after the software has been released. As announced recently, we plan to update the in-game content and distribute new add-on content for Pokémon Sword and Pokémon Shield. And as we’ve mentioned before, we’ve decided to create even more additional fighters for Super Smash Bros. Ultimate.
We strive to build good and enduring relationships with consumers. The people who have experienced Nintendo games in the 37 years since the release of Family Computer System (known as Nintendo Entertainment System outside Japan) range from children to senior citizens. We can see changes in the market environment that are making it easier for a wide range of consumers to connect to our products and services, and to Nintendo as a company.

The impact of these changes can be felt in a few different ways. For example, I mentioned at the presentation last year that people who have interacted with Nintendo games at some point in their lives are a part of the wide range of consumers who are now playing *Super Smash Bros. Ultimate*, which recorded explosive sell-through numbers. Another example is Nintendo TOKYO, which is being visited by a wide range of consumers, from children to seniors.

Nintendo Switch, which inherits and fully expresses Nintendo’s entertainment DNA, exists in an environment unlike that of any dedicated video game platform to date. The old conventional wisdom no longer applies, and we feel it is possible to pursue further growth opportunities. We believe that now is an important time to continue to focus on the Nintendo Switch business that we have nurtured, and that this will be a strong driver for our basic business strategy of expanding the number of people who have access to Nintendo IP.
Lastly, I’d like to touch on two other matters. The first has to do with the consolidation of our Tokyo offices. Currently, our group is divided among four offices in Tokyo for operations including development. This separation of locations is inconvenient in terms of operational efficiency, and for that and other reasons these locations will be consolidated into a single office together with a part of our group companies to create a system that can boost operational efficiency. The new Tokyo office will be located in Kanda-Nishikicho in Chiyoda Ward, and preparations are being made for the move.

The second point I would like to mention is a change made to our corporate governance system, which we announced yesterday. We have established a Nomination Advisory Committee to serve as an advisory body to the Board of Directors for deliberation on matters of nomination and compensation, such as the election of Directors. It was created with the aim of increasing objectivity and transparency in the nomination and compensation process of Directors. The Committee’s principal membership will be made up of Outside Directors and an Outside Director will also serve as the chairperson. We will continue to work toward further enhancing our corporate governance system.
This concludes today’s presentation. Thank you.

Disclaimers
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