

## Q&A Summary

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<b>Q1</b>	<b>Since it currently costs nearly 5 million yen to purchase one minimum trading unit of Nintendo's stock, making it difficult to invest, we would like you to consider splitting your stock. In addition, what is your stance on the fact that Nintendo is not yet included in the Nikkei 225 Index?</b>
<b>A1</b>	<b>Shuntaro Furukawa (Representative Director and President):</b> <p>We are aware that reducing the stock trading unit cost is one effective measure to expand our investor base and enhance stock liquidity. On the other hand, shareholders are currently divided on whether to implement this measure. Therefore, we will take into overall consideration the direction of the stock market going forward and Nintendo's share price and liquidity, among other factors, to carefully evaluate from various perspectives the feasibility of a stock trading unit reduction.</p> <p>As far as inclusion in the Nikkei Index, this decision is made by parties outside of Nintendo, so we do not feel that Nintendo has anything to say on the issue.</p>
<b>Q2</b>	<b>Nintendo Switch is in short supply due to the huge success of <i>Animal Crossing: New Horizons</i>. I feel that Nintendo was not able to support this sudden increase in demand, which led to a major opportunity loss. Please tell us about your future plans for handling the production system, sales methods, and predictions for demand.</b>
<b>A2</b>	<b>Furukawa:</b> <p>We would like to express our apologies for the inconvenience experienced by many consumers due to a shortage of Nintendo Switch and Nintendo Switch Lite. There have been continued on-and-off shortages throughout markets worldwide, specifically since the release of <i>Animal Crossing: New Horizons</i> (in March) through today. Console production has mostly recovered. However, because there is some amount of lag between when a product is manufactured and when it arrives on retailer shelves and worldwide demand for Nintendo Switch remains high, please understand that we cannot currently answer when the shortages will be resolved.</p> <p>Regarding the comments about our production systems and demand predictions, we take these very seriously and are working towards improving the situation as soon as possible.</p>
<b>Q3</b>	<b>What kind of measures are you currently taking to protect your employees and continue doing business in the face of COVID-19? Has Nintendo implemented a remote work initiative as well? If so, what kind of work are you allowing to be performed remotely?</b>
<b>A3</b>	<b>Furukawa:</b> <p>The impact of COVID-19 on our business can broadly be categorized by how it affects our production, sales, and development work. First, regarding production, factory operations in China were temporarily halted in February, but production there started to recover in March. Since then, the spread of COVID-19 throughout the world has affected the procurement of parts required for manufacturing, causing delays in production of Nintendo Switch hardware through May. Production</p>

has largely recovered now, and we estimate that the volume of products shipped will increase going forward. As we mentioned during our announcement of the financial results in May, our current expectation is that production activities will be able to return to normal in the summer.

Next, with regard to sales, there are certain restrictions on sales activities in retail shops due to the restrictions on going outside the home, which are stricter in overseas markets than those in effect in Japan. As the result of e-commerce which retailers have tried to utilize under the circumstances as well as downloadable versions of software available for purchase, the impact to sales of Nintendo products has been minimal.

Regarding the current work arrangements in Japan, although the Declaration of a State of Emergency has been lifted, employees who are able to work from home continue to do so. Regarding the employees who absolutely need to be in the office due to the nature of their work under the requirements of each department, we are taking a flexible approach including a rotating schedule for on-site work with measures to strictly maintain social distancing.

**Shinya Takahashi (Director, Senior Managing Executive Officer):**

While product development is a little behind schedule in some areas due to the impact of COVID-19, game releases planned for this fiscal year are currently not affected. However, if the impact of COVID-19 is prolonged or becomes more severe, we may not be able to release future titles in line with existing plans.

On a related note, a few developers worked on creating a game called *Jump Rope Challenge* during the working from home period. We can jump rope by holding a Nintendo Switch Joy-Con controller in each hand and rotating their wrists while jumping. There tends to be a lack of exercise due to the "stay at home initiatives," so we are pleased to distribute this title free of charge for all Nintendo Switch users. It was released 10 days ago, and as of this morning, users have jumped about 590 million times worldwide.

<b>Q4</b>	<b>With regard to <i>Clubhouse Games: 51 Worldwide Classics</i> released in June, please tell us about how you are using playing cards, <i>karuta</i>, and other products that were a starting point for Nintendo. In addition, there was talk that an IR (integrated resort) would be built in Japan in the future. Is there a possibility of using Nintendo's cards in the casino that will be built along with it?</b>
<b>A4</b>	<b>Furukawa:</b> Nintendo was indeed originally a company that sold <i>hanafuda</i> and playing cards, and we treasure this kind of entertainment. We continue to sell these types of products even now, and have selected them as games from around the world in <i>Clubhouse Games: 51 Worldwide Classics</i> . And if you play the game, you'll find we included some elements like playing cards that feature Mario. We are not in a position to say anything about the IR.

<b>Q5</b>	<b>My understanding is that you are responding to the shortage of Nintendo Switch consoles by increasing production and holding raffle sales through the My Nintendo Store and at other retailers. However, Nintendo Switch continues to be resold at inflated prices, and I believe that merely increasing production or holding raffle sales is insufficient for supply to catch up</b>
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	<b>to the sudden increase in demand. Specifically, please let us know whether you are discussing measures.</b>
<b>A5</b>	<b>Furukawa:</b> We would like to once again express our apologies for the inconveniences experienced by many consumers due to the shortages and reselling of Nintendo Switch consoles. Reselling is generally permitted under the current laws, so we are limited in the measures we can take as a company. We want to deliver Nintendo Switch consoles to as many consumers as possible, so we believe that the most important measure we can currently take is to steadily increase the production and shipping of Nintendo Switch consoles.

<b>Q6</b>	<b>I heard reports of a class-action lawsuit filed in the US with regards to malfunctioning Joy-Con controllers. I've also heard people point out that the servers used for Nintendo Switch network services go down easily. Isn't this a concern from a product security and reliability perspective?</b>
<b>A6</b>	<b>Furukawa:</b> Regarding the Joy-Con controllers, we apologize for any inconvenience experienced by consumers. We are continuously working to improve our products, but because the Joy-Con controllers are currently subject to a class-action lawsuit in the US, I have no information to share about any specific actions we have taken. Regarding network services, there have been cases during limited-time online events or when we begin distribution of new content, for example, where there's a sudden influx of server access that exceeds our expectations, resulting in network latency or servers going down. We want to address this by predicting the scale of access as accurately as possible in advance, and being ready with systems that can comfortably handle the volume. We take this feedback very seriously, and will continue to work hard so that consumers can use Nintendo's products and services with security.

<b>Q7</b>	<b>Could you tell us about the outlook for your next game system? Game hardware has always displayed an image on a TV or other kind of screen while you do something, and I think that's where the limits for this format are. Would the hardware you're thinking about go beyond those limits?</b>
<b>A7</b>	<b>Furukawa:</b> Our current generation game system, Nintendo Switch, has entered its fourth year since launch, but its momentum is increasing. We believe there are two factors behind this. First is the existence of two hardware configurations with different characteristics, in Nintendo Switch and Nintendo Switch Lite. The second factor is that Nintendo's development resources are concentrated on developing content for a single platform, Nintendo Switch. We want to extend the life cycle of Nintendo Switch while maximizing such advantages. <b>Ko Shiota (Director, Senior Executive Officer):</b> In addition to the performance aspects (higher technical specifications), Nintendo's dedicated video game platforms are developed with a focus on providing a comfortable environment for consumers to play fun software. From the perspective of playing with the image displayed on a TV,

we believe that because consumers can play Nintendo Switch on a TV or the game console screen itself, it has greatly increased the opportunities for gameplay in various scenes in their lives, compared to previous consoles. Through Nintendo Switch, we've made many discoveries about where a dedicated video game platform can fit into a consumer's daily life. We see scenes on social media of children and their families sitting around a game console to play, which gives us a renewed sense of the value of our dedicated video game platform. We will utilize these experiences in carefully considering the form our future game consoles will take.

**Q8 I'd like to hear about Nintendo's meticulous focus on game development. Compared to other entertainment like watching movies or tapping on smartphone screens, I feel that dedicated video game platforms have a unique appeal, in that you can enjoy operating the characters via controller and the result of each button press. I'd like to know about your particular detailed focus on enriching the game experience through the use of a controller.**

**A8 Shigeru Miyamoto (Representative Director, Fellow):**  
 Nintendo has never tried to compete on the game console performance (specifications) but has always strived to create a variety of unique kinds of play by utilizing our game consoles as the medium. An area where we believe we have strength is the interface between player and game console, and that has been so ever since we first created the + Control Pad for the controller. We have worked to create products that make use of our strengths in that field. No matter what kinds of cloud or other technologies unfold in the future, the interface by which people connect (with games) will always be an area of strength for Nintendo, and we intend to continuously try new things (with the interface). "Dokuso" (a Japanese term meaning being original and unique) is so important at Nintendo that we will use any medium if it would give us the opportunity to create unique and captivating play. But for the time being we see video games as an excellent medium for creating unique ways to play, and they're also something that everyone can readily use, so that is where we are focusing. That being said, we try to think every day about possibilities for new kinds of play. Our job is to generate new demand in a field that is not a bare necessity. We believe we have shown you the fruit of our efforts little by little, and we would like to continue doing so in future.

**Q9 I want to ask about operations at SUPER NINTENDO WORLD at Universal Studios Japan, which is scheduled to open ahead of the Tokyo Olympics. In light of COVID-19, have any measures been devised regarding the number of visitors, ways to shorten wait times, and the like?**

**A9 Furukawa:**  
 SUPER NINTENDO WORLD is composed of numerous attractions, shops, and restaurants designed to allow people to experience the world of Nintendo IP in real life. After Japan, it is planned to expand to the United States and Singapore. Regarding the opening for SUPER NINTENDO WORLD at Universal Studios Japan, a plan was announced to open it before the 2020 Tokyo Olympics, but that schedule has changed due to COVID-19. Universal Studios Japan is expected to announce a new opening date. There is not much I can say about the operation of Super Nintendo World because that's not our role, but Mr. Miyamoto has been involved on the creative side, so I will let him answer.

	<p><b>Miyamoto:</b></p> <p>Nintendo has been working with Universal Parks &amp; Resorts on our global plans for Super Nintendo World for about five years, and development is progressing smoothly. As a result of COVID-19 there is more time to spend on carefully developing the facilities and the like, and in that specific respect, I feel that the impact has not been largely negative. However, I think the overall operational policies for the park as they relate to managing lines of large numbers of people and how things work inside the facilities will be changed. I expect Universal Studios Japan will announce an opening date for SUPER NINTENDO WORLD after taking measures to ensure safe operation, so please look forward to that.</p>
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<b>Q10</b>	<p><b>There are no Nintendo Direct announcements usually held together with E3 because the event has been cancelled this year due to COVID-19. In addition, I am concerned as an investor that, at present, there are few software titles with set release dates. I was relieved to hear Director Takahashi say that software titles planned for release this fiscal year have currently not been affected, but I'd like to see some titles announced via a Nintendo Direct soon. Also, as time have changed, I feel it might be a good idea to review the whole process of making announcements using Nintendo Direct.</b></p>
<b>A10</b>	<p><b>Furukawa:</b></p> <p>In the annual shareholders meetings, we have routinely shown a video of E3, which was usually held just before the meeting. But this year, none of the large industry events are being held because of COVID-19, not just E3, and Nintendo also has no plans for any such events. We intend to use other methods flexibly in order to deliver the latest information on our products, so please stay tuned. We have continuously released information, including the announcement of a new fighter for <i>Super Smash Bros. Ultimate</i> for Nintendo Switch and the announcement by The Pokémon Company of new Pokémon-related titles.</p> <p>We think the Nintendo Direct format is very effective for us to directly and clearly convey information about games to consumers. On the other hand, as the times change, the most effective ways of conveying information can also change, so I think we should always be looking for the best ways of communicating.</p>

<b>Q11</b>	<p><b>What are your thoughts on the current position of the mobile business? Has your conception of it changed from when the mobile business first started? Also, could you touch on the current partnership with DeNA?</b></p>
<b>A11</b>	<p><b>Furukawa:</b></p> <p>In addition to generating revenue and profit, our basic strategy with the mobile business is to expand the number of people who have access to Nintendo IP. For example, we have broadened the fan base for Nintendo IP like Animal Crossing, Fire Emblem, and Mario Kart, and in doing so increased our points of contact with consumers. The mobile business is also strategically important for the expansion of Nintendo Accounts, which support our relationships with consumers. Sales from the mobile business do not account for a very large percentage of Nintendo's overall business, but the mobile business itself is significant in that it provides a wide range of consumers a way other than Nintendo Switch to continue to enjoy playing games using Nintendo IP over a long</p>

period. When global distribution of the *Animal Crossing: Pocket Camp* app began in the fall of 2017, for example, it introduced many female consumers and US consumers to the Animal Crossing series, and those same consumers later went on to purchase *Animal Crossing: New Horizons* and a Nintendo Switch console. And starting with *Mario Kart Tour*, mobile applications have proven to be a great opportunity for people to create Nintendo Accounts. In ways like these, the mobile business with its multiple objectives is contributing to the sustainable growth of the overall Nintendo business.

Nintendo and DeNA agreed to a business and capital alliance in March of 2015, thinking we could combine our strengths to create business opportunities targeting global markets. Our collaboration has two purposes. One is to develop and operate the kind of core system necessary to provide original Nintendo games for smart devices and Nintendo Switch, including a system for Nintendo Accounts. The other is to develop mobile apps that make use of Nintendo IP and operate those services. The trust between companies and between individuals has deepened and we have built good relationships in the more than five years since we started these efforts. As I mentioned earlier, one of the goals of the mobile business is to create long-lasting ties with customers via Nintendo Accounts. We are establishing that through our collaboration with DeNA and will continue with those efforts.

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