

## Q&A Summary

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<b>Q1</b>	It's inconvenient that games become unusable when you transition from one game system to the next, like from Wii U to Nintendo Switch. I'd like to know your thoughts about making digital games purchased for Nintendo Switch available on the next-generation game console.
<b>A1</b>	<p>Shuntaro Furukawa (Representative Director and President):</p> <p>Nintendo always looks at future hardware specifications from various angles, but I would like to refrain from making any specific comments about future hardware at this time. Nintendo Switch software is marketed in various forms. In addition to the physical software sold on game cards in stores, we sell digital software including downloadable versions of packaged software and download-only software. In the case of Nintendo Switch, many consumers play downloadable software and download-only software, and the proportion of digital sales is higher compared to previous generations of game systems. We aim to continue to offer unique entertainment via our integrated hardware-software dedicated video game platform model, and I believe you can look forward to that.</p>

<b>Q2</b>	A campaign celebrating the 40th anniversary of the Family Computer system (Famicom) was announced during the "Nintendo Direct 6.21.2023." (The game system was released as Nintendo Entertainment System in markets outside Japan.) My father played Famicom, and I play Nintendo Switch. Nintendo is beloved by people across generations and borders, and I'd like to hear your thoughts on this strength.
<b>A2</b>	<p>Furukawa:</p> <p>This year will mark the 40th anniversary of the launch of Famicom in Japan. Looking back, I was in the sixth grade when Famicom was released. Over the years, parents and grandparents have played games on Nintendo video game platforms with their children and grandchildren, and that kind of fun shared across multi-generations can be seen all around the world. We recognize that this has become a major strength for Nintendo over the many years of our dedicated video game platform business.</p> <p>The value of the Nintendo brand today stems from so many people playing our games for so long, and their nurturing of the many Nintendo characters and other Nintendo IP. We strive to ensure that people worldwide will enjoy our game platforms for years to come by continuing to provide unique offerings.</p>

<b>Q3</b>	Wii U was launched around six years after Wii, and Super Famicom was launched around seven years after Famicom. Nintendo Switch has entered its seventh year, and I gather it has come to its final phase, so can you tell us about any specific measures for transitioning to the next generation game system?
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<b>A3</b>	<p>Furukawa:</p> <p>Nintendo Switch cumulative sales have exceeded 120 million units. In the history of our dedicated video game platform business, there has never before been a time when we forecast annual hardware sales of 15 million units and software sales of 180 million units for the seventh year of a platform (for Nintendo Switch, the year to March 2024). We believe that we have entered uncharted territory.</p> <p>It will not be easy for hardware sales to continue at the same pace going forward as seen in the past few years, but we can take advantage of the large install base to create business opportunities for software. Among Nintendo Switch titles, there are some for which sales exceeded 10 million units in just the first three days. Examples include last year's <i>Pokémon Scarlet</i> and <i>Pokémon Violet</i>, and this year's <i>The Legend of Zelda: Tears of the Kingdom</i>. For our past platforms, there are no examples of titles selling at such a pace.</p> <p>By continuing to release new titles and also providing new add-on content for existing titles, we hope people will keep playing Nintendo Switch for a long time to come.</p> <p>Regarding the transition to the next-generation platform, in the past, hardware was the only way for us to connect with our consumers, and so with each new platform, we needed to rebuild our relationships. But in the case of Nintendo Switch, we can directly connect with a wide range of consumers via Nintendo Accounts. More than 290 million Nintendo Accounts have been created by people around the world, not only via our dedicated video game platform but also via mobile apps. Regarding the move from Nintendo Switch to the next-generation platform, we will make good use of Nintendo Account to make this a smooth transition for our consumers.</p>
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<b>Q4</b>	<p>This May, technical difficulties affected an official game tournament for <i>Pokémon Scarlet</i> and <i>Pokémon Violet</i> hosted by The Pokémon Company. Based on that experience, I'd like to hear about your initiatives for esports going forward.</p>
<b>A4</b>	<p>Furukawa:</p> <p>We are aware of the technical issues you pointed out. The management of the Pokémon brand, including general Pokémon events, is handled by our affiliate, The Pokémon Company, and we hope to continue working together with them to expand the world of Pokémon.</p> <p>Game tournaments [we do not use the term "esports" for our game events] are an appealing way to enjoy games, where many people can share the fun and excitement of the game together at the same time and build enthusiasm. Nintendo itself has hosted a variety of other tournaments such as Splatoon Koshien as ways to encourage people to continue playing a game and to generate interest among people who do not yet own the game. For this reason, we place great importance on having a wide range of people participate in our game tournaments, regardless of age or gaming experience. Last year, we held a variety of game tournaments at Nintendo Live 2022 in Japan. This year, we are holding the event for the first time in the U.S. The event is called Nintendo Live 2023 Seattle, and it too will include game tournaments.</p>

<b>Q5</b>	Nintendo is a company with its roots in the manufacture and sale of <i>hanafuda</i> and other playing cards, but in the field of trading card games, nothing new has been released since <i>Fire Emblem 0 (Cipher)</i> , for which support ended in 2022. What are your plans for card games going forward?
<b>A5</b>	<p>Furukawa:</p> <p>I cannot say anything specific about card games at the moment. If you consider amiibo, it was originally a figurine product where you tap the figure to the gaming system for all sorts of connected gameplay, but it has since been expanded to also include a card-type product with the Animal Crossing amiibo cards. We are a company that provides entertainment, so if we come up with an idea that we think consumers will find interesting, we are ready to actively take up the challenge, even in fields outside of our dedicated video game platform business.</p>

<b>Q6</b>	Sales of <i>Fire Emblem Engage</i> , which was released on January 20, seem to be lower compared to <i>Fire Emblem: Three Houses</i> , especially outside of Japan. For that previous installment, it felt like the excitement was maintained by the release of <i>Fire Emblem 0 (Cipher)</i> and related events. But those kinds of measures were lacking for <i>Fire Emblem Engage</i> , so why don't you consider more proactive measures?
<b>A6</b>	<p>Furukawa:</p> <p>In order for consumers to keep their emotional attachment to game characters and other IP, it is important that we not only provide new in-game offerings, but also appeal to those consumers in areas outside of the game, and what I am saying here is not limited to any individual title. For instance, selling character merchandise at directly owned and operated official stores and working with our partner companies to sell licensed merchandise provide opportunities for people to come in contact with Nintendo characters and Nintendo game worlds. Through these kinds of initiatives, we aim to continuously expand the number of people who have access to Nintendo IP.</p> <p>We appreciate your feedback about our initiatives related to the Fire Emblem series.</p>

<b>Q7</b>	I visited SUPER NINTENDO WORLD at Universal Studios Japan the other day. It was a lot of fun, but the scale felt a little confined. Nintendo is a competitive company with its own characters, so how about expanding the theme parks to more locations in the future?
<b>A7</b>	<p>Furukawa:</p> <p>There are plans to expand SUPER NINTENDO WORLD at Universal Studios Japan by opening an area themed after Donkey Kong in 2024. In addition, Universal Studios Japan began holding its "NO LIMIT! Parade" in March, including a Mario Kart float, and this summer, there is a plan to hold a water splashing festival called "Super Mario Power-Up Summer."</p> <p>Following SUPER NINTENDO WORLD in Osaka, a SUPER NINTENDO WORLD area opened this year in the U.S. in Hollywood. SUPER NINTENDO WORLD is also planned to open in the U.S. city of Orlando, and in Singapore, which we hope will provide a chance for even more people around the world to come in contact with our characters.</p>

	<p>Shigeru Miyamoto (Representative Director, Fellow):</p> <p>Nintendo's appeal is in its ability to provide spaces where the whole family can have fun. The fact that Nintendo characters and games are enjoyed across three generations by people all over the world is our strength, and it is really something special.</p> <p>I sense that our initiatives with mobile applications and movie production have increased the number of people worldwide who are aware of our IP. With <i>The Super Mario Bros. Movie</i>, we've heard many people say they went with their families to the theater and had fun watching the movie together.</p> <p>Regarding the theme park business, we would like to continue to work closely with Universal Destinations &amp; Experiences. Stay tuned for announcements from them.</p> <p>We intend to work on multiple visual content projects. Through these kinds of efforts, we hope to make our IP known to people of all generations all around the world and create a brand that families can enjoy with peace of mind. Thank you for your continued support going forward.</p>
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<b>Q8</b>	<p>This is regarding the "Inkling Boy" character who appeared in the Splatoon series. <i>Splatoon 3</i>, the latest title in the series, allows players to select their character's appearance. However, I think designs resembling Inkling Boy were not featured as much as they should have been. Inkling Boy in the Splatoon series has many fans, so I would like this character to be featured more often.</p>
<b>A8</b>	<p>Furukawa:</p> <p>The specifications of a game are determined based on a comprehensive consideration of various factors, so while we cannot satisfy every request, your opinions are valued.</p>

<b>Q9</b>	<p>Are you thinking about providing a service for playing Nintendo 3DS software on Nintendo Switch in the future, similar to Nintendo 64 – Nintendo Switch Online?</p>
<b>A9</b>	<p>Furukawa:</p> <p>Nintendo Switch Online members can play collections of Famicom, Super Famicom, and Game Boy titles on Nintendo Switch. People with a Nintendo Switch Online + Expansion Pack membership can also play collections of Nintendo 64 and Game Boy Advance titles. Regarding titles released for other platforms, I appreciate your question but currently have no specifics to share.</p>

<b>Q10</b>	<p>Nintendo enacted a 10-for-1 stock split last year, but 100 shares still cost over 600,000 yen. I feel that a further 2-for-1 or 3-for-1 stock split would make it easier for younger people to purchase your stock. If they become shareholders of Nintendo, I assume they would support Nintendo by purchasing games and merchandise. Please tell us about your stance on stock splits.</p>
<b>A10</b>	<p>Furukawa:</p> <p>Nintendo is aware that reducing the investment unit price by stock splits is one effective way of expanding our investor base and enhancing stock liquidity, and we have been carefully discussing</p>

	<p>this option.</p> <p>Last year, we decided to enact a 10-for-1 split of our stock when we joined the Prime Market as a result of the Tokyo Stock Exchange’s reorganization. We considered factors such as the direction of the stock market, the Nintendo share price prior to the split and liquidity. We split the common shares at a ratio of 10-for-1, with September 30, 2022 as the record date and October 1, 2022 as the effective date.</p> <p>After the stock split, the lower investment unit price resulted in an increase in the number of shareholders, particularly individual investors, and the total number increased from 48,329 at the end of March last year to 187,023 at the end of March this year. We have also seen an increase in the stock ownership ratio by individual shareholders and believe the action has had a certain degree of influence in expanding our investor base.</p>
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<b>Q11</b>	Will it become possible to play software released for Nintendo GameCube or Wii U on Nintendo Switch?
<b>A11</b>	<p>Furukawa:</p> <p>Among the titles released for Nintendo GameCube, the HD versions of <i>Pikmin 1</i> and <i>Pikmin 2</i> (digital version) just recently became available on June 22 for Nintendo Switch. We value your request and opinion on this topic.</p>

<b>Q12</b>	Nintendo has held Nintendo Game Seminar events (see Note) in the past, and released <i>Game Builder Garage</i> for Nintendo Switch. Please tell us more about these kinds of activities that can spark people’s interest in game development. In addition, I'd like to hear about how the developers who have joined us here today first got into game development.
<b>A12</b>	<p>Furukawa:</p> <p>As you mentioned, we released <i>Game Builder Garage</i> as a product that can spark interest in game development, and we hope that many users engage with the title.</p> <p>Shinya Takahashi (Director, Senior Managing Executive Officer):</p> <p>I have liked drawing since I was a kid, and I’ve always continued with it. I also liked math and science in middle school and high school. I encountered Famicom and 3DCG (3D computer graphics) in university and felt that 3DCG is something that combines drawing with math and science. I thought 3DCG was closely related to game development, so I applied for a job at Nintendo, and that's how I came to be here now.</p> <p>My enjoyment of creating things has continued to this day, and I think all of Nintendo's developers share this feeling. Going forward, I want to keep making new things, not limited to software.</p> <p>(Note) Practical seminars held from 2005 to 2014, designed to give students experience with game production.</p>

<b>Q13</b>	The Wii system is used in nursing homes, providing entertainment to the elderly. I can imagine Nintendo content being used in medical care and rehabilitation, but do you have any plans to implement these kinds of initiatives?
<b>A13</b>	<p>Furukawa:</p> <p>Using a game controller can be a challenge for people who do not normally play games, but titles like Nintendo Switch Sports, which use intuitive controls, are easily playable by a broad range of users. We want to continue creating titles that are easy to pick up, not only for users who normally play games, but also people across a broad range of ages who do not normally have an interest in games. We value your opinion on the use of Nintendo games in the fields of medical care and rehabilitation.</p>

<b>Q14</b>	Please tell us about Nintendo's business model. I figure the source of Nintendo's profit is selling hardware at affordable prices to increase the global install base, then selling a large volume of software that can be played on that hardware. Rather than releasing new hardware immediately, wouldn't it be most effective for Nintendo's business to focus on Nintendo Switch, which has already sold over 100 million units worldwide, and work to maximize sales of upcoming releases like <i>Super Mario Bros. Wonder</i> and <i>Super Mario RPG</i> ? In addition, I assume you will launch the next-generation platform at some point, and when you do, I'd like to see you implement robust countermeasures against reselling so the console can reach the audience worldwide who wish to enjoy games.
<b>A14</b>	<p>Furukawa:</p> <p>This is the seventh year since the launch of Nintendo Switch. Up to this point, we have focused our dedicated video game platform business on that system based on the belief that we can offer unique content to our consumers through the system with putting in consideration the consumer reception towards our products and the software we have developed. As we announced in the recent Nintendo Direct, we plan to release a large variety of software for Nintendo Switch this year as well, and we intend to maximize our business by selling as many units of these titles as possible.</p> <p>Regarding countermeasures against reselling when new hardware is released, I believe it is of paramount importance to manufacture and ship units in sufficient quantities to satisfy consumer demand. We will also consider whether there are any other countermeasures that can be implemented.</p>

<b>Q15</b>	I'd like to hear the honest opinions of the developers about whether the hardware specifications of Nintendo Switch, now in its seventh year, are sufficient to bring all of their game ideas to fruition.
<b>A15</b>	<p>Takahashi:</p> <p>As a game software developer, if you ask me whether Nintendo Switch has sufficient performance, I would not say it is lacking. However, game developers generally want more, and will always want to incorporate a lot of elements that exceed the hardware limitations. Since the Famicom era, we have worked on how to fit these elements inside a framework with certain limitations, and our job is to figure out how to create a fun game within these constraints. I believe</p>

	<p>that some interesting content are created as a result of accommodating the limitations and we have actually been able to make this happen.</p> <p>Ko Shiota (Director, Senior Executive Officer):</p> <p>We have been developing Nintendo Switch software for a long time and have used various methods to overcome performance barriers. Even now, the system developers are listening to game developers and continuously implementing initiatives to increase the smoothness and longevity of Nintendo Switch software development.</p>
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<p><b>Q16</b></p>	<p>This fiscal year, you announced an increase in employee base salary in Japan, and I think that is a very positive initiative in retaining talented employees. On the other hand, increasing the employee base salary decreases the resources for dividends, so I can imagine there was some sort of negative feedback from institutional investors. Please describe the reactions from institutional investors, employees, and other companies in the industry regarding this wage increase.</p>
<p><b>A16</b></p>	<p>Furukawa:</p> <p>I believe the most important factor in maintaining our high level of competitiveness is to value the employees that have created various popular products and built our brand. Currently, we are experiencing unprecedented levels of global inflation, and in Japan, we understand that people are facing increasing financial pressure in their daily lives. For this reason, to deal with long-term and continuing changes in the environment, Nintendo increased the base salary for all employees in Japan by 10%, separate from the annual wage increase. In addition, to strengthen our competitiveness in the job market and increase the overall capabilities of the company over the medium and long term, we also increased the starting salary for new graduate hires in Japan by approximately 10%.</p> <p>There have been various reactions to this wage increase, and we received comments stating that the resources for dividends would decrease, but there were also positive responses from institutional investors who value human resource strategy from a medium-to-long-term perspective.</p> <p>The level of competition for human resources is increasing within the game industry, and we understand that many companies, not just Nintendo, are increasing wages for new hires through a variety of methods.</p>

<p><b>Q17</b></p>	<p>Recently, the concept of the metaverse – where multiple unspecified users can play together in a shared virtual space – has emerged. What do you think about this?</p>
<p><b>A17</b></p>	<p>Furukawa:</p> <p>Although the enthusiasm may not be as high as before, the metaverse continues to capture the attention of many companies around the world, and I think the concept has potential. But though we sense its potential, we also believe it will not be easy to clearly define what kinds of fun and surprises it can provide to consumers. We might consider something if we can find a way to express it with a Nintendo like approach – which is to say, one that is easily understood by many consumers</p>

	– but I believe that this would be difficult at the present time.
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<b>Q18</b>	I believe there are many fans among Nintendo's shareholders, so what do you think about introducing unique shareholder benefits that would make fans happy?
<b>A18</b>	<p>Furukawa:</p> <p>While some companies do have shareholder benefits, Nintendo has various types of shareholders, including institutions, and we believe that dividends are the most suitable method of fairly distributing returns to all shareholders. Going forward, we will continue to consider appropriate methods of returning profits to our shareholders.</p>

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