

Q&A Summary

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Q1	I'd like to ask about the exchange rate assumptions in your financial forecast. For this fiscal year, you are assuming an exchange rate of 120 yen to the euro, but that seems like a strong yen considering the rates assumed by other companies and the fact that the exchange rate is now trending at around 130 yen to the euro. On what basis did you calculate this assumed exchange rate?
A1	<p>Shuntaro Furukawa (Representative Director and President):</p> <p>First, let me briefly touch on how changes in the exchange rate affect our business performance. For our company, overseas sales account for around 80% of total sales, so variation in the assumed exchange rate has a significant impact on sales. Also, because of the high proportion of overseas sales, a relatively large amount of the bonds and cash, and cash equivalents we hold are denominated in foreign currencies. These are all calculated in yen based on the exchange rate as of the end of the fiscal year and recorded on the balance sheet. Foreign exchange gains and losses generated by the temporary revaluation at the end of the fiscal year are recorded as non-operating profit or loss in the statements of income.</p> <p>You asked about the basis for our assumed rate of 120 yen to the euro for this fiscal year. As you pointed out, we assume a slightly stronger yen compared to the recent rate. In setting our assumed exchange rate at the start of the fiscal year, we considered that the average rate during the previous fiscal year was 123.68 yen to the euro, and that exchange rate fluctuations for the euro have been particularly large in recent times. Therefore, we looked not only at current rates, but also at how the range has moved over the long term. We will continue to keep an eye on how the rate trends and carefully consider our assumed exchange rates.</p>

Q2	What kind of impact on Nintendo's future do you expect from the appointment of Chris Meledandri as an outside director? Nintendo's core business is its integrated hardware-software dedicated video game platform business, and for the continuous growth of that business, your basic strategy is to expand the number of people who have access to Nintendo IP. As part of that strategy, you have stated your intention to broaden the points of contact between consumers and Nintendo IP in fields like visual content and theme parks. With the appointment of Mr. Meledandri, will the field of visual content occupy a more important position for Nintendo? I would also like to hear the thoughts of Mr. Miyamoto, who seems to have a leading position in this field.
A2	<p>Furukawa:</p> <p>Chris Meledandri is the founder of Illumination Entertainment and has experience as a producer who created numerous films including the <i>Despicable Me</i> franchise, which introduced the Minions. He has gained broad experience and insight as a corporate manager and in the field of entertainment, so we anticipate he will appropriately supervise our management from an objective perspective while providing valuable advice to our leadership. Mr. Meledandri has</p>

	<p>been appointed as an independent and non-executive outside director, so he will not be directly involved in execution of operation. However, we believe that his extensive experience and knowledge in the field of entertainment will have a beneficial effect on the decision-making of our board of directors.</p> <p>With regard to the visual content expansion, we are working on the <i>Super Mario</i> movie and have announced that other projects are also in progress. As you pointed out, our core business is the integrated hardware-software dedicated video game platform business. But to keep that business thriving and growing, we need to create opportunities where even people who do not normally play on video game systems can come into contact with Nintendo characters. As part of this effort, visual content could be important for us. Now let's hear what Mr. Miyamoto can add to this.</p> <p>Shigeru Miyamoto (Representative Director, Fellow):</p> <p>Although this has no direct tie with his appointment as a director, I've been working with Chris for over five years now on the <i>Super Mario</i> movie. Through that relationship I think he really came to understand the Nintendo point of view. I don't think it's easy for those overseas involved in media creation to understand Nintendo's way of thinking, but Chris truly comprehends why Nintendo creates characters and visual content.</p> <p>We are working on mobile and visual content in order to expand our integrated hardware-software entertainment business globally. Working on mobile content reminded us again that while the Nintendo game systems may have reached some parts of the world, there are many places where they are not widespread. We started the mobile business because we felt it very important to conduct activities that encourage people to understand the Nintendo brand and come to like Nintendo. That resulted in also realizing the importance of visual content. By possessing video content and not just games, Nintendo will be able to expand its content further throughout the world and become stronger as a company. The fact that we are a video game developing company tends to create the mistaken impression that we can also create movies easily. It's true that the processes of making visual content and developing games share some of the same ways of thinking, but there are also differences. The movie business, including distribution, is in a period of transformation. Against this backdrop, we think that asking for Chris's input, as an expert with many years of experience in Hollywood, will be of great help to us in the future.</p>
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Q3	<p>People holding important positions at Nintendo should at least like games, even if they don't have the skills to create games. In order to get to know each director candidate as a person, I'd like to know about their favorite games.</p>
A3	<p>Furukawa:</p> <p><i>Super Mario Bros.</i> was released when I was in junior high school, so I was right in the middle of the Famicom (NES) generation. Even today, in my private time, I play various games, both from Nintendo and from other companies. I'd like the other candidates to answer this question to the extent they can.</p>

	<p>Ko Shiota (Director, Senior Executive Officer):</p> <p>Like Mr. Furukawa, I was part of the Famicom generation and grew up with the NES and SNES. I'm in charge of hardware now, but I've tinkered with hardware and been interested in how things work ever since. That probably explains why I gravitate to games like our recent product <i>Mario Kart Live: Home Circuit</i>, which I play with my kids.</p> <p>Shinya Takahashi (Director, Senior Managing Executive Officer):</p> <p>I'm in charge of all our first-party software, so it's hard to choose one game over another. But the first game I was involved with when I joined Nintendo was <i>Yuyuki</i> for the Family Computer Disk System. It's a lesser-known adventure game, but it left an impression on me as the first title I was involved with.</p> <p>Miyamoto:</p> <p>I basically tend to play the games I created myself, so I haven't been influenced much by the games of other companies. That said, the first game that influenced me when I started the job of game development was <i>Pac-Man</i>, and from a design perspective, I think <i>TETRIS</i> is wonderful. I'm currently hooked on <i>Pokémon GO</i>. This game, which I'm playing with my wife, is a dream come true of playing a game with my whole family. I've been enjoying <i>Pokémon GO</i> with my wife and neighborhood friends for some two years now. The average person playing <i>Pokémon GO</i> in Japan is probably around 60 years old (laughs).</p> <p>Satoru Shibata (Director, Senior Executive Officer):</p> <p>I like adventure games, and I just recently cleared <i>Famicom Detective Club: The Missing Heir</i> and <i>Famicom Detective Club: The Girl Who Stands Behind</i> for Nintendo Switch. Back in the day, I really loved playing <i>Shin Onigashima</i> for the Family Computer Disk System. I'm in charge of the Licensing Division, which serves as a contact point for software publishers, and they also have many adventure games that I enjoy.</p> <p>Furukawa:</p> <p>I play most of our own first-party titles, but recently I've been playing a lot of the <i>Hanafuda</i> card game in <i>Clubhouse Games: 51 Worldwide Classics</i>.</p>
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Q4	<p>I'm really disappointed to know some media outlets reported that Nintendo games seem to not fully take gender into account. While I understand very much that Nintendo is not a company to neglect such issues, what are your thoughts about this?</p>
A4	<p>Furukawa:</p> <p>We believe that diversity, including gender diversity, is very important. As a company providing entertainment, our goal is to put smiles on the faces of everyone connected to Nintendo, and we undertake our development with that goal in mind. Specifically regarding the features of each game, we must make decisions by taking into consideration a wide variety of factors, and</p>

	we may not always be able to meet every request. However, we take this as valuable feedback.
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Q5	I heard that a game tournament using Nintendo software was held the other day and it was a great success, but it was an unofficial tournament. I'd like to hear more about Nintendo's plans for involvement with e-sports going forward.
A5	<p>Furukawa:</p> <p>We believe that formats like e-sports where players compete against each other in front of many people are a way to share the gameplay experience with a broader audience. Nintendo has a history of holding game tournaments, and while this was before the pandemic, we held the final stage of the national elementary school Smash Bros. tournament and the Splatoon Koshien 2020 Kinki Regional Tournament during the Nintendo Live 2019 event in Kyoto in October 2019. We felt those tournaments were well-received, not only by the audiences onsite, but also those watching online.</p> <p>Game tournaments can motivate people who own the game to keep playing and they can generate interest in Nintendo games and characters in people who do not own the game. We will continue to hold game tournaments and other such events going forward by carefully monitoring the situation surrounding the pandemic.</p>

Q6	For Nintendo Switch Online, are you considering implementing a membership option at a higher price tier with upgraded services?
A6	<p>Furukawa:</p> <p>Nintendo started the Nintendo Switch Online service in September 2018 for Nintendo Switch users. People with memberships can play games with their friends online, such as titles like <i>Animal Crossing: New Horizons</i>. In addition, they can play some of the games that were released for the NES and the SNES. Membership in this service exceeded 26 million paying accounts in September of last year and is still growing steadily, in step with the increase in Nintendo Switch system sales. For Nintendo Switch Online, it's important not only to increase the number of new members, but also to encourage existing members to continue using the service, so we are working on increasing the appeal of the service to make it even more fun and convenient to play with Nintendo Switch.</p>

Q7	Since there are fewer opportunities to go outdoors due to COVID-19, I've been enjoying <i>Ring Fit Adventure</i> , which allows you to exercise indoors. Do you have any plans to develop a sequel?
A7	<p>Furukawa:</p> <p>Since <i>Ring Fit Adventure</i> was released in October 2019, strong demand has continued both in Japan and overseas. It sold 7.38 million units globally during the fiscal year ended March 2021, and cumulative sales have exceeded 10 million units. This title is popular also in the Asia region including Korea, Taiwan, and Hong Kong, even though Nintendo's main business regions</p>

	are Japan, the U.S., and Europe. With regard to future developments, I cannot disclose specific plans, but we would like to take various initiatives so many people continue to play this title.
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Q8	<i>Splatoon 3</i> was announced during the Nintendo Direct in February this year, which supports the notion that the Nintendo Switch platform will keep going. On the other hand, there were some media reports that a new model would be announced in June at E3, although in the end there was no announcement of a new model at Nintendo Direct E3 2021. What are your thoughts about these kinds of reports about a new model?
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A8	<p>Furukawa:</p> <p>We use Nintendo Direct to communicate information about individual products to our consumers at the appropriate times. Going forward, Nintendo will continue to focus on offering our unique and original brand of play, leveraging the integrated hardware-software dedicated video game platform to provide fun and grow our business. To this end, we are constantly working on development of hardware, software, and accessories, but I cannot comment on specific products that are under development.</p>
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Q9	Please tell us about human rights issues in the supply chain in China, which are of particular concern overseas. A similar point was also brought up in connection with a major apparel manufacturer with whom you had a collaboration in the past, so please include the state of that investigation in your response.
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A9	<p>Furukawa:</p> <p>We are aware of the reports that question whether there is forced labor of Uyghurs in factories in Nintendo's supply chain. However, as far as we have been able to investigate, there is no record of the reported factories among Nintendo's business partners. In addition, we have not received any reports of forced labor within Nintendo's supply chain up to this point. Nintendo has long-established CSR procurement policies to ensure that prison labor and forced labor do not occur in our supply chain, and we ask that our business partners comply with the Nintendo CSR Procurement Guidelines, which summarize these policies, in their business activities. Nintendo operates under the policy of ceasing business transactions when there is actual or serious risk of forced labor involving anyone, not limited to Uyghurs. As a global enterprise, we will continue to work with our production partners to implement ethical policies regarding manufacture, labor, and procurement, and to ensure high quality mass production. In addition, we ask our business partners, not limited to apparel, to comply with these kinds of policies.</p>
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Q10	In relation to the basic strategy of "expanding the number of people who have access to Nintendo IP," wouldn't a "mini" series like the Nintendo Classic Mini become a new point of entry for members of the parent generation who currently do not play games? Please let us know of any future plans for a mini series, or for other online content.
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A10	Furukawa: <p>We always hope that our products are enjoyed by a broad audience of many generations, from children to adults. In the many years we have been in the video game business, we imagine people from a very broad range of generations have been playing Nintendo platforms. We'd like to continue to consider methods for communicating the appeal of Nintendo products to the parent generation, including series such as the NES and SNES versions of Nintendo Classic Mini as well as classic content in our online services.</p>
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