

## **Q&A Summary (English Translation of Japanese Original)**

Date: Tuesday, February 3, 2026

Attendees: Shuntaro Furukawa (President and Representative Director, Member of the Board)  
Hajime Murakami (Executive Officer)

- The following are the main questions and answers from the financial results briefing (online). Please note that portions of this content have been edited or revised to improve readability.
- If you quote from this Q&A, please include a citation or link to this file.

<b>Q1</b>	<p>How are the rising prices for memory and other components impacting the profitability of Nintendo Switch 2 hardware? If the costs of components remain high, is there a chance of a price revision?</p>
<b>A1</b>	<p>Shuntaro Furukawa (President and Representative Director, Member of the Board):</p> <p>We do not disclose details regarding individual components, but we can say that we are working to secure stable supplies of memory components by holding discussions from a long-term perspective with our business partners. As a result, the recent rise in memory prices did not have a significant impact on hardware profitability in the third quarter. In addition, we do not expect any significant impact in the fourth quarter.</p> <p>However, if this rise in component prices lasts longer than expected and runs through the next fiscal year and beyond, it may put pressure on profitability. If the situation deteriorates significantly, we will carefully assess market trends and respond.</p> <p>As for any future change in the price of Nintendo Switch 2 hardware, no decision has been made at this time. Any decision to change the price will be determined comprehensively, taking into consideration not only profitability, but also other factors like the platform's installed base, sales trends, and the market environment.</p>
<b>Q2</b>	<p>You explained that the change in exchange-rate assumptions and the changes in the split of hardware sales by region did not warrant a change in your consolidated earnings forecast for the full fiscal year. But given the results of the holiday season, why didn't you change your sales volume forecasts for hardware and software? Also, considering that hardware sales in Japan are exceeding expectations, do I understand correctly that sales outside of Japan came short of expectations?</p>
<b>A2</b>	<p>Furukawa:</p> <p>We revised the assumed exchange rates to better align them with the current situation, as there was an increased discrepancy between the rates announced in our second quarter earnings report and our latest outlook. Revising the exchange-rate assumptions to reflect a weaker yen is expected to have some upward effect on net sales and each profit level, but after taking other adjustments into account, the changes did not reach a level that would require a revision to our earnings forecast.</p> <p>Our global hardware and software sales volume forecasts remain unchanged. However, breakdowns by region and by product are based on different assumptions than the revised forecasts announced at the time of the second quarter earnings report. Specifically, we expect</p>

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	<p>that the positive impact of the weaker yen on our financials will be offset by the greater proportion of Nintendo Switch 2 hardware sales being accounted for by sales in Japan, as well as the greater proportion of software accounted for by titles of other software publishers. As for the volume of hardware sales, you are correct that sales in Japan exceeded our expectations while overseas sales were somewhat weaker than expected.</p>
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<b>Q3</b>	<p>Hardware sales in Japan have accounted for a larger than expected proportion of total hardware sales. Considering that most procurement costs are in U.S. dollars, do I understand correctly that profitability is declining due to the continuing depreciation of the yen? Also, what is the backdrop to this higher proportion of hardware sales in Japan?</p>
<b>A3</b>	<p>Furukawa:</p> <p>Hardware-related procurement purchases are primarily made in U.S. dollars, so given the current exchange rate environment, the better-than-projected hardware sales in Japan will have a downward effect on gross profit and operating profit.</p> <p>The backdrop to hardware sales in Japan trending better than our expectations was the release of <i>Pokémon Legends: Z-A – Nintendo Switch 2 Edition</i> and <i>Kirby Air Riders</i> during the holiday season building on the initial momentum of Nintendo Switch 2 hardware. We believe that users in Japan saw these titles as an opportunity to transition to Nintendo Switch 2 at a relatively higher rate compared to Nintendo Switch owners outside of Japan.</p>

<b>Q4</b>	<p>You explained that if memory prices continue to remain high, this might put pressure on hardware profitability next fiscal year and beyond. My understanding is that Nintendo's policy has always been to avoid selling hardware at a loss. Simultaneously, I think that now is the time that you need to expand the adoption of Nintendo Switch 2 hardware. Will you prioritize expanding the installed base or ensuring the profitability of the hardware?</p>
<b>A4</b>	<p>Furukawa:</p> <p>The current rise in memory prices is happening at a pace that exceeds our expectations. In general, the profitability of hardware tends to improve with economies of scale, and we want to continue to reduce costs as much as possible through mass production of Nintendo Switch 2 hardware.</p> <p>With regard to not selling hardware at a loss, what we are focusing on is profitability on a global basis. There are various external factors, such as fluctuations in exchange rates, but looking at the global picture, we have traditionally tried to avoid situations where individual units are sold at a loss as much as possible.</p> <p>It is difficult to predict the changes in the external environment that are currently taking place, but I think it is not an appropriate approach to be excessively influenced by short-term trends. The second and third years for Nintendo Switch 2 are very important, and if we can expand the hardware installed base, we can use that as a basis to greatly expand software sales. We will take this into account when making business decisions and flexibly consider various</p>

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	options.
<b>Q5</b>	If the current market situation for memory continues, do you still expect to be able to maintain the same profit margin for Nintendo Switch 2 hardware in the next fiscal year, given factors such as having secured a certain amount of components already, or improvements to profitability from the mass production of hardware? Or do you expect increased memory prices to have a degree of impact on the financial results starting with the first quarter of the next fiscal year?
<b>A5</b>	<p>Furukawa:</p> <p>As mentioned, we do not disclose details about individual components, but we work to secure stable supplies of memory components by holding discussions from a long-term perspective with our business partners. As a result, we expect that the recent rise in memory prices will not greatly impact the financial results for the current fiscal year. Furthermore, due to our inventory on hand, together with hardware currently in production, we do not anticipate an immediate impact in the next fiscal year. However, if the rise in memory prices continues for longer than expected, it may start to have an effect on hardware profitability. In this case, we will examine various factors to determine how to handle the situation. As for the impact on the financial results for the next fiscal year, we will explain during the next financial announcement.</p>
<b>Q6</b>	Inventory at the end of the third quarter appears to be higher than usual. Is this driven by a strategic build-up of components to prepare for rising memory prices going forward? Also, is it possible to secure additional inventory, including future volumes, before contracted prices with suppliers change?
<b>A6</b>	<p>Furukawa:</p> <p>For the release of Nintendo Switch 2, our aim was to begin production as early as possible so that we could secure sufficient inventory at launch. Even after the release of Nintendo Switch 2, we worked to expand production capacity to establish a position where we can respond appropriately if demand during the holiday season exceeded projections. As a result of these initiatives, we hold a certain amount of components and products, and these are recorded as inventory.</p> <p>While we currently expect some sort of impact on profitability if the increase in memory prices continues over the long term, we do not anticipate constraints in our production plans due to insufficient supply in the next fiscal year and beyond.</p>
<b>Q7</b>	This January, a substantial free update was released for <i>Animal Crossing: New Horizons</i> . A sizable free update was also released for <i>Splatoon 3</i> . From a business perspective, what is the reasoning behind releasing these kinds of large-scale free updates for existing Nintendo Switch titles after the release of Nintendo Switch 2?

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<b>A7</b>	<p>Furukawa:</p> <p>In January, in addition to the free update for <i>Animal Crossing: New Horizons</i>, we released <i>Animal Crossing: New Horizons – Nintendo Switch 2 Edition</i>. Since the update, many consumers, including those who had taken a break from the game for a while, are now playing <i>Animal Crossing: New Horizons</i>. There also are consumers who have decided to play the game again, but this time on Nintendo Switch 2. As a result, we believe we have gotten off to a good start this year.</p> <p>It is necessary to regularly release new titles to increase the installed base of new hardware. In addition, we believe it is very important to maintain touchpoints with consumers who are active on our gaming systems as the transition from Nintendo Switch to Nintendo Switch 2 unfolds over the next few years.</p> <p>In that sense, by releasing updates for <i>Animal Crossing: New Horizons</i> and <i>Splatoon 3</i>, which both saw high sales volumes on Nintendo Switch, we hope to create a flow where, as consumers continue to play on Nintendo Switch, they will transition to Nintendo Switch 2 when new titles that catch their attention are released. From this perspective, it is meaningful to release updates for Nintendo Switch software, which has a large installed base, to maintain user activity and encourage continued play.</p>
<b>Q8</b>	<p>In the financial results explanatory material, cumulative sell-through for Nintendo Switch 2 hardware through the fourth week of December reached 15 million units, while the cumulative sales volume (sell-in) for the third quarter was 17.37 million units. Based on this difference, was there a higher level of inventory in the market at the end of the year compared to previous years? Also, are you keeping the projected hardware sales volume for the full year the same in expectation of less sell-in volume for the fourth quarter based on market inventory status?</p> <p><b>A8</b></p> <p>Furukawa:</p> <p>While market inventory varies by region, overall it is within an appropriate range, and we do not believe it is at a level where it would impact the financial projections for the fiscal year.</p> <p>Whereas cumulative sell-through of Nintendo Switch 2 hardware since launch is based on data aggregated through the fourth week of December, the sales volume (sell-in) of 17.37 million units also includes shipments allocated for the new year's sales season. As a result, even though the difference between sell-in and sell-through might seem large, our market inventory is within the appropriate range.</p> <p>Moreover, because this was the first holiday season for Nintendo Switch 2, we strengthened our production capability to ship more units than normal because we wanted to prevent stockouts as much as possible if sales exceeded expectations. Given these circumstances, we anticipate fourth-quarter sell-in to be somewhat lower than sell-in through the third quarter in line with our initial expectation. Sales of Nintendo Switch 2 have remained stable since the beginning of the year and are currently favorable.</p>

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<b>Q9</b>	<p><i>The Super Mario Galaxy Movie</i> will be released this April, and a live-action film of <i>The Legend of Zelda</i> is scheduled to be released next year. I assume you intend to continue to develop large-scale visual content, but you have also done initiatives like the <i>Pikmin</i> short movie. It seems like animation content other than movies will also become an option. So the question is how to combine this breadth of large-scale to small-scale visual content to increase the value of the IP. I would like to hear your thoughts on this.</p>
<b>A9</b>	<p>Furukawa:</p> <p>The upcoming film, <i>The Super Mario Galaxy Movie</i>, is the second motion picture that Nintendo has been actively involved in producing, so we are paying close attention to the kind of reaction it gets. We hope the reaction to this film will have a positive ripple effect in various areas, including our dedicated video game platform business.</p> <p>We have also announced that filming has begun for the live-action film of <i>The Legend of Zelda</i> that is set for release in 2027. To increase the touchpoints of our IP with consumers, we have collaborated with external partners on a variety of initiatives. But because movies and videos encompass a wide range of regions and consumers of various ages, we think it is important to first focus on these two films. At this stage, we cannot say anything about the development of other movies.</p> <p>The company that produced <i>Close to you</i>, a <i>Pikmin</i> short movie released last year, is Nintendo Pictures, a subsidiary of Nintendo. Until now, we have not had the opportunity to share the company's activities, but we believe this short film has been a good way for many people to learn about this initiative.</p> <p>We believe that there are many options for video content beyond the kinds of feature films that are released in movie theaters. If these initiatives can bring joy to our fans and simultaneously raise the value of our IP, we believe they will become valuable long-term assets, so we will continue to challenge ourselves with new initiatives.</p>

<b>Q10</b>	<p>Last year marked the 40th anniversary of the release of <i>Super Mario Bros.</i>, and 2026 marks the 40th anniversary of the release of <i>The Legend of Zelda</i> and the 30th anniversary of the release of <i>Pokémon Red</i> and <i>Pokémon Green</i> [in Japan]. Are you planning any special promotional activities that utilize these IP assets?</p>
<b>A10</b>	<p>Furukawa:</p> <p>As was announced regarding the 40th anniversary of <i>Super Mario Bros.</i>, in addition to a number of new software titles, we also plan to release <i>The Super Mario Galaxy Movie</i> as an initiative outside of our dedicated video game platform business. As the debut of the movie approaches, we hope that even more people will pick up <i>Super Mario Galaxy</i> + <i>Super Mario Galaxy 2</i>, which was released last year. In addition, we are planning to release the new software titles <i>Mario Tennis Fever</i>, <i>Super Mario Bros. Wonder – Nintendo Switch 2 Edition</i> + <i>Meetup in Bellabel Park</i>, and <i>Yoshi and the Mysterious Book</i>, and we expect these will provide opportunities for many people to come into contact with the world of Mario.</p> <p>Right now, we do not have anything specific to share about initiatives other than the 40th</p>

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	anniversary of <i>Super Mario Bros.</i> , but 40 years and even 30 years is a very long period of time. We are incredibly thankful that consumers all around the world have loved the characters of these series for so long, and we will do our best so that they endure even longer.
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