



Fiscal Year Ending March 2021: Corporate Management Policy Briefing

**Nintendo Co., Ltd.
Sept. 16, 2020**

Thank you for attending today. I am Shuntaro Furukawa, President of Nintendo. Due to the situation with COVID-19, we are hosting a live broadcast of our Corporate Management Policy Briefing instead of holding it in person. This is different from the way we've held meetings in the past, so we thank you for your understanding. As previously stated, we will not be announcing any new products, services, or business ventures today.

Previously, we held our annual Corporate Management Policy Briefing at the same time as our Financial Results Briefings, but starting now, we will be scheduling the briefings at their own, appropriate times, independent of the Financial Results Briefings. We decided to hold this year's briefing in September because the impact of COVID-19 has prevented us from hosting our normal events for securities analysts and institutional investors, but we still wanted to share the details of our company strategy and business activities. While you might already be familiar with some of the information we'll be discussing today, we believe it is important for us to share these philosophies.



Before we get to our updates, we'd like to take a moment to talk about 35 years of Super Mario. We started the Super Mario series in 1985 with the release of *Super Mario Bros.* for the Famicom, the Japanese version of the Nintendo Entertainment System. We also recently aired our Super Mario Bros. 35th Anniversary Direct earlier this month.

Super Mario Bros. 35th Anniversary Plans



During that presentation, we announced several products, experiences and in-game events to commemorate the 35th anniversary of Super Mario.

35 Years With Mario



Of course, video games have changed a lot over the last 35 years. With changing technologies and shifting consumer interest, we have always challenged ourselves to offer new and "unique forms of play" for everyone. The Super Mario series is no exception. We have worked to consistently provide new forms of play with each hardware generation. And we're able to celebrate 35 years of Super Mario thanks to all of the people around the world, like those of you in this meeting today, who have played games in the series. For that, I would like to thank you very much.

35 Years With Our Fans

Fans who were teens and young adults when they played *Super Mario Bros.* during its initial release are now in their 40s and 50s. We are delighted to see them play our games as parents and grandparents alongside their children and grandchildren. Over time, we've seen both the number and age range of people who play our games significantly expand, all around the world.

It's been an honor over the course of these 35 years to have created forms of entertainment that appeal to multiple generations of consumers.

Today's Topics

- 1. Nintendo's Philosophy**
- 2. Relationship Between Nintendo and Consumers**
- 3. Future Outlook**

Turning to our business updates, we'd like to review the philosophy that is at the heart of our company, share the progress on our initiatives to create, grow, and strengthen relationships with consumers, and finally, speak to our outlook for the future.

1. Nintendo's Philosophy

We'll start with Nintendo's philosophy.

Nintendo's DNA

**Continue to deliver
Nintendo's unique,
intuitive play for all**

We strive to make consumers of all ages smile through unique forms of play that anyone can intuitively enjoy. Our global teams are dedicated to this mission, and it is as much a part of Nintendo's DNA today as in the past.

Source of Nintendo's Unique Forms of Play

Integrated Hardware- Software Entertainment

- Fun for everyone, regardless of age, gender, or past gaming experience
- Unique products and services that are intuitive and incredibly fun to play

These "unique forms of play" are embodied in our dedicated game systems, which are enabled by developing and integrating both hardware and software hand in hand. In this way, we are able to deliver experiences that everyone can enjoy, regardless of age, gender or past gaming experience, and to always create unique products and services that are intuitive and fun to play.

Strengths of Integrated Hardware-Software Entertainment



Creating fun from the touch and feel of the device

One thing we always pursue with our integrated hardware-software entertainment is that even the touch and feel of the product should be fun.

For us, it began in 1889 with the feel of Japanese playing cards (hanafuda), and we have remained mindful of the importance of this sense of tactile interaction through every generation of controllers that connects players to our games. You can find this reflected in the Nintendo Entertainment System, which has two controllers with plus-shaped directional pads. It's also present in the combination of a stylus and dual screens with Nintendo DS, the freeform movement of the Wii Remote controller, the detachable nature of Nintendo Switch Joy-Con controllers, and every other game system we have released.

Creating Fun and Surprises With Integrated Hardware-Software Concept



Our integrated hardware-software entertainment also helps us create fresh surprises. We are dedicated to finding ways to pleasantly surprise consumers and deliver unique experiences by considering where people will play, when they play, and how they might feel.

That's how we're able to keep developing and offering entertainment that's unlike anything that came before it, such as the Nintendo Switch hardware itself, the Nintendo Labo series, *Ring Fit Adventure* and *Mario Kart Live: Home Circuit*, which we recently announced. The symbiotic relationship between hardware and software in these experiences creates strong connections between Nintendo and our consumers.



Since the days of the Nintendo Entertainment System, fans around the world have inspired and shaped the unique entertainment experiences we provide through our integrated hardware and software products.



The time and energy that fans invest in playing our games, and the memories they make playing with loved ones, is what breathes life into our characters. That's what Nintendo is all about, and it's a precious asset for us.

2. Relationship Between Nintendo and Consumers

Now, I'd like to talk more about the relationship between Nintendo and our valued consumers. Let's take a look back at some of the ways we've worked to strengthen our relationship with them in recent years.

2000s

Expand the Gaming Population

In the 2000s, we began to specifically focus on expanding the gaming population, so to do that, we worked to create new types of game genres that didn't yet exist.

Offering Intuitive Gameplay Everyone Can Enjoy



33.89 million units sold
(series total)



82.90 million units sold



23.96 million units sold
(series total)



43.80 million units sold
(series total)

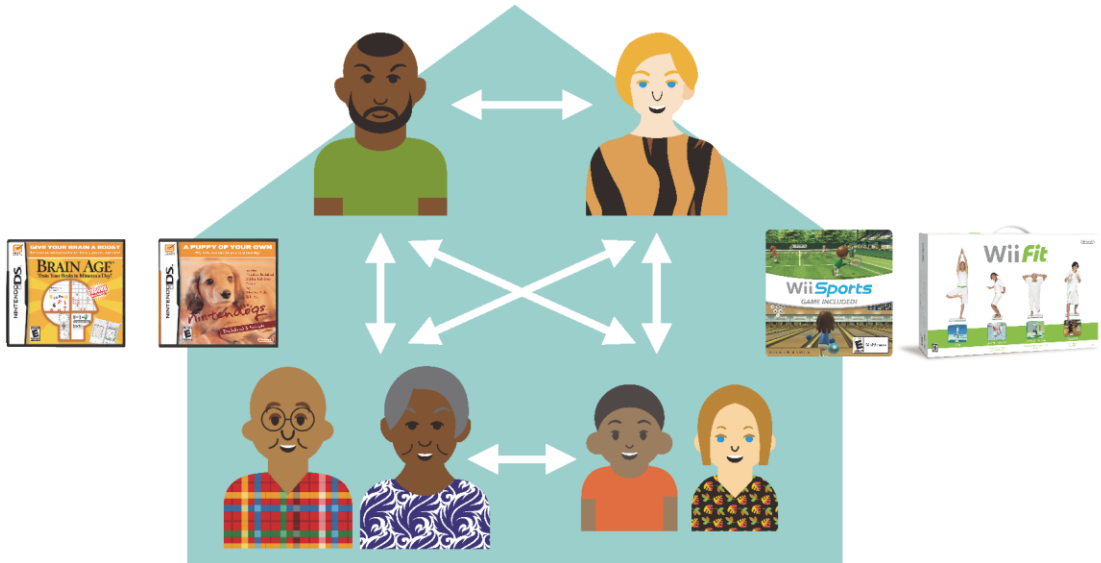
In 2004, we launched Nintendo DS and began releasing games like *nintendogs* and those in the Brain Age series that made use of the system's stylus and dual LCD screens. Both broadened the gaming population, as the Brain Age series was popular among seniors, while *nintendogs* was popular among women. And for Wii in 2006, we released games like *Wii Sports* and *Wii Fit* that used a motion sensor built into a remote-style controller for intuitive gameplay. The Wii system was popular with families, bringing parents and children together for interactive fun. These new products invited a broader audience of consumers to experience our games, including many who were new to gaming, and these new consumers also became proponents for our games after experiencing them.

Seeking New Games



As interest in our products continued to grow, those who bought our video game systems – even those who didn't think games were for them – would seek out additional games from Nintendo and other software publishers. Because of this, we have been able to build relationships with new consumers that endure to this day.

Fun for Everyone, Extending to Family and Friends



We have developed many of our products in the hope that friends and family will play them together. This has led to a natural progression of generations of families playing together – all the way from grandparents to grandchildren, and extending out to their friends.

Fun for Everyone, Extending to Family and Friends, Broadening the Audience



This has helped us broaden our audience, and helped consumers around the world come to a shared understanding of what Nintendo entertainment is all about.

2010s

Expanding the Number of People Who Have Access to Nintendo IP

Focusing on Creating an Ecosystem That
Contributes to Long-Term Growth for Our
Core Integrated Hardware-Software Business

In the 2010s, we began expanding our character IP, which has grown into a unique strength over the years to become one of our major pathways into new areas. In 2015, we turned our focus to increasing the number of people who have access to Nintendo IP, creating an ecosystem that contributes to the long-term growth of our business.

Expanding the Number of People Who Have Access to Nintendo IP



As the different kinds of entertainment that people enjoy continue to grow, we are bringing our IP to new areas to spark interest among consumers who don't yet own our video game systems. By encouraging consumers who are new to our IP to become interested in and excited about our game experiences, we can further strengthen our main integrated hardware-software business.

On that note, I'd like to introduce four areas where we are working to utilize our IP: merchandise expansion, mobile expansion, our expansion into theme parks and visual content.

Merchandise Expansion



First is merchandise expansion. A variety of products have been released in collaboration with our partner companies around the globe, including toys, stationery and apparel like the items shown here.

Merchandise Expansion



Our merchandise expansion covers an array of products, but we focus on working with our partner companies to create unique products that fit the individuality of each property. By taking an active role in both product development and quality control, we strive to ensure that we deliver fun experiences that consumers will want to keep returning to.

Hands-on Experiences and Physical Retail Expansion



We also opened Nintendo TOKYO in November 2019 as the Nintendo group's second official store after Nintendo NEW YORK in the U.S., and have since welcomed fans of many ages from Japan and overseas. Nintendo TOKYO is more than a place to sell Nintendo merchandise – it is a new point of contact for connecting with consumers and sharing the appeal of Nintendo IP.

Theme Park Expansion



We are also excited about our expansion into theme parks. As you may recall, SUPER NINTENDO WORLD is currently under construction at Universal Studios Japan. We believe that SUPER NINTENDO WORLD will deliver the fun, unique worlds and experiences only possible through our partnership with Universal Studios. Preparations to open are underway, with a more detailed timeline to be announced by Universal Studios Japan.

Mobile Expansion



As of the end of August 2020
*Total unique users for each application

Turning to our work in mobile expansion, we are continuing to leverage the explosive growth in smart device adoption to rapidly expand the number of people who have access to Nintendo IP. We have applications that are available in 164 countries and regions, and the seven game applications we've released since 2016 have surpassed a combined total of 650 million unique downloads.

(Unique download counts exclude re-downloads of an application by the same user.)

Mobile Expansion



Some of our smart device game applications share the same characters as titles for Nintendo Switch, but the gameplay is entirely different, due to interface differences between smart devices and video game systems. While mobile applications tend to provide shorter, more casual experiences, a number of consumers have gone on to develop an interest in the deeper, more immersive experiences offered by our video game systems.

From this, we know that our mobile expansion encourages consumers to pick up Nintendo Switch hardware.

Visual Content Expansion

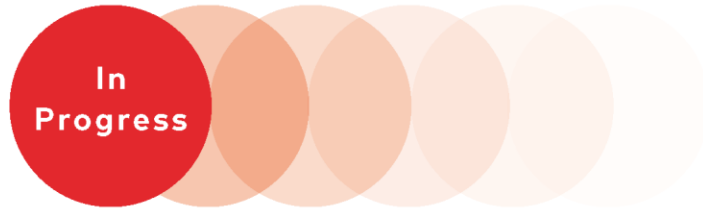


Another way we are delivering Nintendo entertainment to a wider audience is with the Super Mario CG-animated movie, which is scheduled for theatrical release in 2022. Production is moving ahead smoothly, thanks to the collaboration between Chris Meledandri, founder and CEO of Illumination, known for the *Minions* movies, and Nintendo's Representative Director and Fellow, Shigeru Miyamoto, who are both serving as producers. The movie will be distributed worldwide by Universal Pictures.

Visual Content Expansion



2022



2023 and beyond

We have also already embarked on multiple other visual content expansion projects, and are pursuing further opportunities. As we shared previously, the Super Mario movie is being financed by Nintendo as well as Universal Pictures, and we are actively involved in planning, development and production. Going forward, visual content expansion initiatives may not be limited to film. The scale of our investments will vary based on the type of project, but we will continue to invest in these entertainment expansion initiatives to increase the number of people who have access to our IP.

Expanding the Number of People Who Have Access to Nintendo IP



So far, we have discussed how our IP expansion initiatives encourage new consumers to pick up our dedicated video game systems, and we have begun to see the results. Of course, there is still more yet to come, and we will continue to work on opportunities that drive new-consumer growth.

Nintendo IP Expansion Philosophy

Nintendo IP is based on gaming experiences

- Deep relationship based on interactive game experiences
- More than outward design, but also a personal attachment and fondness for the characters

Respecting the individuality of properties

- Expand IP with respect for each individuality, while taking great care of our consumers' image of and feelings toward the characters
- Rather than overexposing, manage quality thoroughly

Prioritize contributing to dedicated video game platforms

- Drive interest in the games that feature Nintendo IP
- Avoid introducing unintended attributes to characters that might limit future game development

So now let me explain the philosophy surrounding the expansion of Nintendo IP. Our IP has grown over the years and gained recognition, alongside our dedicated video game platforms.

The connection between consumers and our characters established through the controller as they play lasts for a long time, building personal attachments and fondness for the IP. Nintendo characters are much more than simply their design; they create a special bond with the people who play our games. That's why we will always expand our properties in ways that fit the individual appeal of each character, taking great care not to damage the image or attachment consumers have for them. In addition, we strive for the utmost quality rather than simply increasing the amount of exposure to our characters.

The goal of our initiatives to drive awareness through IP expansion is to build interest in the games that feature our rich cast of characters. In other words, its purpose is to contribute to our dedicated video game platform business. Accordingly, we are vigilant about making sure IP expansion doesn't unintentionally introduce new attributes or personality traits for characters that might limit future game development.

**Key Initiative Along With
Expanding the Number of People
Who Have Access to Nintendo IP**

Nintendo Account

Alongside IP expansion, we introduced our Nintendo Account program in 2015, which was prior to the launch of Nintendo Switch, as another way to establish and grow long-term relationships with consumers.

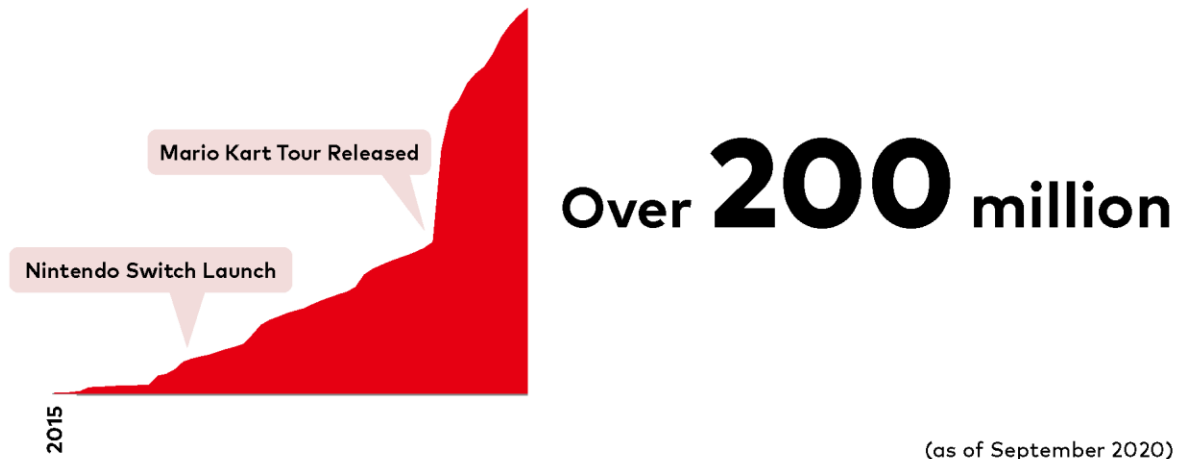
Nintendo Account

To Maintain Long-Term Relationships With Consumers

- Connect consumer play experiences across platform generations
- Provide value-added services

Nintendo Accounts serve as the foundation for connecting a variety of consumer play experiences across platform generations through our integrated hardware and software. We will continue designing and implementing services that offer consumers even more value, more features and more ways to have fun.

Nintendo Account Update

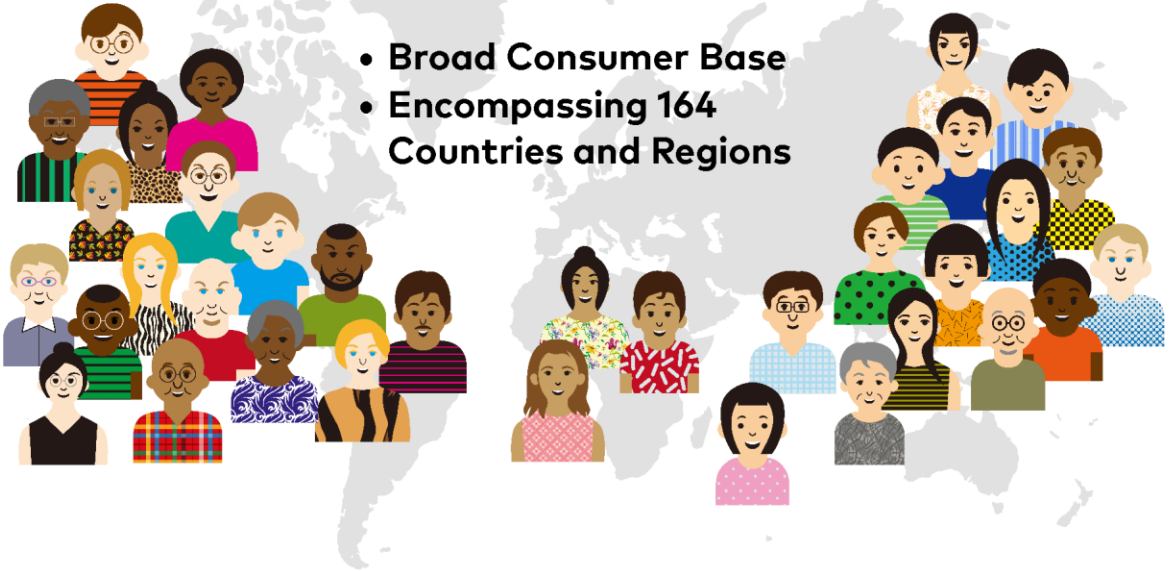


There are now more than 200 million Nintendo Accounts worldwide. As mentioned, we have worked to expand our IP beyond the dedicated video game platform business to reach consumers who don't own any of our game systems. This resulted in a substantial increase in consumers creating a Nintendo Account, thanks in particular to the release of the *Mario Kart Tour* mobile application.

The number of Nintendo Accounts has also been steadily increasing alongside the growing install base of Nintendo Switch.

Nintendo Account Update

- Broad Consumer Base
- Encompassing 164 Countries and Regions



Our Nintendo Account user base is demographically quite broad. Whereas we previously used market research to understand the makeup of our consumer base, we now have a better understanding of our consumers. To date, Nintendo Accounts have been rolled out in 164 countries and regions, including some where our dedicated video game platforms don't have a presence. In the future, the Nintendo Account program will continue to provide an important foundation for delivering our products and IP.

Nintendo Account Initiatives

Now, I'd like to introduce some of the initiatives that make use of our Nintendo Account program.

1. Linking Game Systems and Smart Devices



First, Nintendo Accounts serve as a link between our game systems and smart devices. For example, consumers can purchase downloadable versions of Nintendo Switch software by using their Nintendo Account to sign in to our official website on a smart device or PC. Any software purchased through these devices will then automatically download to a consumer's Nintendo Switch system.

The Nintendo Switch Online app can be used to check information about in-game events and the status of friends, even when the game console is off. There are also promotions for linking our Animal Crossing games on Nintendo Switch and smart devices, for consumers who enjoy both forms of play.

2. Managing Consumer Interactions



Play History



Purchase History

Additionally, with Nintendo Switch, a Nintendo Account can provide an activity report for games played, a purchase history for downloadable software, and save data for games played via the Nintendo Switch Online service. This provides an easy way for consumers to track and manage their Nintendo interactions.

3. Parental Controls



Nintendo Switch Parental Controls

Allows parents to set rules for using the system - less time worrying and more time having fun!

How much time does my family spend gaming?

Keep an eye on play time

Are the games appropriate for my family?

Decide which games they can play


How can I set limits on what they can do online with the system?


Customize online features

Nintendo Accounts also support a service that enables parents to use a smart device to confidently monitor their children’s Nintendo Switch play activity. This includes features such as the ability to prevent children from communicating online with strangers, and restricting the unapproved purchase of games.






4. Nintendo Switch Online

More Games. More Features. More Fun.

 **ONLINE**
Nintendo Switch Online



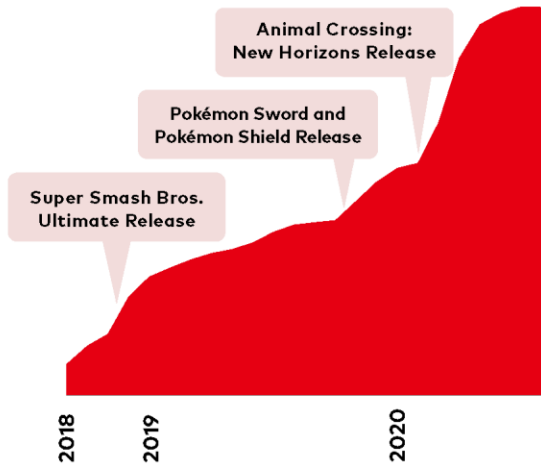
5 services

 <p>Online Play</p>	 <p>NES and Super NES - Nintendo Switch Online</p>	 <p>Save Data Cloud</p>	 <p>Smartphone App</p>	 <p>Special Offers</p>
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Nintendo Switch Online, the paid service for Nintendo Switch users, is also made possible by the Nintendo Account program.

Nintendo Switch Online Membership

26 Million+ Members



Enables Long-Term Connections to the Nintendo Switch Platform

(as of September 2020)

Nintendo Switch Online subscriptions continue to rise, and now include over 26 million paid members. Membership numbers have grown alongside hardware sales at a steady pace, with spikes prompted by hit games that support online play. Our consumer base has quickly adopted this service in the two years since it launched. Going forward, we want to further contribute to consumer satisfaction while ensuring the long-term vitality of our platform by releasing attractive titles and enriching the Nintendo Switch Online service.

Expanding the Number of People Who Have Access to Nintendo IP

Nintendo IP Expansion

Nintendo Account



Merchandise



Theme Park



Mobile



Migration to Integrated Hardware-Software Business



Visual Content

Before I discuss our outlook, allow me to reiterate that through our initiatives, we have significantly expanded the number of people who have access to Nintendo IP and dramatically broadened our consumer base. With Nintendo Account, we built a foundation for maintaining long-term relationships with consumers. These efforts have created a virtuous cycle of welcoming new consumers to our integrated hardware-software entertainment business.

3. Future Outlook

I would now like to discuss the direction of our long-term initiatives.

What Nintendo Product Development Is About

Nintendo strives to be trusted by consumers through employees who:

1. Embody the Nintendo DNA for creating products
2. Craft everything with care
3. Deliver each product responsibly

The 35th anniversary of *Super Mario Bros.* demonstrates how our entertainment experiences stay with children as they became adults, then parents and grandparents, resulting in two or three generations sharing these experiences together. We will continue our efforts so that our entertainment brand will be enjoyed by consumers across multiple generations.

Investing in Technology

Let me next describe our philosophy on investing in technology.

Philosophy for Investing in Technology

- Allocate resources to technologies that could become a "source of fun"
- Ensure new and innovative content complement the adoption of new technology
- Utilize existing technologies carefully, through active partner collaborations

We allocate internal resources very carefully so that technologies we adopt can turn into a source of fun. We strive to create products that consumers didn't realize they wanted until the moment they're announced. To do this, we can't simply follow what other companies are doing or chase the latest technology trends. For example, no other home game console can be taken on the go like Nintendo Switch. When we first set out to develop Nintendo Switch, it was not possible to do so by simply combining existing technologies.

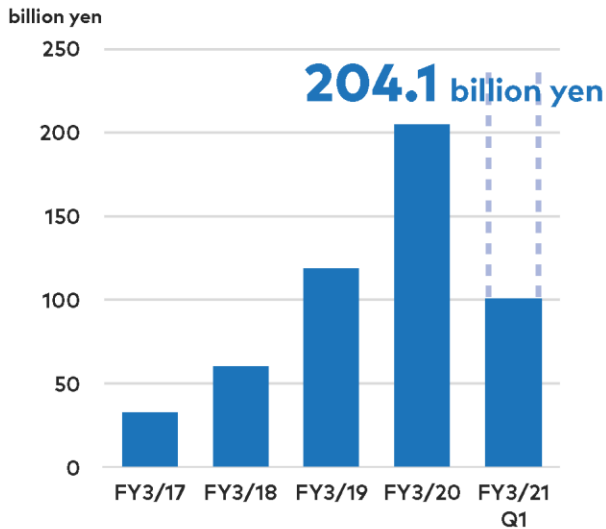
When adopting a new technology, we go to great lengths to ensure that we offer new and innovative content that complements it.

And when we do decide to use an existing technology, we actively pursue collaborations with partner companies that specialize in the technology. From an investment standpoint, it is critically important that we carefully select the technologies that are best suited to delivering fun. For example, we pay close attention to any potential negatives, such as when adding more features to hardware or services results in a more complicated configuration, gets in the way of a positive user experience, or puts it at an undesirable price point. We will continue to invest in innovation, balancing investments against their effectiveness and leveraging the strengths of our partner companies as well.

Digital Initiative

With regard to our dedicated video game platform business, we will continue to be flexible in response to changes in the business environment, as exemplified by our digital initiative.

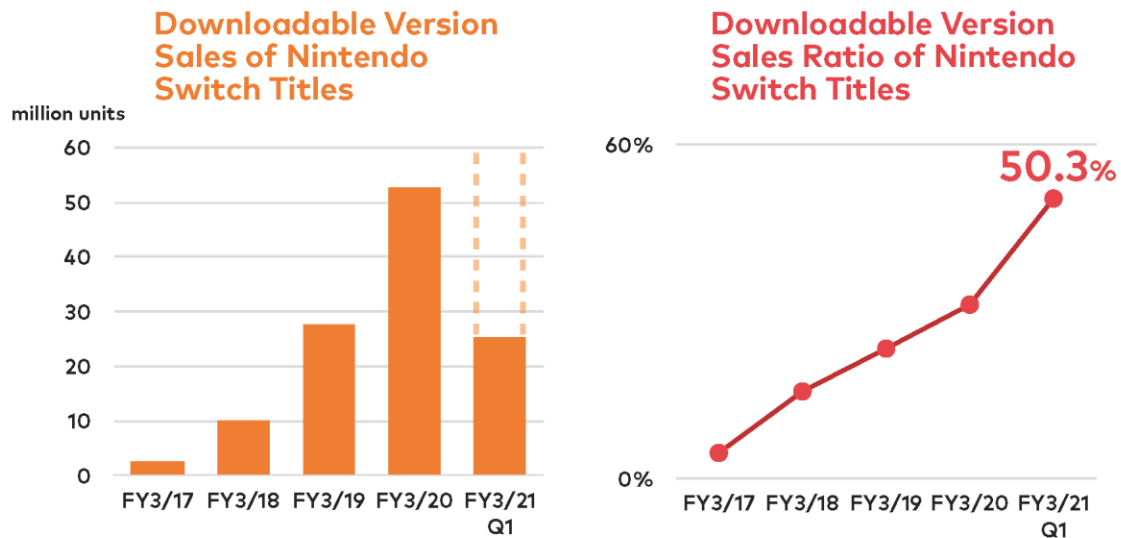
Digital Sales Trends



**Increase Digital
Points of Contact
Improve Consumer
Convenience**

Our digital sales initiative began in 2006 with the opening of the Wii Shop Channel, and it really accelerated with the Nintendo Switch business. Nintendo has worked to create new business opportunities within our digital sales initiatives. As previously mentioned, examples of this include the ability to purchase downloadable versions of titles via a smart device or computer, as well as selling download codes for games at convenience stores and other locations. Importantly, digital sales initiatives help diversify our sales methods in response to market changes and are an important way to maximize the volume of software sales.

Sales Trends for Downloadable Versions of Packaged Software



This chart shows sales trends and the sales ratio of Nintendo Switch titles that are offered both in physical and digital formats.

Both the number and ratio of downloadable-version software sales are trending upward.

The effects of stay-at-home requirements due to COVID-19 and the popularity of titles suitable for download led to a rapid increase in digital sales during the first quarter of this fiscal year. As a result, the percentage of downloadable versions of titles sold rose to approximately 50% by the end of June. On the other hand, the percentage of digital sales has stabilized to pre-pandemic levels now that physical retailers have started to reopen overseas. Therefore, we do not expect the increased digital sales seen in the first quarter of this fiscal year to continue.

If we look at the software sales trends another way, we see half of our consumers purchasing physical versions of our games, even when many of them around the world were staying at home. So, while digital versions offer several benefits to consumers, as a company that emphasizes unique combinations of software and accessories such as the Nintendo Labo series and *Ring Fit Adventure*, converting our business to be 100% digital is not our ultimate goal.

We understand that digital initiatives contribute greatly to our business in terms of improving margins, but our aim is to maximize the total number of units sold. We will continue to offer our entertainment experiences both digitally and physically, in a way that naturally aligns with consumer preferences.

Note: Totals based on sell-in (sales from Nintendo to external parties) inclusive of downloadable versions of packaged software bundled with hardware. / Includes software manufacturer titles and software bundled with consoles. / Source: Nintendo

Future Initiatives

Finally, I would like to discuss the direction of our future initiatives.

Future Outlook

Expanding Nintendo IP

Value-Added Services

Nintendo Account



Integrated Hardware-Software
DS • Wii



Integrated Hardware-Software
Nintendo Switch

Integrated Hardware-Software
Next gaming system

..... 2004 2006

..... 2017

..... 20XX

As previously mentioned, we offer consumers the opportunity to link their Nintendo Switch systems to a Nintendo Account. We also created a foundation for maintaining our relationship with those consumers going forward. In the future, Nintendo still plans to expand its business around the creation of unique integrated hardware-software products. We are also advancing the development of services based on our Nintendo Account program that complement our business. By creating a positive cycle with services and content founded on our integrated hardware-software model and our Nintendo Account program, we hope to create positive long-term relationships and increase our points of contact with even more consumers.

What We Wanted to Communicate Today

- **Maintain consumer trust across generations**
- **Continue unique entertainment offerings through our integrated hardware-software platforms**
- **Expand Nintendo IP thoughtfully with focus on quality and individuality of each property**

We have covered three main topics in today's presentation.

First, the trust relationship we have worked to build with consumers across multiple hardware generations is a key contributor to our ongoing business. Therefore, as we develop sustainable business models, it is important that we continue living up to consumers' expectations of Nintendo and maintain their trust.

Nintendo's goal to create fresh entertainment experiences remains at the heart of everything we do, and we will continue to offer unique, immersive entertainment through our integrated hardware-software dedicated video game platforms.

And finally, the expansion of Nintendo IP will focus on quality. We will move forward carefully and with respect for the individual appeal of each property, so that it can continue to serve as a valuable entry point for consumers to connect with our games.

The Value of Entertainment Lies in Its Uniqueness

Going forward, we will continue to make the most of Nintendo's distinct strengths to provide unique forms of entertainment.



Our mission is to bring smiles to as many people as possible, all over the world.



Finally, we have one more announcement to make.

We will air the Nintendo Direct Mini: Partner Showcase, September 2020, which introduces titles from our development and publishing partners, at 11 p.m. on September 17 (JST).

This concludes today's presentation. Thank you very much for your time.