

Annual Report 2022

for the fiscal year ended March 31, 2022

Nintendo Co., Ltd.

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Documents hereto titled “Annual Report” are based on the Company’s Annual Securities Report (Japanese only) prepared following the Financial Instruments and Exchange Act for the purpose of providing accurate financial information and other information in a manner that is easy to understand. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

[NOTE: Basis of Presenting Consolidated Financial Statements]

The accompanying consolidated financial statements of Nintendo Co., Ltd. (the “Company”) and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as requested by the Financial Instruments and Exchange Act of Japan and are prepared on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. The financial statements of the Company and its domestic subsidiaries are prepared on the basis of the accounting and relevant legal requirements in Japan. The financial statements of the overseas consolidated subsidiaries are prepared on the basis of the accounting and relevant legal requirements of their countries of domicile and no adjustment has been made to their financial statements in consolidation to the extent that significant differences do not occur, as allowed under the generally accepted accounting principles and practices in Japan.

Each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen or one billion yen. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The consolidated financial statements presented herein are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The rate of ¥121 to 1 USD, the approximate current rate of exchange on March 31, 2022, has been applied for the purpose of presentation of the accompanying consolidated financial statements in U.S. dollars. These amounts in U.S. dollars are included solely for convenience and are unaudited. These translations should not be construed as representations that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate of exchange.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Information on the Company

I. Overview of the Company

1. Key financial data and trends

Consolidated financial data

Fiscal year	78th	79th	80th	81st	82nd	
Fiscal year ended March 31	2018	2019	2020	2021	2022	
Net sales (Millions of yen) (Millions of dollars)	¥1,055,682	¥1,200,560	¥1,308,519	¥1,758,910	¥1,695,344	USD 14,011
Operating profit (Millions of yen) (Millions of dollars)	177,557	249,701	352,370	640,634	592,760	4,898
Ordinary profit (Millions of yen) (Millions of dollars)	199,356	277,355	360,461	678,996	670,813	5,543
Profit attributable to owners of parent (Millions of yen) (Millions of dollars)	139,590	194,009	258,641	480,376	477,691	3,947
Comprehensive income (Millions of yen) (Millions of dollars)	134,090	200,341	236,490	527,951	530,498	4,384
Net assets (Millions of yen) (Millions of dollars)	1,323,574	1,414,798	1,540,900	1,874,614	2,069,310	17,101
Total assets (Millions of yen) (Millions of dollars)	1,633,474	1,690,304	1,934,087	2,446,918	2,662,384	22,003
Net assets per share (Yen) (Dollars)	10,980.45	11,833.91	12,933.51	15,734.79	17,635.60	145
Profit per share (Yen) (Dollars)	1,162.30	1,615.51	2,171.20	4,032.60	4,046.69	33
Diluted profit per share (Yen) (Dollars)	-	-	-	-	-	-
Capital adequacy ratio (%)	80.75	83.40	79.66	76.60	77.71	-
Return on equity (ROE) (%)	10.86	14.22	17.53	28.13	24.23	-
Price earnings ratio (PER) (Times)	40.32	19.54	19.16	15.33	15.24	-
Cash flows from operating activities (Millions of yen) (Millions of dollars)	152,208	170,529	347,753	612,106	289,661	2,393
Cash flows from investing activities (Millions of yen) (Millions of dollars)	61,387	45,353	(188,433)	(136,533)	93,699	774
Cash flows from financing activities (Millions of yen) (Millions of dollars)	(61,311)	(109,037)	(111,031)	(194,938)	(337,010)	(2,785)
Cash and cash equivalents at end of period (Millions of yen) (Millions of dollars)	¥484,480	¥585,378	¥621,402	¥932,079	¥1,022,718	USD 8,452
Number of employees (Persons)	5,501	5,944	6,200	6,574	6,717	-

(Notes) 1. Effective from the beginning of the 82nd fiscal year (which ended March 31, 2022), the Company has adopted the “Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 29 of March 31, 2020).” The accounting standard has been applied to the major management indicators for the 82nd fiscal year.

2. “Diluted profit per share” is not noted because the Company has not issued any dilutive shares.

2. History

November 1947	Established as Marufuku Co., Ltd. in Higashikawara-cho, Imagumano, Higashiyama-ku, Kyoto, Japan as a manufacturer/distributor of Japanese playing cards (<i>karuta</i>) and western playing cards.
September 1949	Changed the company's name to Marufuku Karuta Hanbai Co., Ltd.
March 1950	Changed the company's name to Nintendo Karuta Co., Ltd. and took over <i>karuta</i> manufacturing operations of Yamauchi Nintendo & Co. (currently Yamauchi Co., Ltd.)
July 1951	Changed the company's name to Nintendo Playing Card Co., Ltd.
September 1959	Moved the headquarters to 60 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto, Japan.
September 1961	Established the Tokyo Branch in Tokyo, Japan.
January 1962	Listed stock on the Second Section of the Osaka Securities Exchange and on the Kyoto Stock Exchange.
October 1963	Changed the company's name to Nintendo Co., Ltd. (current trade name).
July 1970	Stock listing was changed to the First Section of the Osaka Securities Exchange.
April 1980	Established a wholly-owned subsidiary, Nintendo of America Inc., in New York, U.S.A.
February 1982	Established a new wholly-owned subsidiary, Nintendo of America Inc. (currently a consolidated subsidiary), in Washington, U.S.A. and merged the New York subsidiary into it through an absorption-type merger.
July 1983	Listed stock on the First Section of the Tokyo Stock Exchange.
November 1983	Established a new plant in Makishima-cho, Uji City, Kyoto, Japan (currently Uji Plant).
February 1990	Established a wholly-owned subsidiary, Nintendo of Europe GmbH, in Germany (currently a consolidated subsidiary).
February 1993	Established a wholly-owned subsidiary, Nintendo France S.A.R.L., in France (currently a consolidated subsidiary).
November 2000	Moved the headquarters to 11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto, Japan (current location).
July 2006	Established a wholly-owned subsidiary, Nintendo of Korea Co., Ltd., in South Korea (currently a consolidated subsidiary).
June 2016	Transitioned to a Company with an Audit and Supervisory Committee.
April 2017	Acquired shares of JESNET Co. Ltd. and changed its trade name to Nintendo Sales Co., Ltd. (currently a consolidated subsidiary).
April 2022	Transitioned to the Prime Market from the First Section due to the market restructuring of the Tokyo Stock Exchange.

3. Description of business

In the field of home entertainment, Nintendo Co., Ltd. and its subsidiaries and associates (composed of 28 subsidiaries and five associates as of March 31, 2022), primarily engage in the development, manufacture and sales of entertainment products. Nintendo's major products are categorized into computer-enhanced "dedicated video game platforms," playing cards, *karuta* and other products. "Dedicated video game platforms" are defined as hardware and software for the handheld systems and home consoles developed by Nintendo Co., Ltd. and its subsidiaries and associates, manufactured by Nintendo Co., Ltd. and distributed primarily by its subsidiaries and associates in Japanese and overseas markets.

The positions of Nintendo Co., Ltd. and its main subsidiaries and associates are described below. Segment information is omitted as Nintendo operates as a single business segment.

- Development

Nintendo Co., Ltd.; Nintendo Technology Development Inc.; Nintendo Software Technology Corporation; Retro Studios, Inc.; Next Level Games Inc.; Nintendo European Research and Development SAS; iQue (China) Ltd.; ND CUBE Co., Ltd.; 1-UP Studio Inc.; MONOLITH SOFTWARE INC.; Mario Club Co., Ltd.

- Manufacture

Nintendo Co., Ltd.

- Sales

Nintendo Co., Ltd.; Nintendo of America Inc.; Nintendo of Canada Ltd.; Nintendo of Europe GmbH; Nintendo France S.A.R.L.; Nintendo Benelux B.V.; Nintendo Ibérica, S.A.; Nintendo RU LLC.; Nintendo Australia Pty Limited; Nintendo of Korea Co., Ltd.; Nintendo (Hong Kong) Limited; Nintendo Sales Co., Ltd.

4. Subsidiaries and associates

(1) Consolidated subsidiaries

Name of company	Location	Share capital or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with Nintendo Co., Ltd. (the "Company")				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
Nintendo of America Inc. *1, 2	U.S.	Thousands of USD 110,000	Sales	100	-	1	-	Purchase of products manufactured by the Company	-
Nintendo of Canada Ltd.	Canada	Thousands of CAD 4,000	Sales	100 (100)	-	1	-	Purchase of products manufactured by the Company from Nintendo of America Inc.	-
Nintendo of Europe GmbH *1, 2	Germany	Thousands of EUR 30,000	Sales	100	-	1	-	Purchase of products manufactured by the Company	-
Nintendo France S.A.R.L. *1	France	Thousands of EUR 10,000	Sales	100	-	1	-	Purchase of products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Benelux B.V.	Netherlands	Thousands of EUR 6,800	Sales	100	-	1	-	Purchase of products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Ibérica, S.A.	Spain	Thousands of EUR 3,000	Sales	100 (100)	-	1	-	Purchase of products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo RU LLC.	Russia	Millions of RUB 104	Sales	100 (100)	-	-	-	Purchase of products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Australia Pty Limited	Australia	Thousands of AUD 8,500	Sales	100	-	1	-	Purchase of products manufactured by the Company	-
Nintendo of Korea Co., Ltd. *1	Korea	Millions of KRW 25,000	Sales	100	-	4	-	Purchase of products manufactured by the Company	-
Nintendo (Hong Kong) Limited	China	Thousands of HKD 49,300	Sales	100	-	3	-	Purchase of products manufactured by the Company and entrusted purchase of parts for products manufactured by the Company	-
Nintendo Technology Development Inc.	U.S.	USD 1	Development	100	1	1	-	Entrusted development of hardware OS etc.	-
Nintendo Software Technology Corporation	U.S.	Thousands of USD 20	Development	100	1	1	-	Entrusted development of software	-
Retro Studios, Inc. *1	U.S.	Thousands of USD 10,001	Development	100	1	-	-	Entrusted development of software	-
Next Level Games Inc.	Canada	Thousands of CAD 11	Development	100	1	-	-	Entrusted development of software	-
Nintendo European Research and Development SAS	France	Thousands of EUR 300	Development	100 (100)	-	1	-	Entrusted development of software	-
iQue (China) Ltd. *1	China	Thousands of USD 29,000	Development	100 (100)	-	2	-	Entrusted development of software	-

Name of company	Location	Share capital or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with Nintendo Co., Ltd. (the "Company")				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
Nintendo Sales Co., Ltd. *1, 2	Chiyoda-ku, Tokyo	Millions of JPY 300	Sales	100	-	4	-	Purchase of products manufactured by the Company	Leasing of buildings, etc. owned by the Company
ND CUBE Co., Ltd.	Chuo-ku, Tokyo	Millions of JPY 483	Development	98	-	2	-	Entrusted development of software	-
1-UP Studio Inc.	Chiyoda-ku, Tokyo	Millions of JPY 90	Development	100	-	3	-	Entrusted development of software	Leasing of buildings, etc. owned by the Company
MONOLITH SOFTWARE INC.	Meguro-ku, Tokyo	Millions of JPY 75	Development	97	-	2	-	Entrusted development of software	-
Mario Club Co., Ltd.	Higashiyama-ku, Kyoto	Millions of JPY 450	Development	100	-	5	-	Entrusted inspection of software etc.	Leasing of buildings owned by the Company

- (Notes) 1. There are six other consolidated subsidiaries not listed above.
2. Figures in parentheses in "Percentage of voting rights held by the Company" represent the proportion of indirect ownership.
3. Companies marked with *1 are specified subsidiaries.
4. Proportion of sales of consolidated subsidiaries marked with *2, excluding inter-company transactions of sales, over total sales on a consolidated basis surpasses 10%. Major financial information is as follows.

Name of company	Net sales (Millions of yen)	Ordinary profit (Millions of yen)	Profit (Millions of yen)	Total net assets (Millions of yen)	Total assets (Millions of yen)
Nintendo of America Inc.	678,492	52,074	41,851	452,261	689,015
Nintendo of Europe GmbH	385,077	14,090	9,709	63,919	206,178
Nintendo Sales Co., Ltd.	244,983	16,021	11,110	45,332	84,212

Name of company	Net sales (Millions of dollars)	Ordinary profit (Millions of dollars)	Profit (Millions of dollars)	Total net assets (Millions of dollars)	Total assets (Millions of dollars)
Nintendo of America Inc.	5,607	430	345	3,737	5,694
Nintendo of Europe GmbH	3,182	116	80	528	1,703
Nintendo Sales Co., Ltd.	2,024	132	91	374	695

(2) Associates accounted for using equity method

Name of company	Location	Share capital or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with the Company				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
The Pokémon Company	Minato-ku, Tokyo	Millions of JPY 365	Sales and licensing of Pokémon related goods	32	1	-	-	Purchase of products manufactured by the Company and entrusted manufacturing of products	-
WARPSTAR, Inc.	Chiyoda-ku, Tokyo	Millions of JPY 10	Animation production and intellectual property management	50	-	3	-	Entrusted management of merchandising rights	-

Name of company	Location	Share capital or Investments in capital	Description of principal business	Percentage of voting rights held by the Company	Relationship with the Company				
					Concurrent positions held by directors		Loans	Business transactions	Leasing of fixed assets
					Director of the Company (number)	Employee of the Company (number)			
PUX Corporation	Osaka City, Osaka	Millions of JPY 45	Development of software engine and license business	27	-	1	-	Entrusted development of software	-

(Note) There is one associate accounted for using equity method other than the ones listed above.

5. Employees

Segment information is omitted as Nintendo (the Company and its consolidated subsidiaries) operates as a single business segment.

(1) Information about group

As of March 31, 2022

Number of employees (persons)	6,717
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(Note) Number of employees represents the number of persons employed, excluding persons seconded from the Company group to outside the Company group, but including persons seconded to the Company group from outside the Company group. It also includes part-time workers hired on a regular basis.

(2) Information about reporting company

As of March 31, 2022

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary
2,634	39.8	14.2	9,886,405 yen (USD 81,705)

(Notes) 1. Number of employees represents the number of persons employed, excluding persons seconded from the Company to outside the Company, but including persons seconded to the Company from outside the Company.

2. Average annual salary is the amount paid inclusive of tax in the fiscal year ended March 31, 2022, including extra wages and bonuses.

(3) Labor unions

Labor unions do not exist in the Company but have been formed at some of its consolidated subsidiaries. Labor-management relations have been good, and there are no particular matters to be noted.

II. Business Overview

1. Management policy, management environment, issues to address

Any forward-looking statements in the following discussion are based on the judgment of the Company group (the Company and its consolidated subsidiaries; also referred to as “Nintendo”) as of the end of the consolidated fiscal year ended March 31, 2022.

(1) Basic management policy

As an entertainment company that creates smiles, Nintendo strives to create new forms of entertainment while maintaining a robust corporate management. To expand our business, our highest emphasis is placed on providing consumers around the world with exciting forms of entertainment that they have never experienced before.

(2) Targeted management index

Nintendo works to constantly provide new and entertaining products and services, aiming to improve its corporate value by sustaining robust growth and increasing profit. Because Nintendo deals with entertainment products and content that naturally hold many uncertainties in terms of research and development, we have not set any specific management index targets. This allows our corporate decision-making to stay flexible in this highly competitive industry.

(3) Management environment, mid- to long-term corporate business strategy and priority business and financial issues to address

Regarding the market environment surrounding the Company group, amid growing demand for entertainment among people around the world, not only has the diversification of entertainment continued alongside advances in technology, but competition is also intensifying further as more companies enter the game industry.

Amid such changes in the environment, as an entertainment company that creates smiles, the Company group aims to offer its unique and original brand of play that anyone and everyone can intuitively enjoy. To enable unique entertainment experiences, we place our dedicated video game platform business – integrating both hardware and software – at the center of everything we do. We understand that all entertainment eventually loses its appeal, so we continually work to provide new and original products and services for people everywhere.

To continue growing our core business, the Company group's fundamental strategy is to expand the number of people who have access to Nintendo IP. To this end, we seek to broaden the touch points of Nintendo IP with consumers in areas beyond dedicated video game platforms. This includes applications for smart devices, which are ubiquitous throughout the world, as well as visual content, theme parks, and character-based merchandise. Through these efforts, we will strive to create opportunities for more consumers to become interested in gaming experiences.

In addition, we work to strengthen the touch points and develop a long-term relationship with each of our consumers, with Nintendo Account as the connection that spans platform generations and unites a variety of entertainment experiences, centered on our integrated hardware-software entertainment.

Based on our belief that the true value of entertainment lies in its uniqueness, Nintendo will strive to achieve sustainable growth and increase our corporate value by offering unique entertainment that plays to the company's strengths, continuing to adapt to the times and cherish the spirit of creativity.

2. Risk factors

Listed below are the various risks that could affect the Company group's operating results, share price and financial condition. However, unpredictable risks may exist other than the risks set forth herein. Note that matters pertaining to the future presented herein are determined by Nintendo as of the end of the fiscal year ended March 31, 2022.

(1) Risks around economic environment

- Fluctuation in foreign exchange rates

Nintendo distributes its products globally with overseas sales accounting for more than 70% of its total sales, and the majority of monetary transactions are made in local currencies. In addition, the Company holds a substantial amount of assets in foreign currencies; fluctuations in foreign exchange rates have a strong influence not only when accounts in foreign currencies are converted to yen-denominated assets but also when they are revaluated for financial reporting purposes. Therefore, if there are significant fluctuations in foreign exchange rates, Nintendo's financial position, operating results and cash flows could be adversely affected.

In order to reduce the influence of fluctuations in foreign exchange rates, Nintendo purchases in foreign currencies on an ongoing basis.

(2) Risks around business activities

- Fluctuation of market environment and competition against other companies

Nintendo's business is engaged in one segment of the broad entertainment field. However, its business is also affected by a variety of other entertainment trends. If consumer preferences shift to other forms of entertainment, the video game market may shrink. The emergence of new competitors resulting from technological innovation could have a significant impact as well. In the video game industry, it may become even more difficult to be profitable due to large investments required in research and development and marketing. In addition, competition may intensify with large-scale companies doing business in the same industry or in other segments of the entertainment field. Furthermore, if Nintendo is unable to adapt to rapid structural changes or other changes, its financial position, operating results and cash flows could be adversely affected.

As an entertainment company that creates smiles, the Company group aims to offer its unique and original brand of play that anyone and everyone can intuitively enjoy. To enable unique entertainment experiences, we place our dedicated video game platform business – integrating both hardware and software – at the center of everything we do, and work to provide new and original products and services for people everywhere. To continue growing our core business, the Company group's fundamental strategy is to expand the number of people who have access to Nintendo IP. To this end, we seek to broaden the touch points of Nintendo IP with consumers in areas beyond dedicated video game platforms and create opportunities for more people to become interested in gaming experiences. In addition, we work to develop a long-term relationship with each of our consumers through Nintendo Account.

- Development of new products

Despite the substantial costs and time needed for development of software for dedicated video game platforms and applications for smart-device gaming services, there is no guarantee that all new products and services will be accepted by consumers due to ever shifting preferences. As development of hardware is time-consuming, with technology continuously advancing, Nintendo may not be able to readily acquire technologies required for entertainment. Furthermore, delays of product launches could adversely affect market share.

In addition, due to the nature of Nintendo products and services, it may become difficult to develop, sell or launch the products and services as planned, development may be suspended or aborted, and the original plan could differ to a large extent.

In the field of computer entertainment, the development process is complicated and includes many uncertainties; therefore, if Nintendo is unable to deal with the above risks, its financial position, operating results and cash flows could be adversely affected.

Nintendo continuously strives to develop unique and attractive new products.

- Product valuation and adequate inventory procurement

Given that general products in the video game industry have relatively short life cycles, and are significantly impacted by consumer preferences as well as seasonality, excess inventory and obsolete inventory could have an adverse effect on Nintendo's financial position, operating results and cash flows.

Business opportunities could be missed if supply to the market falls short of the necessary quantity due to difficulties in accurately forecasting demand. At Nintendo, projected production is conducted and sales of downloadable versions of software are promoted in order to guarantee supply based on forecasted demand.

- Dependency on outside manufacturers

Nintendo commissions outside companies to produce key components and assemble finished products. In the event one or more of these outside companies go bankrupt, Nintendo may have difficulty procuring key

components or manufacturing its products. In addition, suppliers may be unable to provide necessary components on a timely basis. A shortage of key components could cause issues such as marginal decline due to higher costs, shortage of products and quality control issues. These issues may impair the relationship between Nintendo and its customers. Furthermore, as many suppliers' production facilities are located overseas, a deterioration in local public safety, natural disasters or any other incidents, or other issues specific to the area could interrupt production and negatively affect Nintendo's operating performance.

Regarding production, Nintendo hedges risks by procuring parts and materials from and outsourcing production to multiple companies in most cases. For important components, we have identified all processes, places of production, persons in charge, etc. and have a management system in place which, even in the unlikely event of an unforeseeable incident, will enable us to get a grasp of the status of damage caused by the accident and take an alternative action as swiftly as possible.

- Business operations affected by seasonal fluctuation

Demand for Nintendo's products is largely focused on the year-end sales season, New Year season, etc., so our business performance fluctuates accordingly. Should Nintendo fail to release attractive new products or supply products on time during that period, operating performance could be adversely affected.

- System issues

Nintendo provides various services via the internet, including online games and download sales of digital software, in addition to providing information. However, in the event of the termination or destruction of the operating systems, or the leakage or unauthorized use of data, etc. as a result of a cyber-attack against servers, a natural disaster or an accident, it could have an adverse effect on Nintendo's future operating results, share price and financial condition.

Considering that networking functions are becoming increasingly important in the Company's business, Nintendo is enhancing assigned in-house resources, hiring necessary human resources, collaborating with outside expert firms and making other such efforts to strengthen its capabilities to deal with system issues.

- Various factors affecting business activities

In addition to Japan, Nintendo engages in business in the United States, Europe, Australia, Asia and other areas of the world. Domestic and overseas business activities involve risks such as disadvantages from emergence of political or economic factors, disadvantages from inconsistency of multilateral taxation systems and diversity of tax law interpretation, difficulty in recruiting and securing human resources, labor disputes such as strikes, and social disruption resulting from terror attacks, war and other catastrophic events. If the development, manufacture, distribution, sales, etc. of products and services are hindered, Nintendo's financial position, operating results and cash flows could be adversely affected.

Nintendo will take necessary measures on an ongoing basis.

(3) Risks around legal regulations and litigation

- Product liability

Nintendo develops and manufactures its products in accordance with applicable safety and quality control standards in locations of sale. However, large-scale product recalls may take place should a defect occur, given that its products are sold worldwide. Also, a product defect resulting in product liability compensation could lead to additional expenses and impact the Company's reputation, and has the potential to adversely impact Nintendo's future operating performance and financial position.

With full awareness of product liability, Nintendo will continue to proactively work on quality control and quality assurance of products in terms of design, manufacturing and ancillary services.

- Limitations of enforcing intellectual property rights

Although Nintendo has continued to accumulate various intellectual properties which enable the differentiation of its offerings from others, there are geographical regions in which it is difficult to effectively address unauthorized uploading via the internet and counterfeit products, which may have a negative impact on Nintendo's future operating performance and financial position.

Nintendo will take necessary measures on an ongoing basis.

- Unauthorized system access and leakage of confidential information

Nintendo possesses personal information about its consumers, as well as confidential information concerning development and business operations. If such personal information or confidential information were ever leaked outside of Nintendo, due to breach or other unauthorized access or disclosure, it could have an adverse effect on Nintendo's future operating performance, share price and financial condition.

Nintendo will take necessary measures on an ongoing basis.

- Changes in laws and regulations, etc.

Unpredicted enactment of or changes in laws and regulations, as well as adoptions of or changes in accounting standards or taxation systems could have an effect on Nintendo's performance and financial position. In addition, conflict of views between Nintendo and the tax authorities regarding tax returns may result in additional tax expenses.

Nintendo keeps up-to-date with information released by government agencies and other external organizations through websites, etc. In addition, Nintendo collects information by participating in seminars hosted by external organizations and subscribing to specialized journals, etc. and conducts various studies in the lead-up to the implementation of changes in laws and regulations, etc.

- Litigation

Nintendo's operations in Japan and overseas may be subject to litigation, disputes and other legal procedures, which could adversely affect Nintendo's operating performance and financial position.

Nintendo is taking various measures to reduce the risk of litigation.

(4) Spread of COVID-19

The supply of products might be affected if production and distribution are hindered in the future. Other risk factors which are difficult to predict also continue to exist, involving areas such as development and sales of products and services.

Nintendo gives top priority to the health and safety of its consumers and business partners, as well as its employees and their families, and continues to conduct business operations by taking necessary measures so that it can continue to provide an environment in which consumers can enjoy its products and services.

(5) Other risks

Other than the risks set forth above, factors such as uncollectibility of notes and accounts receivable - trade, collapse of financial institutions, environmental regulations, impairment of the corporate brand, changes in the political situation, rapid climate change, or natural disasters due to unforeseen circumstances may adversely affect Nintendo's operating performance and financial position.

Nintendo will take necessary measures on an ongoing basis.

3. Analysis of financial position, operating results and cash flow by the management

The description of the financial position, operating results and cash flow of Nintendo (the Company and its consolidated subsidiaries) in the fiscal year ended March 31, 2022 (“operating results, etc.”) and the understanding, analysis and examination of Nintendo’s operating results, etc. from the management’s viewpoint are as follows.

Any forward-looking statements contained in the following overview are made based on information available as of the end of the fiscal year ended March 31, 2022.

Segment information is omitted as Nintendo operates as a single business segment.

(1) Assumptions used in important accounting procedures and estimates

Consolidated financial statements of Nintendo are prepared in accordance with accounting standards generally accepted in Japan. In preparing such statements, estimates that may affect the value of assets, liabilities, revenue and expenses are made based on the accounting procedures selected and adopted by management. Management sets appropriate assumptions based on past results and the likelihood of future events to make estimates in a reasonable fashion, but uncertainties inherent to such estimates may cause the actual results to be different from these estimates. The impact of COVID-19 on the consolidated financial statements is deemed to be negligible; going forward, however, the supply of products might be affected if production and distribution are hindered. Important accounting estimates and assumptions adopted in the consolidated financial statements of Nintendo are detailed in the section “V. Financial Information, Consolidated financial statements, etc., Notes to Consolidated Financial Statements (Significant accounting estimates).”

(2) Operating results, etc.

(i) Description and analysis of results

The Nintendo Switch business for the fiscal year ended March 31, 2022 saw the October 2021 launch of Nintendo Switch – OLED Model and strong hardware sales in each region. Growth in sales of Nintendo Switch, Nintendo Switch – OLED Model and Nintendo Switch Lite demonstrated a good balance between each of the three individual models, and as a result of stable performance among the overall hardware lineup, final sales totaled 23.06 million units. Whereas the March 2020 release of *Animal Crossing: New Horizons* was a major driver of hardware sales last fiscal year, sales this fiscal year were affected by shortages of semiconductor components and other parts, resulting in a 20.0% decrease year-on-year.

Looking at software, among titles released this period, *Pokémon Brilliant Diamond* and *Pokémon Shining Pearl* sold a combined 14.65 million units and *Pokémon Legends: Arceus* sold 12.64 million units, marking sales of more than 10 million units respectively. In addition, *Mario Party Superstars* sold 6.88 million units, and *The Legend of Zelda: Skyward Sword HD* sold 3.91 million units. Titles released in previous fiscal years also continued to perform well, with *Mario Kart 8 Deluxe* selling 9.94 million units (for cumulative sales of 45.33 million units) and *Animal Crossing: New Horizons* selling 6.01 million units (for cumulative sales of 38.64 million units). Sales of titles from other software publishers grew as well, and when combined with those published by Nintendo, a total of 39 titles sold over one million units during this period. As a result, software sales grew 1.8% year-on-year to 235.07 million units, making it the highest annual software sales figure ever posted for a Nintendo platform to date.

Turning to the dedicated video game platform digital business, sales were strong for Nintendo Switch downloadable versions of packaged software. Sales also grew for add-on content, including *Animal Crossing: New Horizons – Happy Home Paradise* and *Mario Kart 8 Deluxe – Booster Course Pass*. In addition, sales of download-only titles and sales related to Nintendo Switch Online also performed well, contributing to digital sales of ¥359.6 billion (USD 2,971 million; an increase of 4.5% year-on-year).

For the mobile business, many consumers continued to enjoy our applications, and combined with a steady stream of royalty income, the resulting mobile and IP related income totaled ¥53.3 billion (USD 440 million; a decrease of 6.5% year-on-year).

Nintendo’s management policy, management strategy, etc. are as described in “II. Business Overview, 1. Management policy, management environment, issues to address.” The presence or lack of hit products and their sales volumes are deemed to have a significant impact on operating results, etc., as described in “II. Business Overview, 3. Analysis of financial position, operating results and cash flow by the management, (4) Factors which have a significant impact on operating results, etc.”

(ii) Description and analysis of operating results

Net sales, operating profit, ordinary profit and profit attributable to owners of parent in the fiscal year ended March 31, 2022 decreased from the previous fiscal year.

Net sales reached ¥1,695.3 billion (USD 14,010 million; a decrease of 3.6% year-on-year), of which overseas sales were ¥1,336.4 billion (USD 11,044 million; a decrease of 1.8% year-on-year, and 78.8% of total sales). While operating profit came to ¥592.7 billion (USD 4,898 million; a decrease of 7.5% year-on-year), ordinary profit was ¥670.8 billion (USD 5,543 million; a decrease of 1.2% year-on-year) due to increase in foreign exchange gains and other factors. Profit attributable to owners of parent totaled ¥477.6 billion (USD 3,947 million; a decrease of 0.6% year-on-year).

(Net sales and operating profit)

Net sales decreased from the previous fiscal year by ¥63.5 billion (USD 524 million) to ¥1,695.3 billion (USD 14,010 million; a decrease of 3.6% on a year-on-year basis). Gross profit decreased from the previous fiscal year by ¥24.4 billion (USD 201 million) to ¥946.0 billion (USD 7,818 million; a decrease of 2.5% on a year-on-year basis). Due to such factors as the increase in research and development expenses and advertising expenses, selling, general and administrative expenses increased from the previous fiscal year by ¥23.4 billion (USD 193 million), resulting in an operating profit of ¥592.7 billion (USD 4,898 million; a decrease of 7.5% on a year-on-year basis).

(Non-operating income and expenses, and ordinary profit)

Net non-operating income was ¥78.0 billion (USD 644 million), due to such factors as the accrual of foreign exchange gains and the recording of share of profit of entities accounted for using equity method related to The Pokémon Company and other investments. As a result, ordinary profit was ¥670.8 billion (USD 5,543 million; a decrease of 1.2% on a year-on-year basis).

(Profit attributable to owners of parent)

Profit attributable to owners of parent was ¥477.6 billion (USD 3,947 million; a decrease of 0.6% on a year-on-year basis), mainly due to the decrease in ordinary profit from the previous fiscal year.

(iii) Description and analysis of financial position

(Total assets)

Total assets increased by ¥215.4 billion (USD 1,780 million) compared to the previous fiscal year-end to ¥2,662.3 billion (USD 22,002 million).

This was mainly due to the increase in finished goods and raw materials, etc. required for operating activities and the increase in cash and deposits attributable to such factors as the receipt of proceeds through operating activities, in addition to some of them being held in the form of short-term and long-term investment securities.

(Total liabilities)

Total liabilities increased by ¥20.7 billion (USD 171 million) compared to the previous fiscal year-end to ¥593.0 billion (USD 4,900 million).

This was mainly due to the increase in other current liabilities as a result of, among others, recording goods with repurchase obligations for paid-for transactions in accordance with changes in accounting standards, as well as the increase in notes and accounts payable - trade associated with an increase in purchases through operating activities.

(Net assets)

Net assets increased by ¥194.6 billion (USD 1,608 million) compared to the previous fiscal year-end to ¥2,069.3 billion (USD 17,101 million).

This was mainly due to the increase in retained earnings owing to such factors as the posting of profit attributable to owners of parent in the amount of ¥477.6 billion (USD 3,947 million), offsetting the payment of dividends of surplus in the amount of ¥240.7 billion (USD 1,989 million).

(iv) Description and analysis of cash flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of March 31, 2022 was ¥1,022.7 billion (USD 8,452 million), with an increase of ¥90.6 billion (USD 748 million) during the fiscal year. During the previous fiscal year, there was an increase of ¥310.6 billion. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2022 are as follows:

Cash flows from operating activities:

With respect to cash flows from operating activities, there were decreasing factors contributing to ¥674.3 billion (USD 5,572 million) of profit before income taxes mainly such as payments of income taxes and an increase in inventories. However, due to increasing factors such as an increase in trade payables, net cash resulted in an increase of ¥289.6 billion (USD 2,393 million) compared to an increase of ¥612.1 billion during the previous fiscal year.

Cash flows from investing activities:

Net cash from investing activities increased by ¥93.6 billion (USD 773 million) compared to a decrease of ¥136.5 billion during the previous fiscal year mainly due to proceeds from withdrawal of time deposits and sale and redemption of short-term and long-term investment securities being greater than payments into time deposits and purchase of short-term and long-term investment securities.

Cash flows from financing activities:

Net cash from financing activities decreased by ¥337.0 billion (USD 2,785 million) compared to a decrease of ¥194.9 billion during the previous fiscal year mainly due to payments of cash dividends.

(3) Production, orders received and sales information

(i) Production results

Production results in the fiscal year ended March 31, 2022 were as follows. As Nintendo operates as a single business segment, the information is presented by product type.

Type	Amount		Year-on-year increase (decrease) (%)
	(Millions of yen)	(Millions of dollars)	
Dedicated video game platform			
Nintendo Switch platform	1,287,728	10,642	(2.4)
Others	16,299	134	(28.0)
Subtotal	1,304,027	10,777	(2.8)
Playing cards, etc.	310	2	(69.9)
Total	1,304,338	10,779	(2.9)

(Note) The above amounts are calculated based on the selling price.

(ii) Order-receiving status

Information on orders received is omitted as production is based on make-to-stock production, other than make-to-order production mainly for some software for dedicated video game platforms.

(iii) Sales results

Sales results in the fiscal year ended March 31, 2022 were as follows. As Nintendo operates as a single business segment, the information is presented by product type.

Type	Amount		Year-on-year increase (decrease) (%)
	(Millions of yen)	(Millions of dollars)	
Dedicated video game platform			
Nintendo Switch platform	1,602,725	13,245	(3.8)
Others	36,502	301	8.5
Subtotal	1,639,227	13,547	(3.6)
Mobile, IP related income, etc.	53,342	440	(6.5)
Playing cards, etc.	2,773	22	55.9
Total	1,695,344	14,011	(3.6)

(4) Factors which have a significant impact on operating results, etc.

Nintendo operates as a business in the field of home entertainment, in which the presence or lack of hit products and their sales volumes may have a significant impact on its operating results, etc. In addition, the field of entertainment is wide in scope, and any non-gaming propositions which gain popularity that provide consumers with more entertainment value and surprises may also have an impact.

More than 70% of Nintendo's total sales are generated in the overseas markets, with most transactions carried out in local currencies. While Nintendo makes U.S. dollar-based purchases and purchases in other currencies on an ongoing basis in order to reduce the impact of exchange rate fluctuations, it is difficult to completely eliminate their risk. As a result, exchange rate fluctuations may have an impact on Nintendo's financial performance.

While dedicated video game platforms and their compatible software, which are Nintendo's main products, represent a majority of total sales, hardware and software have very different profit margins, and fluctuations of their proportions of the total sales may have an impact on gross profit and the gross profit percentage to sales.

In addition, there may be other fluctuating factors such as risks attributable to the spread of COVID-19 as described in "II. Business Overview, 2. Risk factors."

(5) Financial source of capital and liquidity of funds

As of the end of the consolidated fiscal year ended March 31, 2022, the current ratio is 393%, and the ratio of total liabilities to cash and cash equivalents is 1.7 times.

Nintendo maintains retained earnings that are necessary in order to adapt to changes in the business environment and to pursue further business expansion, etc. in the future.

Major components of the working capital requirements include purchase expenses of materials and parts for manufacturing, advertising expenses and research and development expenses, and dividend and income tax payments. Moreover, it is Nintendo's basic policy to internally provide the capital necessary to fund future growth, including capital investments. Nintendo ensures self-financing by cash flows from operating activities including sales of dedicated video game platforms, etc. Nintendo's approach to shareholder returns is as explained in "IV. Profile of the Company, 3. Dividend policy" and specific plans for capital investments are as described in "III. Equipment and Facilities, 3. Plans for new installation and retirement of equipment and facilities, etc."

During the launch periods of new products and the year-end sales season, there may be temporary increases in notes and accounts receivable - trade, notes and accounts payable - trade and inventories, which may have an upward or downward impact on net cash provided by or used in operating activities.

Payments into or withdrawals from time deposits with maturities of more than three months, as well as timing of acquisition or sale of short-term investment securities, may have an upward or downward impact on net cash provided by or used in investing activities.

4. Material contracts, etc.

Not applicable.

5. Research and development activities

Nintendo (the Company and its consolidated subsidiaries) primarily engages in the active development of hardware and software for dedicated video game systems, with support from various companies and organizations, in its effort to put smiles on the faces of everyone Nintendo touches around the world by offering new and compelling products that anyone can enjoy. We also undertake the planning, development and operation of games that many people around the world can enjoy in the form of smart-device applications.

With respect to hardware, we continuously investigate and undertake research on underlying technologies spanning data storage technology such as semiconductor memory, display technology such as liquid crystal displays, and electronic components, while we also carry out research and development activities to examine the applicability of various technologies to the field of home entertainment including interfaces such as touch panels and sensors, networks such as wireless communication, security, cloud computing, virtual reality (VR), augmented reality (AR) and mixed reality (MR), deep learning and big data analysis. Our efforts are not limited to in-house studies and research and we are also exploring various possibilities on a daily basis to discover technologies that will help create new ways to play by proactively turning our attention outside Nintendo. Moreover, we continue to enhance the durability, safety, quality and performance of our products to ensure that consumers can comfortably enjoy them over an extended period, in addition to designing and developing various accessories and pursuing cost-cutting initiatives.

With respect to software, we are focusing on taking full advantage of hardware features in planning our products, designing games that utilize elements including graphics, music and game scripts, and developing programs.

Furthermore, in order to deal with digital business expansion, we have strongly driven the expansion of system infrastructure that supports network services in multiple areas, including the various network features of each software title and Nintendo eShop. In addition, we have established a research and development structure for smart-device software, and promote the planning and development of smart-device applications and the development of a back-end server system.

Regarding our parts procurement and manufacturing processes, in addition to promoting the mass production of parts that employ new test methods and technologies, we also research and accumulate knowledge pertaining to relevant laws and regulations with the cooperation and support of our manufacturing partners.

Also, in order to pass on a better environment to future generations, we not only strive to be environmentally conscious in our offices, but also work to develop our products while always being mindful to reduce our environmental impact through efforts such as using highly energy efficient design, selecting components and materials with low environmental impact, and choosing packaging materials that are easy to recycle.

Research and development expenses for the fiscal year were ¥102.1 billion (USD 843 million), with the outcomes of major research and development activities described below. Segment information is omitted since we operate as a single business segment.

For Nintendo Switch hardware, we launched Nintendo Switch – OLED Model with a vibrant OLED screen, added various special editions and color variations of game systems and accessories, and made ongoing improvements to the software development environment and various network services, among others. As for compatible software, we released *Game Builder Garage*, which enables even people with no previous experience to take a dip into the world of programming. By connecting characters called “Nodons,” who have a wide range of characteristics, in accordance with the instructions, players can create games that they could usually only play. We also released *Mario Golf: Super Rush*, in which players can enjoy a full-fledged golf experience by gently swinging their Joy-Con like a golf club. It features thrilling competition where players use special shots such as extra-powerful shots and shots that interfere with rivals, and diverse modes including Speed Golf, in which players compete to finish courses in the shortest time. Other titles released include *Kirby and the Forgotten Land*, the latest entry in the Kirby series, *Metroid Dread*, a new addition to the series after 19 years, *WarioWare: Get It Together!*, *The Legend of Zelda: Skyward Sword HD*, *Mario Party Superstars*, *Miitopia*, and *Big Brain Academy: Brain vs. Brain*.

In our mobile business, we run services on an ongoing basis for game applications such as *Fire Emblem Heroes*, *Animal Crossing: Pocket Camp*, and *Mario Kart Tour*.

Furthermore, we expanded Nintendo Switch Online, with which consumers can enjoy online competitive and cooperative play and various other services on Nintendo Switch, by adding NINTENDO 64 and other titles to the basic service and introducing the Nintendo Switch Online + Expansion Pack membership plan, which can be used to play paid add-on content for *Animal Crossing: New Horizons* and other titles. We also added more titles to the *Nintendo Entertainment System - Nintendo Switch Online*, *Super NES - Nintendo Switch Online*, and other services. We made the Nintendo eShop service available in even more countries and regions, and continued reviewing the specifications for the various services based on Nintendo Account and making ongoing improvements.

Other than the above, we further expanded the amiibo lineup, and released *Game & Watch: The Legend of Zelda*, equipped with four types of games and a *The Legend of Zelda* inspired watch function.

In addition, on Nintendo Developer Portal, a dedicated website for game creators working on Nintendo platforms, we offer ongoing support for game creators, including individuals, to deliver new entertainment to consumers around

the world.

On top of these, Nintendo continues to engage in the development of various products and services for the future, including new products that improve people's QOL (Quality of Life) in enjoyable ways.

III. Equipment and Facilities

1. Overview of capital investments

Nintendo develops, manufactures and sells entertainment products, and in the fiscal year ended March 31, 2022, it invested ¥16,766 million (USD 138 million), which was mainly used for research and development facilities, and included intangible assets such as computer software for internal use.

Regarding the required funds, all of the capital investments were self-financed and we did not raise external financing. Segment information is omitted as Nintendo operates as a single business segment.

2. Major facilities

Major facilities are as follows. As Nintendo (the Company and its consolidated subsidiaries) operates as a single business segment, the information is presented on a business-by-business basis.

(1) Reporting company

As of March 31, 2022

Principal places of business (Location)	Description of business	Description of equipment & facilities	Book value (Millions of yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (area: thousands of square meters)	Tools, furniture and fixtures	Other	Total	
Uji Plant (Uji City, Kyoto Prefecture)	Manufacturing	Production facilities	2,367	178	1,866 (25)	77	3	4,493	129
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	16,264	33	17,160 (57)	1,318	8,455	43,233	2,363
Tokyo Branch Office *1, 2 (Chiyoda-ku, Tokyo)	Administration, sales, development	Other facilities	1,247	0	- (-)	173	60	1,483	142
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Other facilities	963	0	4,079 (9)	2	0	5,046	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	783	-	5,763 (1)	2	0	6,549	-

Principal places of business (Location)	Description of business	Description of equipment & facilities	Book value (Millions of dollars)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (area: thousands of square meters)	Tools, furniture and fixtures	Other	Total	
Uji Plant (Uji City, Kyoto Prefecture)	Manufacturing	Production facilities	19	1	15 (25)	0	0	37	129
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	134	0	141 (57)	10	69	357	2,363
Tokyo Branch Office *1, 2 (Chiyoda-ku, Tokyo)	Administration, sales, development	Other facilities	10	0	- (-)	1	0	12	142
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Other facilities	7	0	33 (9)	0	0	41	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	6	-	47 (1)	0	0	54	-

(Notes) 1. Book value of "Other" represents book value of intangible assets and long-term prepaid expenses.

2. *1 Tokyo Branch Office leases a building, of which the amount of annual rent expenses is ¥1,126 million (USD 9 million).

3. *2 The amounts include some of the assets leased to Nintendo Sales Co., Ltd. and 1-UP Studio Inc.

(2) Overseas subsidiaries

As of March 31, 2022

Name of company (Location)	Description of business	Description of equipment & facilities	Book value (Millions of yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (area: thousands of square meters)	Tools, furniture and fixtures	Other	Total	
Nintendo of America Inc. (United States)	Sales	Other facilities	12,145	785	3,782 (508)	1,754	2,603	21,071	1,229
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	3,996	158	- (-)	582	1,225	5,963	902

Name of company (Location)	Description of business	Description of equipment & facilities	Book value (Millions of dollars)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (area: thousands of square meters)	Tools, furniture and fixtures	Other	Total	
Nintendo of America Inc. (United States)	Sales	Other facilities	100	6	31 (508)	14	21	174	1,229
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	33	1	- (-)	4	10	49	902

(Notes) 1. Book value of "Other" represents book value of construction in progress and intangible assets.

2. The above amounts include right-of-use assets.

3. Plans for new installation and retirement of equipment and facilities, etc.

Plans for the installation of new equipment and facilities, etc. are as follows. There are no plans for retirement/sale of important equipment and facilities, excluding retirement/sale for the purpose of regular renewal. Segment information is omitted as Nintendo operates as a single business segment. Actual capital investments by Nintendo may vary significantly from the forecasts below due to factors including those stated in "II. Business Overview, 2. Risk factors."

Name of company	Description of equipment and facilities	Planned investment amount	Month/year of commencement	Month/year of scheduled completion
Nintendo Co., Ltd. and its consolidated subsidiaries	Research and development facilities	22,000 million yen (USD 181 million)	April 2021	March 2024
Nintendo Co., Ltd. and its consolidated subsidiaries	Production facilities for molds, etc.	8,000 million yen (USD 66 million)	April 2021	March 2024
Nintendo Co., Ltd. and its consolidated subsidiaries	Renovation, updating, etc. of other buildings, etc.	36,000 million yen (USD 297 million)	April 2021	March 2024
Total		66,000 million yen (USD 545 million)	-	-

(Note) Funds required for equipment and facilities, etc. in the future referred to above are to be self-financed.

IV. Profile of the Company

1. Status of shares and other relevant matters

(1) Total number of shares and other information

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common shares	400,000,000
Total	400,000,000

(ii) Number of shares issued

Class	Number of shares outstanding as of the end of fiscal year (March 31, 2022)	Number of shares outstanding as of issuance date of this report (June 30, 2022)	Name of stock exchange on which Nintendo is listed or name of authorized financial instruments firm association	Description
Common shares	129,869,000	129,869,000	Tokyo Stock Exchange First Section (As of the end of fiscal year) Prime Market (As of June 30, 2022)	Number of shares constituting a unit: 100 shares
Total	129,869,000	129,869,000	-	-

(2) Status of share subscription rights and other relevant matters

(i) Description of stock option scheme

Not applicable

(ii) Description of rights plans

Not applicable

(iii) Other matters regarding status of share subscription rights, etc.

Not applicable

(3) Exercise status and other relevant matters concerning bonds with share subscription rights containing a clause for exercise price adjustment

Not applicable

(4) Trend of total number of shares issued, amount of common shares and other relevant matters

Date	Change in the number of shares issued (Thousands of shares)	Balance of the number of shares issued (Thousand of shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
March 29, 2019	(10,000)	131,669	-	10,065	-	11,584
September 16, 2021	(1,800)	129,869	-	10,065	-	11,584

Date	Change in the number of shares issued (Thousands of shares)	Balance of the number of shares issued (Thousands of shares)	Change in share capital (Millions of dollars)	Balance of share capital (Millions of dollars)	Change in legal capital surplus (Millions of dollars)	Balance of legal capital surplus (Millions of dollars)
March 29, 2019	(10,000)	131,669	-	83	-	95
September 16, 2021	(1,800)	129,869	-	83	-	95

(Note) The decrease is due to the cancellation of treasury shares.

(5) Status of shareholders

As of March 31, 2022

Classification	Status of shares (number of shares constituting a unit: 100 shares)								Status of shares less than one unit (shares)
	National and local government	Financial institutions	Financial services providers	Other legal entities	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	113	35	526	1,212	89	26,189	28,164	-
Number of shares held (units)	-	386,706	41,632	40,424	645,411	324	182,107	1,296,604	208,600
Shareholding ratio (%)	-	29.82	3.21	3.12	49.78	0.02	14.05	100.00	-

(Notes) 1. Out of treasury shares of 12,547,022 shares, 125,470 units and 22 shares are included in “Individuals and other” and “Status of shares less than one unit,” respectively.

2. “Other legal entities” includes one unit of shares held in the name of Japan Securities Depository Center, Inc.

(6) Status of major shareholders

As of March 31, 2022

Name of shareholder	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	194,104	16.54
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	63,983	5.45
JP Morgan Chase Bank 380815 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	63,741	5.43
The Bank of Kyoto, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	700 Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (1-8-12 Harumi, Chuo-ku, Tokyo)	48,802	4.16
The Nomura Trust and Banking Co., Ltd. (MUFG Bank, Ltd. Retiree Allowance Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	42,109	3.59
State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	19,888	1.70
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS (Standing proxy: Citibank, N.A., Tokyo Branch)	388 GREENWICH STREET NEW YORK, NY 10013 USA (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	18,460	1.57
GIC Private Limited - C (Standing proxy: MUFG Bank, Ltd.)	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912 (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	17,839	1.52
DeNA Co., Ltd.	2-24-12 Shibuya, Shibuya-ku, Tokyo	17,594	1.50
The Bank of New York 134104 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	RUE MONTROYERSTRAAT 46, 1000 BRUSSELS, BELGIUM (2-15-1 Konan, Minato-ku, Tokyo)	14,538	1.24
Total	-	501,060	42.71

(Notes) 1. The Company's 125,470 hundred treasury shares are excluded from the above table.

2. Although the Statements of Large-Volume Holdings made available for public inspection dated December 7, 2020 states that the following shares are held by Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders as of November 30, 2020, the above status of major shareholders is based on the shareholder registry, as the Company could not confirm the actual number of shares held as of March 31, 2022.

The total number of shares issued decreased by 1,800,000 shares to 129,869,000 shares due to the cancellation of treasury shares on September 16, 2021; however, the shareholding ratio in the Statements of Large-Volume Holdings (Statement of Changes) submitted before said date is stated as the ratio before the cancellation of treasury shares.

Name of shareholder	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	41,077	3.12
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	24,814	1.88
NIKKO ASSET MANAGEMENT AMERICAS, INC.	605 Third Avenue, 38th Floor New York, NY 10158, U.S.A.	1,728	0.13
Total	-	67,619	5.14

3. Although the Statement of Changes made available for public inspection dated January 17, 2022 states that the following shares are held by MUFG Bank, Ltd. and its joint holders as of January 10, 2022, the above status of major shareholders is based on the shareholder registry, as the Company could not confirm the actual number of shares held as of March 31, 2022.

Name of shareholder	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	42,109	3.24
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	40,650	3.13
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	11,075	0.85
Total	-	93,834	7.23

4. Although the Statements of Large-Volume Holdings made available for public inspection dated March 22, 2017 states that the following shares are held by BlackRock Japan Co., Ltd. and its joint holders as of March 15, 2017, the above status of major shareholders is based on the shareholder registry, as the Company could not confirm the actual number of shares held as of March 31, 2022.

The total number of shares issued decreased by 11,800,000 shares in total to 129,869,000 shares due to the cancellation of treasury shares on March 29, 2019 and September 16, 2021; however, the shareholding ratio in the Statements of Large-Volume Holdings (Statement of Changes) submitted before said date is stated as the ratio before the cancellation of treasury shares.

Name of shareholder	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	21,768	1.54
BlackRock Advisors, LLC	1209 Orange Street, Wilmington, New Castle County, Delaware, USA	6,892	0.49
BlackRock Investment Management LLC	1 University Square Drive; Princeton, New Jersey, USA	1,843	0.13
BlackRock (Luxembourg) S.A.	35a Avenue JF Kennedy L-1855 Luxembourg.	1,972	0.14
BlackRock Life Limited	12 Throgmorton Avenue London, UK	2,453	0.17
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	4,460	0.31
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, USA	14,264	1.01
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, USA	17,501	1.24
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue London, UK	2,017	0.14
Total	-	73,172	5.17

(7) Status of voting rights

(i) Shares issued

As of March 31, 2022

Class	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) 12,547,000 Common shares	-	Number of shares constituting a unit: 100 shares
Shares with full voting rights (other)	Common shares 117,113,400	1,171,134	Same as the above
Shares less than one unit	Common shares 208,600	-	Shares less than one unit (100 shares)
Total number of shares issued	129,869,000	-	-
Total number of voting rights held by all shareholders	-	1,171,134	-

(Note) "Shares with full voting rights (other)" includes one hundred shares (one voting right) held in the name of Japan Securities Depository Center, Inc.

(ii) Treasury shares and other relevant matters

As of March 31, 2022

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under another name (shares)	Total number of shares held (shares)	Shareholding ratio over the total number of shares issued (%)
(Treasury shares) Nintendo Co., Ltd.	11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto 601-8501 Japan	12,547,000	-	12,547,000	9.66
Total	-	12,547,000	-	12,547,000	9.66

2. Status of acquisition of treasury shares and other relevant matters

[Class of shares, etc.] Acquisition of common shares under Article 155, item 3 and Article 155, item 7 of the Companies Act

(1) Status of acquisition based on a resolution approved at the General Meeting of Shareholders

Not applicable

(2) Status of acquisition based on a resolution approved by the Board of Directors

Acquisition under Article 155, item 3 of the Companies Act

Classification	Number of shares (shares)	Total amount of acquisition price (yen)
Status of the resolution approved by the meeting of the Board of Directors (held on August 5, 2021) (Acquisition period: August 6, 2021 to September 15, 2021)	1,800,000	100,000,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2022	-	-
Treasury shares acquired during the fiscal year ended March 31, 2022	1,800,000	95,055,047,995
Total number and amount of remaining shares to be acquired based on the resolution approved by the Board of Directors	-	4,944,952,005
Percentage of unexecuted rights as of March 31, 2022 (%)	-	4.9
Treasury shares acquired during the current period	-	-
Percentage of unexecuted rights as of submission date of this report (%)	-	4.9

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Status of the resolution approved by the meeting of the Board of Directors (held on August 5, 2021) (Acquisition period: August 6, 2021 to September 15, 2021)	1,800,000	826,446,280
Treasury shares acquired prior to the fiscal year ended March 31, 2022	-	-
Treasury shares acquired during the fiscal year ended March 31, 2022	1,800,000	785,578,909
Total number and amount of remaining shares to be acquired based on the resolution approved by the Board of Directors	-	40,867,371
Percentage of unexecuted rights as of March 31, 2022 (%)	-	4.9
Treasury shares acquired during the current period	-	-
Percentage of unexecuted rights as of submission date of this report (%)	-	4.9

Classification	Number of shares (shares)	Total amount of acquisition price (yen)
Status of the resolution approved by the meeting of the Board of Directors (held on May 10, 2022) (Acquisition period: May 11, 2022)	1,000,000	56,360,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2022	-	-
Treasury shares acquired during the fiscal year ended March 31, 2022	-	-
Total number and amount of remaining shares to be acquired based on the resolution approved by the Board of Directors	-	-
Percentage of unexecuted rights as of March 31, 2022 (%)	-	-
Treasury shares acquired during the current period	899,500	50,695,820,000
Percentage of unexecuted rights as of submission date of this report (%)	10.1	10.1

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Status of the resolution approved by the meeting of the Board of Directors (held on May 10, 2022) (Acquisition period: May 11, 2022)	1,000,000	465,785,123
Treasury shares acquired prior to the fiscal year ended March 31, 2022	-	-
Treasury shares acquired during the fiscal year ended March 31, 2022	-	-
Total number and amount of remaining shares to be acquired based on the resolution approved by the Board of Directors	-	-
Percentage of unexecuted rights as of March 31, 2022 (%)	-	-
Treasury shares acquired during the current period	899,500	418,973,719
Percentage of unexecuted rights as of submission date of this report (%)	10.1	10.1

(3) Description of acquisition of treasury shares not based on a resolution approved at the General Meeting of Shareholders or a resolution approved by the Board of Directors

Acquisition under Article 155, item 7 of the Companies Act

Classification	Number of shares (shares)	Total amount of acquisition price (yen)
Treasury shares acquired during the fiscal year ended March 31, 2022	789	45,788,340
Treasury shares acquired during the current period	50	2,811,000

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Treasury shares acquired during the fiscal year ended March 31, 2022	789	378,416
Treasury shares acquired during the current period	50	23,231

(Note) The number of treasury shares acquired during the current period does not include shares less than one full unit purchased during the period from June 1, 2022 to the submission date of this report.

(4) Status of disposition and holding of acquired treasury shares

Classification	Fiscal year ended March 31, 2022		Current period (April 1 to May 31, 2022)	
	Number of shares (shares)	Total amount of disposal price (yen)	Number of shares (shares)	Total amount of disposal price (yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were retired	1,800,000	31,608,774,000	-	-
Acquired treasury shares that were transferred in association with a merger, share exchange, share issuance or corporate split	-	-	-	-
Other	-	-	-	-
Number of treasury shares held	12,547,022	-	13,446,572	-

Classification	Fiscal year ended March 31, 2022		Current period (April 1 to May 31, 2022)	
	Number of shares (shares)	Total amount of disposal price (dollars)	Number of shares (shares)	Total amount of disposal price (dollars)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were retired	1,800,000	261,229,537	-	-
Acquired treasury shares that were transferred in association with a merger, share exchange, share issuance or corporate split	-	-	-	-
Other	-	-	-	-
Number of treasury shares held	12,547,022	-	13,446,572	-

(Note) The number of treasury shares held during the period from April 1 to May 31, 2022 does not include shares less than one full unit purchased or sold during the period from June 1, 2022 to the submission date of this report.

3. Dividend policy

It is the Company's basic policy to internally provide the capital necessary to fund future growth, including capital investments, and to maintain a strong and liquid financial position in preparation for changes in the business environment and intensified competition. As for direct profit returns to our shareholders, dividends are paid based on profit levels achieved in each fiscal period.

It is the Company's basic policy to distribute the surplus twice per year in the form of an interim dividend and a year-end dividend. The Articles of Incorporation of the Company stipulate that the Company "may pay an interim dividend based on a resolution approved by the Board of Directors" pursuant to the provisions of Article 454, item 5 of the Companies Act. The governing bodies which determine the interim dividend and year-end dividend are the Board of Directors and the General Meeting of Shareholders, respectively.

The annual dividend per share will be established at the higher of the amount calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the fiscal year rounded up to the 10 yen digit, and the amount calculated based on the 50% consolidated profit standard rounded up to the 10 yen digit.

The interim dividend per share is calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the six-month period rounded up to the 10 yen digit.

According to the aforementioned policy, the annual dividend per share for the fiscal year ended March 31, 2022 was calculated as 2,030 yen (USD 16.77) (interim: 620 yen [USD 5.12], year-end: 1,410 yen [USD 11.65]).

Retained earnings are maintained for effective use in research of new technology and development of new products and services, capital investments and securing materials, enhancement of selling power including advertisements, strengthening of network infrastructure, and treasury share buyback whenever deemed appropriate.

(Note) Dividend payments for which the record date is in the fiscal year ended March 31, 2022 are as follows.

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on November 4, 2021	¥72,739 million	¥620
Resolved at the Annual General Meeting of Shareholders on June 29, 2022	¥165,423 million	¥1,410

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on November 4, 2021	USD 601 million	USD 5.12
Resolved at the Annual General Meeting of Shareholders on June 29, 2022	USD 1,367 million	USD 11.65

4. Corporate governance

(1) Outline of corporate governance

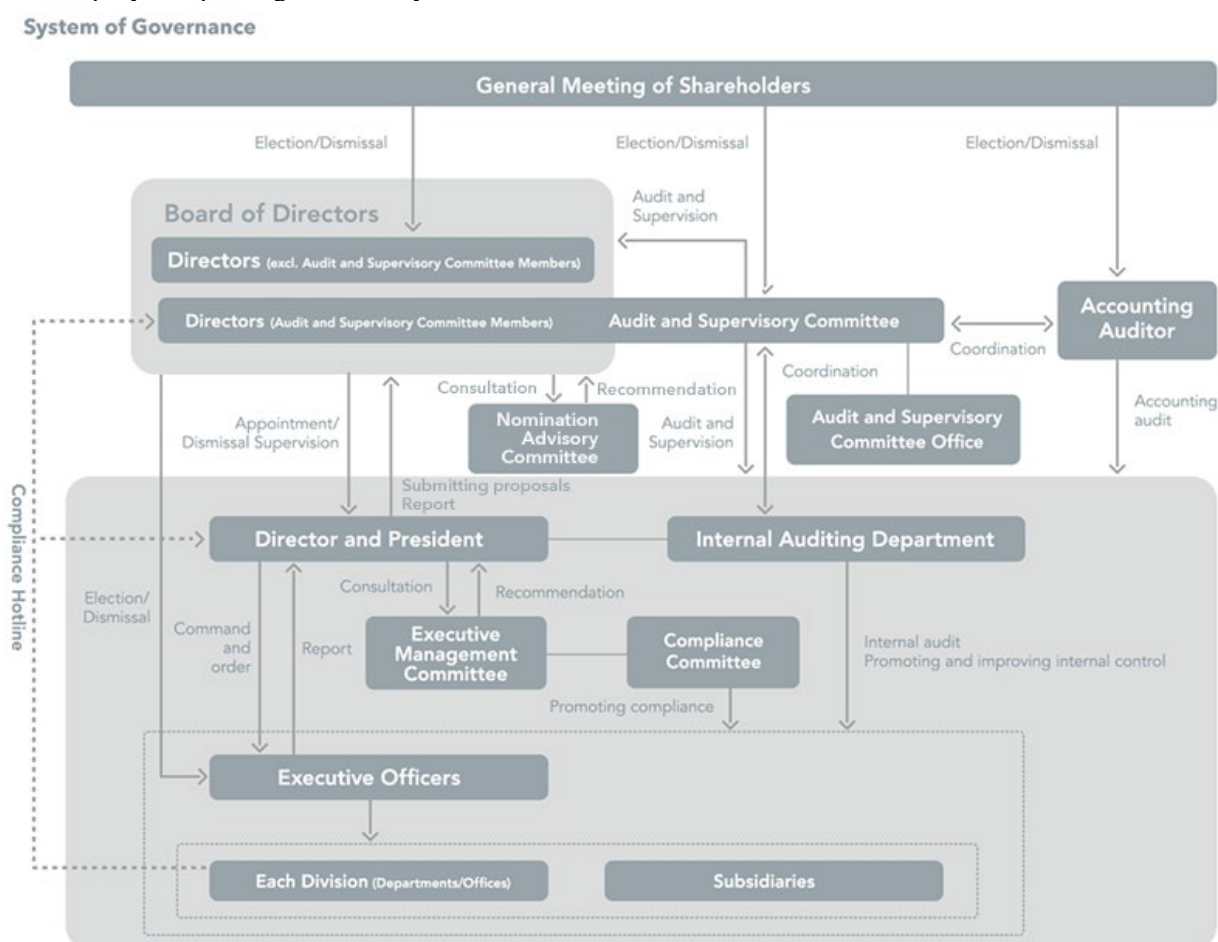
(i) Basic views on corporate governance

At Nintendo, we strive to maximize long-term, continuous corporate value while carefully considering the benefits for everyone we touch, including not only shareholders but also consumers, business partners, employees, local communities and other stakeholders. We are working to build a highly transparent and sound system of corporate governance, as well as improve our corporate ethics.

(ii) Outline of corporate governance system and reason for adoption of such system

The Company aims to strengthen the supervisory functions of the Board of Directors and further enhance the corporate governance system of the Company as a Company with an Audit and Supervisory Committee. The Company has also introduced the Executive Officer System for the purpose of clarifying the responsibility for the execution of operations, and establishing a more flexible management structure which can appropriately and swiftly respond to the rapidly changing business environment. The foregoing will be enabled by separating the management decision-making and supervisory functions from the execution of operations as well as by accelerating the delegation of authority to execute operations.

The Company's corporate governance system is as shown below.



(Board of Directors)

The Board of Directors consists of ten Directors (including four Directors who are Audit and Supervisory Committee Members), of whom four are Outside Directors (including three Directors who are Audit and Supervisory Committee Members). All Outside Directors meet the standards for independent officers set forth by Tokyo Stock Exchange, Inc. The Board of Directors holds meetings once a month in principle, and deliberates important matters related to management in accordance with laws and regulations, etc. as the body in charge of management decision-making and supervision.

Board members: Board chairperson Shuntaro Furukawa, Representative Director and President; Shigeru Miyamoto, Representative Director; Shinya Takahashi, Director; Satoru Shibata, Director; Ko Shiota, Director; Chris Meledandri, Outside Director; Takuya Yoshimura, Director (Full-Time Audit and Supervisory Committee Member); Katsuhiro Umeyama, Outside Director (Audit and Supervisory Committee Member); Masao Yamazaki, Outside

Director (Audit and Supervisory Committee Member); and Asa Shinkawa, Outside Director (Audit and Supervisory Committee Member)

(Audit and Supervisory Committee)

The Audit and Supervisory Committee consists of one full-time internal Director and three Outside Directors. The Audit and Supervisory Committee holds meetings once a month in principle, and deliberates matters provided for in laws and regulations, etc. as the body in charge of auditing the execution of duties, in addition to exchanging audit opinions.

Committee members: Committee chairperson Takuya Yoshimura, Director (Full-Time Audit and Supervisory Committee Member); Katsuhiko Umeyama, Outside Director (Audit and Supervisory Committee Member); Masao Yamazaki, Outside Director (Audit and Supervisory Committee Member); and Asa Shinkawa, Outside Director (Audit and Supervisory Committee Member)

The Company has established the Audit and Supervisory Committee Office which assists the Audit and Supervisory Committee in performing its duties, and has appointed one dedicated staff member in the Office.

(Nomination Advisory Committee)

With the aim of increasing objectivity and transparency in the procedures for determining the nomination and compensation of Directors, etc., the Company has established the Nomination Advisory Committee, which consists of the Representative Director and President and all Directors who are Audit and Supervisory Committee Members. As a non-mandatory advisory body to the Board of Directors, the Nomination Advisory Committee deliberates matters related to the nomination and compensation of Directors, etc.

Committee members: Committee chairperson Katsuhiko Umeyama, Outside Director (Audit and Supervisory Committee Member); Shuntaro Furukawa, Representative Director and President; Takuya Yoshimura, Director (Full-Time Audit and Supervisory Committee Member); Masao Yamazaki, Outside Director (Audit and Supervisory Committee Member); and Asa Shinkawa, Outside Director (Audit and Supervisory Committee Member)

(Executive Management Committee)

With the aim of promoting corporate activities strongly, the Company has established the Executive Management Committee consisting of Representative Directors and Directors concurrently serving as Executive Officers with special titles. The Executive Management Committee holds meetings twice per month in principle and deliberates basic policies on matters to be proposed at the meetings of the Board of Directors and management-related business execution policies and various measures.

Committee members: Committee chairperson Shuntaro Furukawa, Representative Director and President; Shigeru Miyamoto, Representative Director; Shinya Takahashi, Director; Satoru Shibata, Director; and Ko Shiota, Director

(Compliance Committee)

With the aim of promoting compliance, the Company has established the Compliance Committee chaired by the General Manager of the General Affairs Division under the Executive Management Committee. The Compliance Committee performs initiatives for promotion of compliance including establishment of the "Compliance Manual."

Committee members: Committee chairperson Kentaro Yamagishi, General Manager, General Affairs Division; general managers of divisions and general managers of departments/offices (sections not placed under divisions)

(iii) Other matters related to corporate governance

(a) Preparedness of risk management system

In the Company, as a general rule, each division and department manages risks pertaining to work within its jurisdiction. Furthermore, the Internal Auditing Department monitors the risk management system of each division and department, and proposes and advises on policies for improvement, etc. Further, under the Compliance Committee, thorough compliance efforts are promoted at each division and department. In addition, the Company has established the Product Safety Committee and other structures to guarantee product safety, prevent the occurrence of product accidents and ensure prompt response in the event of an accident.

The Company has established internal regulations applicable to its subsidiaries mainly to ensure efficient risk management and business operation by the subsidiaries. Pursuant to the regulations, the responsible General Managers of the Company identify and manage such matters as the management status of the respective subsidiaries they are in charge of, obtaining information therefrom as necessary, and subsidiaries are required to obtain the Company's prior approval for significant matters.

- (b) Summary of agreement on limitation of liability with Outside Directors
In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Outside Directors to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. Pursuant to such agreement, the amount of liability for damages is limited to the amount specified by laws and regulations, and such liability limit will be recognized only when the Outside Director performed his/her duties that caused the liability in good faith and without gross negligence.
- (c) Summary of director liability insurance contract
Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a director liability insurance contract with an insurance provider. The insured are Directors and Executive Officers of the Company and officers of the Company's subsidiaries; the purpose of this insurance contract is to cover compensation for damages and litigation expenses, etc. that may be incurred by the insured while performing his/her duties or that result from pursuit of claims for such liabilities during the insurance period. However, there are certain exclusions, such as cases where an act was performed with the awareness that it constitutes a violation of laws and/or regulations. Insurance premiums are borne by the Company in full.
- (d) Number of Directors
The Articles of Incorporation stipulates that the number of Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall be no more than 15 persons, and the number of Directors who are Audit and Supervisory Committee Members shall be no more than five persons.
- (e) Requirements for resolution on election of Directors
The Company has stipulated in its Articles of Incorporation that: a resolution on the election of Directors shall be passed by the majority of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to vote are present; and the resolution on the election of Directors shall not be subject to cumulative vote.
- (f) Matters subject to resolution at General Meeting of Shareholders that can be resolved at Board of Directors meeting
(Acquisition of treasury shares)
The Company has stipulated in its Articles of Incorporation that, in order to execute capital policies in a flexible manner in response to changes in the business environment, the Company may acquire treasury shares subject to resolution of the Board of Directors pursuant to the provision of Article 165, Paragraph 2 of the Companies Act.
(Interim dividend)
The Company has stipulated in its Articles of Incorporation that, in order to return profits to shareholders in a flexible manner, the Company may pay an interim dividend to shareholders or registered pledgees of shares entered or recorded in the latest shareholder registry as at September 30 each year, subject to resolution of the Board of Directors.
- (g) Requirements for special resolution at General Meeting of Shareholders
The Company has stipulated in its Articles of Incorporation that, in order to fulfill the quorum for a special resolution at the General Meeting of Shareholders with greater certainty, the resolution provided for in Article 309, Paragraph 2 of the Companies Act shall be passed by two-thirds of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to vote are present.
- (iv) Basic Policy Regarding the Company's Control
The Company's Board of Directors believes that the decision of whether to accept another party's tender or other acquisition offer for the purpose of making large purchases of the Company's stock ultimately should be entrusted to its shareholders, given that the stock of the Company, which is a public company, is freely traded. However, it is likely that certain tender or acquisition offers may harm the Company's corporate value or the common interests of shareholders, depending on the intent of the offer, etc. The Company's Board of Directors maintains that such tender or acquisition offers are inappropriate.
As of now, any specific defensive measure in the event of a tender or acquisition offer has not yet officially been introduced, but the Company has already set up an internal system to deal with such an event. If a tender or acquisition offer is proposed, the Company will carefully judge its potential impact on its corporate value and the common interests of shareholders, and take appropriate measures with due care and prudent management. Specifically, in addition to evaluating the offer with outside experts and negotiating with the party making the offer, the Company will establish a task force to decide on whether any specific defensive measures are necessary. If the offer is deemed inimical to the Company's corporate value or the common interests of its shareholders, the defensive measures will be determined and implemented in accordance with relevant laws and regulations.

The Company will continue to consider adoption of any defensive measures for these situations, giving due respect to laws, regulations and case law related to acquisitions, their interpretations by relevant authorities, etc.

(2) Members of the Board of Directors

(i) List of Members of the Board of Directors

Nine male Directors and one female Director (percentage of women: 10.0%)

Position/ Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Representative Director President	Shuntaro Furukawa	January 10, 1972	April 1994 May 2012 July 2015 June 2016 September 2016 June 2018 Joined the Company Appointed as Outside Director of The Pokémon Company General Manager, Corporate Planning Department Appointed as Director (to present) Appointed as Managing Executive Officer Supervisor of Corporate Analysis & Administration Division In charge of Global Marketing Department Appointed as Representative Director and President (to present)	*1	5
Representative Director Fellow	Shigeru Miyamoto	November 16, 1952	April 1977 June 2000 May 2002 September 2015 Joined the Company Appointed as Director (to present) General Manager, Entertainment Analysis & Development Division Appointed as Senior Managing Director Appointed as Representative Director (to present) Appointed as Fellow (to present)	*1	1
Director Senior Managing Executive Officer General Manager, Entertainment Planning & Development Division	Shinya Takahashi	November 9, 1963	April 1989 July 2012 June 2013 September 2015 June 2016 June 2018 Joined the Company Deputy General Manager, Software Planning & Development Division Appointed as Director (to present) General Manager, Software Planning & Development Division General Manager, Entertainment Planning & Development Division (to present) Supervisor of Development Administration & Support Division (to present) Supervisor of Business Development Division Appointed as Managing Executive Officer Appointed as Senior Managing Executive Officer (to present)	*1	1
Director Managing Executive Officer General Manager, Marketing Division and Licensing Division	Satoru Shibata	September 4, 1962	April 1985 February 1999 June 2000 June 2016 May 2018 June 2018 September 2020 June 2022 Joined the Company President of Nintendo Australia Pty Limited President of Nintendo of Europe GmbH Appointed as Executive Officer Appointed as Outside Director of The Pokémon Company (to present) Appointed as Director (to present) Appointed as Senior Executive Officer General Manager, Marketing Division (to present) General Manager, Licensing Division (to present) In charge of Planning Department and Global Marketing Department In charge of Global Communications Division (to present) Appointed as Managing Executive Officer (to present)	*1	1
Director Senior Executive Officer General Manager, Platform Technology Development Division	Ko Shiota	August 7, 1969	April 1992 September 2015 June 2016 June 2017 Joined the Company General Manager, Platform Technology Development Division (to present) Appointed as Executive Officer Appointed as Director (to present) Appointed as Senior Executive Officer (to present)	*1	1

Position/ Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Director	Chris Meledandri	May 15, 1959	1987 Partner of Meledandri/Gordon Co. 1991 President of Steel Pictures at Disney Studios 1993 SVP of Production of 20th Century Fox 1995 EVP of Fox Family Films 1998 President of Fox Animation 2007 Founder of Illumination Entertainment CEO of Illumination Entertainment (to present) June 2021 Director of the Company (to present)	*1	-
Director (Full-time Audit and Supervisory Committee Member)	Takuya Yoshimura	July 2, 1958	April 1982 Joined ARABIAN OIL COMPANY, LTD. May 2000 Joined the Company Deputy General Manager, General Accounting & Control Department January 2005 Deputy General Manager, Finance Department June 2014 General Manager, General Affairs Department September 2015 Deputy General Manager, General Affairs Division September 2016 General Manager, Legal Department January 2018 General Manager, Tokyo Branch Office June 2022 Appointed as Director as a Full-time Audit and Supervisory Committee Member (to present)	*2	1
Director (Audit and Supervisory Committee Member)	Katsuhiro Umeyama	July 29, 1965	March 1994 Registered as certified public accountant July 1999 Opened Umeyama Certified Public Accountant Office August 1999 Registered as a certified tax accountant October 1999 Opened Umeyama Certified Tax Accountant Office (currently Umeyama Certified Tax Accountant LLC) November 2005 Appointed as Outside Auditor of KURAUDIA Co., Ltd. (currently KURAUDIA HOLDINGS Co., Ltd.) July 2009 Appointed as Representative Partner of Umeyama Certified Tax Accountant LLC (to present) June 2012 Appointed as Auditor of the Company November 2015 Appointed as Outside Director (Audit and Supervisory Committee Member), KURAUDIA Co., Ltd. (currently KURAUDIA HOLDINGS Co., Ltd.) (to present) June 2016 Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)	*2	-
Director (Audit and Supervisory Committee Member)	Masao Yamazaki	June 16, 1956	April 1975 Joined Osaka Regional Taxation Bureau July 2010 Appointed as Director, Minato Tax Office, Osaka Regional Taxation Bureau July 2016 Appointed as Director, Higashi Tax Office, Osaka Regional Taxation Bureau August 2017 Registered as certified tax accountant September 2017 Opened Masao Yamazaki Certified Tax Accountant Office June 2018 Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)	*2	-
Director (Audit and Supervisory Committee Member)	Asa Shinkawa	February 17, 1965	April 1991 Registered as attorney-at-law Joined Nishimura & Sanada (currently Nishimura & Asahi) April 1997 Worked at Arnold & Porter January 1998 Registered as attorney-at-law in New York State, United States January 2001 Partner, Nishimura & Partners (currently Nishimura & Asahi) (to present) April 2019 Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics June 2020 Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present) June 2021 Appointed as Outside Director of Tokyo Electric Power Company Holdings, Inc. (to present)	*2	-
Total					10

- (Notes) 1. Directors, Mr. Chris Meledandri, Mr. Katsuhiro Umeyama, Mr. Masao Yamazaki and Ms. Asa Shinkawa are Outside Directors.
2. *1 The term of office of Directors (excluding those who are Audit and Supervisory Committee Members) commenced at the close of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2022, and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2023.

3. *2 The term of office of Directors who are Audit and Supervisory Committee Members commenced at the close of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2022 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.
4. The Company has adopted the Executive Officer System since June 29, 2016 for the purpose of clarifying the responsibility for the execution of operations and establishing a more flexible management structure which can appropriately and swiftly respond to the rapidly changing business environment through the separation of the management decision-making and supervisory functions from the execution of operations, as well as by accelerating the delegation of authority to execute operations. Nine executive officers, excluding those who have the concurrent position as Director, are as follows.

Title	Name
Senior Executive Officer President, Nintendo Sales Co., Ltd.	Satoshi Yamato
Senior Executive Officer General Manager, Manufacturing Division	Hirokazu Shinshi
Senior Executive Officer Deputy General Manager, Entertainment Planning & Development Division	Yoshiaki Koizumi
Executive Officer Senior Officer, Entertainment Planning & Development Division	Takashi Tezuka
Executive Officer General Manager, Finance Administration Division In charge of Investor Relations	Hajime Murakami
Executive Officer General Manager, Business Development Division	Yusuke Beppu
Executive Officer General Manager, General Affairs Division In charge of Quality Assurance Department	Kentaro Yamagishi
Executive Officer President, Nintendo of America Inc.	Doug Bowser
Executive Officer President, Nintendo of Europe GmbH	Stephan Bole

(ii) Status of outside officers

(a) Status of appointment of Outside Directors

The Company has appointed four Outside Directors (three of whom are Audit and Supervisory Committee Members).

Outside Director Mr. Chris Meledandri has been appointed to provide valuable advice, while appropriately supervising the Company's management from an objective perspective, based on his broad experience and insight gained as a CEO and in the field of entertainment.

Outside Directors Mr. Katsuhiko Umeyama, Mr. Masao Yamazaki and Ms. Asa Shinkawa have been appointed to audit and supervise the Company's management in an appropriate manner from an objective standpoint as Audit and Supervisory Committee Members based on their wealth of experience and broad knowledge in their respective fields of corporate accounting, taxation and legal affairs.

Of note, no material conflict of interest exists between Outside Directors and the Company. All Outside Directors have met the standards for independent officers prescribed by Tokyo Stock Exchange, Inc.

(b) Description of standards or policies on independence from the Company for appointment of Outside Directors

The Company has not established specific standards or policies on the independence of Outside Directors but uses the criteria for determining the independence of independent officers prescribed in the "Guidelines Concerning Listing Examination, etc." of Tokyo Stock Exchange, Inc. as reference when appointing Outside Directors. In addition, importance is placed on whether or not they are capable of giving objective advice from an impartial standpoint, are of excellent caliber, and have expertise and experience.

(iii) Collaboration between supervision by Outside Directors and internal audits and audits by Audit and Supervisory Committee as well as accounting audits, and relationship with internal control division

In principle, the Company's Outside Directors (Audit and Supervisory Committee Members) attend not only Audit and Supervisory Committee meetings held monthly but also audit briefings of the Accounting Auditor where they share opinions. Furthermore, at Audit and Supervisory Committee meetings, Outside Directors receive an explanation of the operational audits conducted in the month and the results of such audits from the full-time Audit and Supervisory Committee Members, and receive timely reports on the results of internal audits by the Internal Auditing Department.

(3) Status of audits

(i) Status of audits by Audit and Supervisory Committee

The Audit and Supervisory Committee Members attend meetings of the Board of Directors and other important meetings, inspect important documents, have regular meetings with the President and hold monthly meetings of the Audit and Supervisory Committee as a general rule to share audit opinions. Furthermore, the full-time Audit and Supervisory Committee Member conducts fieldwork auditing over each division of the Company, etc., based on the annual audit plan. In collaboration with the internal auditing division, the Audit and Supervisory Committee receives timely reports on internal audit results from the Internal Auditing Department and exchanges opinions periodically. In collaboration with the Accounting Auditor, the Audit and Supervisory Committee witnesses physical inventory checks at the end of the period or receives reports on such physical inventory checks, witnesses accounting audits conducted on major subsidiaries, etc. and receives an explanation of the accounting audit plan and accounting audit results on a regular basis. The Audit and Supervisory Committee also exchanges information and opinions as necessary.

Among the Audit and Supervisory Committee Members, two Outside Directors are certified public accountants or certified tax accountants and have considerable financial and accounting knowledge.

In the fiscal year ended March 31, 2022, the Audit and Supervisory Committee held 13 meetings; the attendance status of each Audit and Supervisory Committee Member is as follows.

Classification	Name	Number of meetings held	Number of meetings attended
Director (Full-time Audit and Supervisory Committee Member)	Naoki Noguchi	13	13
Director (Audit and Supervisory Committee Member)	Katsuhiko Umeyama	13	13
Director (Audit and Supervisory Committee Member)	Masao Yamazaki	13	13
Director (Audit and Supervisory Committee Member)	Asa Shinkawa	13	12

(ii) Status of internal audits

For internal audits, the Internal Auditing Department of the Company consisting of seven members conducts operational audits with respect to the Company and its subsidiaries in view of the effectiveness and efficiency of operations, asset preservation status and compliance as a dedicated division that is independent of divisions that execute operations. In order to ensure the appropriateness and reliability of financial reporting, the Internal Auditing Department manages internal controls and assesses the implementation status of such controls in compliance with the Financial Instruments and Exchange Act. Furthermore, the respective divisions in charge of internal audit established in major subsidiaries collaborate with the Internal Auditing Department and divide auditing tasks between them. Similar audits, etc. are conducted centering on major subsidiaries.

(iii) Status of accounting audits

To the extent that investigation is possible, the Company confirmed that it had concluded an auditing agreement with PricewaterhouseCoopers Kyoto (formerly Hisaji Miyamura Office) on accounting audits pursuant to the Companies Act and the Financial Instruments and Exchange Act since 1962. In close collaboration with the Audit and Supervisory Committee Members and the Internal Auditing Department, the Accounting Auditor reports audit plans and audit results, exchanges necessary information and opinions even during the period, and conducts audits in an effective and efficient manner. The names of certified public accountants (CPAs) who performed the work and assistants engaged in audit work in the fiscal year ended March 31, 2022 were as follows.

CPAs who performed accounting audit work

Engagement Partner	Yukihiro Matsunaga
Engagement Partner	Keiichiro Kagi

Assistants engaged in accounting audit work: Three CPAs and 15 other persons

* Other persons are persons who passed the CPA examination, persons in charge of system auditing, etc.

(iv) Policy and reason for appointment of audit firm and evaluation of audit firm by Audit and Supervisory Committee

The Company's policy for determining the termination or nonrenewal of appointment of the Accounting Auditor is: in the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members. In addition, should the Accounting Auditor be deemed unable to execute its duties properly or should the replacement of the Accounting Auditor be deemed reasonable in order to enhance the appropriateness of the audits, the Audit and Supervisory Committee shall determine the details of the proposal to terminate or not reappoint the Accounting Auditor for submission to the General Meeting of Shareholders.

The Audit and Supervisory Committee has acknowledged that the Accounting Auditor's audit methods and results are reasonable, having collected information on the Accounting Auditor's independence, audit system, audit implementation status, quality, etc. from the Company's accounting division, internal auditing division and the Accounting Auditor itself. The Audit and Supervisory Committee has also determined that it would be appropriate to reappoint PricewaterhouseCoopers Kyoto, having evaluated that PricewaterhouseCoopers Kyoto can be expected to continue conducting appropriate audits, based on the policy for determining the termination or nonrenewal of appointment of the Accounting Auditor and other evaluation standards.

(v) Compensation for audits, etc.

(a) Breakdown of compensation for auditing CPAs, etc.

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022			
	Audit compensation	Non-audit compensation	Audit compensation		Non-audit compensation	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of dollars)	(Millions of yen)	(Millions of dollars)
Reporting company	86	-	80	0	-	-
Consolidated subsidiaries	36	-	36	0	-	-
Total	122	-	116	0	-	-

(b) Breakdown of compensation for persons belonging to the same network as auditing CPAs, etc.

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022			
	Audit compensation	Non-audit compensation	Audit compensation		Non-audit compensation	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of dollars)	(Millions of yen)	(Millions of dollars)
Reporting company	-	0	-	-	27	0
Consolidated subsidiaries	196	83	217	1	93	0
Total	196	83	217	1	121	1

(c) Description of non-audit services by auditing CPAs, etc. to the reporting company

(Fiscal year ended March 31, 2021)

Not applicable.

(Fiscal year ended March 31, 2022)

Not applicable.

(d) Description of non-audit services by auditing CPAs, etc. to consolidated subsidiaries

(Fiscal year ended March 31, 2021)

Not applicable.

(Fiscal year ended March 31, 2022)

Not applicable.

(e) Description of non-audit services by a firm in the same network as auditing CPAs, etc. to the reporting company

(Fiscal year ended March 31, 2021)

Non-audit services for which the Company pays a firm in the same network as the auditing CPAs, etc. consist of such services as tax-related advisory services.

(Fiscal year ended March 31, 2022)

Non-audit services for which the Company pays a firm in the same network as the auditing CPAs, etc. consist of such services as tax-related advisory services.

(f) Description of non-audit services by a firm in the same network as auditing CPAs, etc. to consolidated subsidiaries

(Fiscal year ended March 31, 2021)

Non-audit services for which consolidated subsidiaries pay a firm in the same network as the auditing CPAs, etc. consist of such services as tax-related advisory services.

(Fiscal year ended March 31, 2022)

Non-audit services for which consolidated subsidiaries pay a firm in the same network as the auditing CPAs, etc. consist of such services as tax-related advisory services.

(g) Description of other significant compensation

(Fiscal year ended March 31, 2021)

Not applicable.

(Fiscal year ended March 31, 2022)

Not applicable.

(h) Policy for determination of compensation for audits

The Company determines the amount of compensation for audits to the audit firm in consideration of the retention of independence of the audit firm, the characteristics of services and the number of days taken to conduct audits.

(i) Reason why Audit and Supervisory Committee agreed on amount of compensation, etc. for auditing CPAs, etc.

The Audit and Supervisory Committee determined that the Accounting Auditor's compensation, etc. for this fiscal year is appropriate and agreed on it as a result of the review of information collected from the Company's relevant departments—i.e., the General Accounting & Control Department and the Internal Auditing Department—regarding the contents of the audit plan, the basis of calculating the compensation estimate and a comparison with previous audit details, and the Accounting Auditor's compensation with necessary materials reported and submitted by the Accounting Auditor.

(4) Compensation for officers, etc.

(i) Policy, etc. for the determination of compensation, etc. for officers or calculation method thereof

The Company has established the following policy (hereinafter referred to as the "Decision Policy") for determining the details of compensation to individual Directors. The Decision Policy was established by resolution of the Board of Directors, after deliberation by the Nomination Advisory Committee.

The compensation for the Company's Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members is determined within their respective upper limits which are established by resolution of the General Meeting of Shareholders.

The Company uses results of a compensation survey by an external research agency as a reference for setting compensation standards, etc. The Company has also established a system in which matters related to compensation for Directors are deliberated at a non-mandatory Nomination Advisory Committee, mainly consisting of Outside Directors, and reported to the Board of Directors.

(a) Compensation for Directors (excluding Audit and Supervisory Committee Members)

Compensation for Directors (excluding Audit and Supervisory Committee Members) consists of fixed compensation, performance-based compensation as short-term incentives, and stock compensation as long-term incentives. However, compensation for Outside Directors consists solely of fixed compensation, in view of their position of providing supervision and advice on management, without engaging in business execution.

The Company has not determined specific relative proportions of fixed compensation, performance-based compensation, and stock compensation.

i) Fixed compensation

The amount of fixed compensation to individual Directors is decided by the Representative Director and President, under authority delegated by the Board of Directors, based on each Director's position and responsibilities, including whether or not he or she engages in business execution. Fixed compensation is paid in the same amount monthly.

ii) Performance-based compensation

The performance-based compensation is calculated using a formula that uses consolidated operating profit as a benchmark and is determined by the Board of Directors based on points corresponding to each Director's position, within the cap set by a resolution of the Board of Directors. It is paid at a designated time each year. In addition to that, when both the consolidated operating profit average over the latest three fiscal years including the fiscal year of payment and the consolidated operating profit in the fiscal year of payment exceed the amount set by resolution of the General Meeting of Shareholders, the amount calculated with a formula set by the General Meeting of Shareholders in advance is added.

iii) Stock compensation

Stock compensation is paid with restricted stock. The number of stocks allocated to each Director is decided according to the Director's position by resolution of the Board of Directors, and the compensation is paid at a designated time each year. Restrictions on the transfer of shares are lifted when the Director leaves both the offices of Director and Executive Officer.

(b) Compensation for Directors (Audit and Supervisory Committee Members)

Compensation for Directors (Audit and Supervisory Committee Members) consists only of fixed compensation in view of the fact that they are in the position of engaging in audit and supervision duties independently from Directors who execute operations. Individual compensation amounts are determined through discussion between Audit and Supervisory Committee Members, and paid in the same amount monthly.

(Note) Calculation method of performance-based compensation for each Director (excluding Audit and Supervisory Committee Members)

Performance-based compensation for each Director (excluding Audit and Supervisory Committee Members) uses consolidated operating profit as a benchmark, in order to raise awareness regarding improvement of business performance. It is calculated using the following formula:

- Consolidated operating profit \times 0.2% \times Number of points of each Director \div Sum total of Directors' points*

However, if the amount derived by multiplying the consolidated operating profit by 0.2% exceeds ¥800 million (USD 6 million), the upper limit will be ¥800 million (USD 6 million).

* The sum total of Directors' points shall be set at 20.0 (fixed) if it falls short of 20.0.

Director's points by position and number of Directors

Position	Points	Number of Directors (persons)	Total points
Representative Director and President	6.0	1	6.0
Representative Director and Fellow	4.5	1	4.5
Director and Senior Managing Executive Officer	4.5	1	4.5
Director and Managing Executive Officer	3.0	1	3.0
Director and Senior Executive Officer	2.0	1	2.0
Sum total	-	5	20.0

(Note) The above is calculated based on the number of Directors as of June 30, 2022.

- In the event that the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) exceeds ¥400.0 billion (USD 3,305 million) and the consolidated operating profit in the fiscal year of payment exceeds ¥400.0 billion (USD 3,305 million), the following is added:

[Consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) – ¥400.0 billion (USD 3,305 million)] \times 0.02%

However, if the amount derived by multiplying the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) less ¥400.0 billion (USD 3,305 million) by 0.02% exceeds ¥40 million (USD 0 million), the upper limit will be ¥40 million (USD 0 million).

Matters of note

- Directors refer to executive officers set forth in Article 34, paragraph (1), item (iii) of the Corporation Tax

Act.

- “Indicator of the status of profit in the business year ending on or after the first day of the period in which duties pertaining to such remuneration are performed” provided for in Article 34, paragraph (1), item (iii)(a) of the Corporation Tax Act shall mean consolidated operating profit.
- No target has been set for consolidated operating profit, which is the benchmark for performance-based compensation, as described in “II. Business Overview, 1. Management policy, management environment, issues to address, (2) Targeted management index.” Consolidated operating profit results for the fiscal year ended March 31, 2022 were as stated under “I. Overview of the Company, 1. Key financial data and trends, Consolidated financial data.”
- The amount of consolidated operating profit and consolidated operating profit average used to calculate the amount of performance-based compensation shall be rounded down to the nearest hundred million yen. However, with respect to the performance-based compensation addition requirement, for the purpose of determining whether or not the amount of consolidated operating profit and consolidated operating profit average exceeds ¥400.0 billion (USD 3,305 million), the amount shall be calculated in a unit of one yen.
- If a Director has resigned before the expiry of his/her term of office due to unavoidable circumstances, the amount corresponding to the number of months he/she was in office from the time of commencement of such period up to the end of the period (number of days falling short of one month shall be rounded up to one month) shall be paid. However, the amount shall not be prorated with respect to the number of months in cases where a Director resigns after the end of the period.

(ii) Resolutions by the General Meeting of Shareholders regarding compensation, etc. for officers

A resolution was adopted at the 82nd Annual General Meeting of Shareholders on June 29, 2022 to classify the compensation to Directors (excluding Audit and Supervisory Committee Members) into i) fixed compensation, ii) performance-based compensation, and iii) stock compensation and set the respective upper limits as follows. (These limits do not include portions of their remuneration or bonuses as employees.) There were six Directors (excluding Audit and Supervisory Committee Members) at the conclusion of the 82nd Annual General Meeting of Shareholders.

- i) Fixed compensation: Not exceeding ¥500 million (USD 4 million) per year (including ¥50 million (USD 0 million) for Outside Directors)
- ii) Performance-based compensation: Not exceeding 0.2% of consolidated operating profit for the relevant fiscal year. Additionally, if the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) exceeds ¥400.0 billion (USD 3,305 million) and the consolidated operating profit in the fiscal year of payment exceeds ¥400.0 billion (USD 3,305 million), each Director (excluding Audit and Supervisory Committee Members and Outside Directors) shall be paid up to an additional 0.02% of the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) less ¥400.0 billion (USD 3,305 million).
- iii) Stock compensation: Monetary compensation claims not exceeding ¥100 million (USD 0 million) per year to be paid for granting restricted stock and the number of shares not exceeding 1,000 shares per year.

At the 76th Annual General Meeting of Shareholders on June 29, 2016, a resolution was adopted to establish an upper limit on compensation to Directors (Audit and Supervisory Committee Members) of ¥100 million (USD 0 million) per year. There were four Directors (Audit and Supervisory Committee Members) at the conclusion of the 76th Annual General Meeting of Shareholders.

(iii) Total amount of compensation, etc. by officer classification, total amount of compensation by type, and number of eligible officers at the reporting company

Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-based compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	946	186	760	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	32	32	-	-	1
Outside Officers	36	36	-	-	4

Officer classification	Total amount of compensation, etc. (Millions of dollars)	Total amount of compensation, etc. by type (Millions of dollars)			Number of eligible officers (persons)
		Fixed compensation	Performance-based compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	7	1	6	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	0	0	-	-	1
Outside Officers	0	0	-	-	4

- (Notes) 1. The amount of compensation to Directors (excluding Audit and Supervisory Committee Members) is determined at the Board of Directors meeting held after the Annual General Meeting of Shareholders and the amount of compensation to Directors (Audit and Supervisory Committee Members) is determined subject to discussion among Audit and Supervisory Committee Members at the meeting of the Audit and Supervisory Committee held after said Board of Directors' meeting for their respective terms of office (limited to cases in which there is reelection associated with expiry of term of office).
2. The details of compensation to individual Directors (excluding Audit and Supervisory Committee Members) for the fiscal year ended March 31, 2022 were determined in accordance with the Decision Policy established by resolution of the Board of Directors after deliberation by the Nomination Advisory Committee. Regarding compensation paid, the amounts of fixed compensation were decided by the Representative Director and President based on each Director's position and responsibilities, including whether or not he or she engages in the execution of operations, and the amounts of performance-based compensation were calculated using a formula determined by the Board of Directors. The Board of Directors therefore deems these amounts to be in compliance with the Decision Policy.
3. The Company judges that the Representative Director and President is most aptly suited to carrying out comprehensive evaluation of each Director's responsibilities. Decisions regarding the amounts of fixed compensation to individual Directors (excluding Audit and Supervisory Committee Members) for the fiscal year ended March 31, 2022 have therefore been delegated to the Company's Representative Director and President, Mr. Shuntaro Furukawa. Before deciding on these amounts of compensation, they are subject to deliberation by the non-mandatory Nomination Advisory Committee.
4. Employee salaries (including bonuses) paid to Directors who also serve as employees, which amounted to ¥114 million (USD 0 million), are not included in the above amounts.

(iv) Total amount, etc. of compensation on a consolidated basis, etc. by officer at the reporting company

Name	Total amount of compensation on a consolidated basis, etc. (Millions of yen)	Officer classification	Company classification	Amount of compensation on a consolidated basis, etc. by type (Millions of yen)		
				Fixed compensation	Performance-based compensation	Other compensation
Shuntaro Furukawa	318	Director who is not an Audit and Supervisory Committee Member	Reporting company	78	240	-
Shigeru Miyamoto	252	Director who is not an Audit and Supervisory Committee Member	Reporting company	72	180	-
Shinya Takahashi	192	Director who is not an Audit and Supervisory Committee Member	Reporting company	12	180	-

Name	Total amount of compensation on a consolidated basis, etc. (Millions of dollars)	Officer classification	Company classification	Amount of compensation on a consolidated basis, etc. by type (Millions of dollars)		
				Fixed compensation	Performance-based compensation	Other compensation
Shuntaro Furukawa	2	Director who is not an Audit and Supervisory Committee Member	Reporting company	0	1	-
Shigeru Miyamoto	2	Director who is not an Audit and Supervisory Committee Member	Reporting company	0	1	-
Shinya Takahashi	1	Director who is not an Audit and Supervisory Committee Member	Reporting company	0	1	-

(5) Shareholding status

(i) Criteria for and approach to classification of investment shares

In principle, it is the Company's policy not to hold any investment shares for pure investment purposes; the Company exclusively holds investment shares for purposes other than pure investment in accordance with its shareholding policy.

(ii) Investment shares held for purposes other than pure investment

(a) Shareholding policy, method of verifying the rationality of shareholding and verification at Board of Directors meetings, etc. as to whether or not to hold individual issues

The Company holds investment shares for the purpose of maintaining and developing business alliances and business relationships if it is deemed to contribute to improving corporate value over the medium- to long-term. At its meetings, the Board of Directors confirms the purpose and rationality of holding individual investment shares (limited to listed stocks) and then verifies the propriety of holding such shares on an annual basis in light of the Company's shareholding policy. As a result of this verification, the Company considers the disposal of investment shares whose significance of holding is deemed to have diminished, with the aim of reducing such holdings.

(b) Number of issues and book value

	Number of issues (issues)	Total amount stated on balance sheet	
		(Millions of yen)	(Millions of dollars)
Unlisted stocks	16	6,127	50
Stocks other than unlisted stocks	13	75,007	619

Issues with increased number of shares in the fiscal year ended March 31, 2022

	Number of issues (issues)	Total amount of acquisition associated with increase in number of shares		Reason for increase in number of shares
		(Millions of yen)	(Millions of dollars)	
Unlisted stocks	-	-	-	-
Stocks other than unlisted stocks	-	-	-	-

Issues with decreased number of shares in the fiscal year ended March 31, 2022

	Number of issues (issues)	Total amount of sale associated with decrease in number of shares	
		(Millions of yen)	(Millions of dollars)
Unlisted stocks	-	-	-
Stocks other than unlisted stocks	1	46	0

(c) Information on number of specific investment shares and deemed shareholdings by issue, book value, etc.

Specific investment shares

Issue	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2021	Shareholding purpose, quantitative shareholding effect and reason for increase in number of shares	Holder of the Company's shares
	Number of shares (Shares)		Number of shares (Shares)		
	Book value (Millions of yen)	Book value (Millions of dollars)	Book value (Millions of yen)		
BANDAI NAMCO Holdings Inc.	3,845,700		3,845,700	Shares are held for the purpose of maintaining and developing the business relationship, e.g., development support for the Company.	No
	35,734	295	30,354		
DeNA Co., Ltd.	15,081,000		15,081,000	Shares are held for the purpose of facilitating business collaboration regarding the Company's mobile business and periphery infrastructure development and maintaining, and for developing the business relationship.	Yes
	28,050	231	32,605		

The Bank of Kyoto, Ltd.	753,459		753,459	Shares are held for the purpose of facilitating financial transactions.	Yes
	4,031	33	5,131		
KADOKAWA CORPORATION	1,224,400		612,200	Shares are held for the purpose of maintaining and developing the business relationship. The increase in the number of shares is due to a stock split.	No
	3,942	32	2,629		
Mitsubishi UFJ Financial Group, Inc.	1,865,870		1,865,870	Shares are held for the purpose of facilitating financial transactions.	No* ¹
	1,418	11	1,104		
SQUARE ENIX HOLDINGS CO., LTD.	91,252		91,252	Shares are held for the purpose of maintaining and developing the business relationship.	No
	495	4	561		
KONAMI HOLDINGS CORPORATION	63,734		63,734	Shares are held for the purpose of maintaining and developing the business relationship.	No
	493	4	420		
TOPPAN PRINTING CO., LTD.	182,885		182,885	Shares are held for the purpose of maintaining and developing the business relationship.	No
	396	3	341		
Resona Holdings, Inc.	323,769		323,769	Shares are held for the purpose of facilitating financial transactions.	No* ²
	169	1	150		
KOEI TECMO HOLDINGS CO., LTD.	24,637		18,952	Shares are held for the purpose of maintaining and developing the business relationship. The increase in the number of shares is due to a stock split.	No* ³
	98	0	122		
SANSHIN ELECTRONICS CO., LTD.	50,180		50,180	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	80	0	100		
Nissha Co., Ltd.	52,104		52,104	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	75	0	71		
TV TOKYO Holdings Corporation	10,000		10,000	Shares are held for the purpose of maintaining and developing the business relationship.	No
	19	0	23		
JAPAN PULP AND PAPER COMPANY LIMITED	-		11,355	Shares were held for the purpose of maintaining and developing the business relationship.	No
	-	-	41		

- (Notes)
- At its meetings, the Board of Directors confirms the purpose and rationality of holding the specific investment shares listed above and then verifies the propriety of holding such shares on an annual basis in light of the Company's shareholding policy; however, it is difficult to describe the quantitative effect of holding such shares.
 - The Company's shares held in trust account(s) are excluded when determining whether or not the counterparty is a holder of the Company's shares.
 - *1 Mitsubishi UFJ Financial Group, Inc. is an indirect holder of the Company's shares through its subsidiary MUFG Bank, Ltd., etc.
 - *2 Resona Holdings, Inc. is an indirect holder of the Company's shares through its subsidiary Resona Bank, Limited.
 - *3 KOEI TECMO HOLDINGS CO., LTD. is an indirect holder of the Company's shares through its subsidiary KOEI TECMO GAMES CO., LTD.

V. Financial Information

Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

	Previous fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)	
	(Millions of yen)		(Millions of yen)	
				(Millions of dollars)
Assets				
Current assets				
Cash and deposits	1,185,151		1,206,506	9,971
Notes and accounts receivable - trade	140,570	*1	141,087	1,166
Securities	557,238		504,385	4,168
Inventories	*2 86,817	*2	204,183	1,687
Other	50,692		70,147	579
Allowance for doubtful accounts	(94)		(98)	(0)
Total current assets	2,020,375		2,126,212	17,572
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	42,230		42,571	351
Tools, furniture and fixtures, net	4,783		4,498	37
Machinery, equipment and vehicles, net	1,591		1,477	12
Land	34,785		35,337	292
Construction in progress	178		1,280	10
Total property, plant and equipment	*3 83,569	*3	85,164	703
Intangible assets				
Software	11,106		10,241	84
Other	3,815		7,073	58
Total intangible assets	14,922		17,315	143
Investments and other assets				
Investment securities	*4 214,832	*4	312,663	2,583
Retirement benefit asset	8,205		8,597	71
Deferred tax assets	82,819		87,996	727
Other	22,194		24,434	201
Total investments and other assets	328,051		433,692	3,584
Total non-current assets	426,543		536,172	4,431
Total assets	2,446,918		2,662,384	22,003

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Liabilities			
Current liabilities			
Notes and accounts payable - trade	114,677	150,910	1,247
Provision for bonuses	5,227	5,459	45
Income taxes payable	157,307	99,520	822
Other	249,119	*5 284,836	2,354
Total current liabilities	526,331	540,726	4,468
Non-current liabilities			
Retirement benefit liability	21,001	25,063	207
Other	24,970	27,284	225
Total non-current liabilities	45,972	52,347	432
Total liabilities	572,304	593,074	4,901
Net assets			
Shareholders' equity			
Share capital	10,065	10,065	83
Capital surplus	15,043	15,041	124
Retained earnings	1,993,325	2,198,706	18,171
Treasury shares	(156,851)	(220,343)	(1,821)
Total shareholders' equity	1,861,582	2,003,469	16,557
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	33,571	33,199	274
Foreign currency translation adjustment	(20,782)	32,373	267
Total accumulated other comprehensive income	12,788	65,573	541
Non-controlling interests	243	266	2
Total net assets	1,874,614	2,069,310	17,101
Total liabilities and net assets	2,446,918	2,662,384	22,003

(ii) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)		
	(Millions of yen)		(Millions of yen)		(Millions of dollars)
Net sales		1,758,910		1,695,344	14,011
Cost of sales	*1, *3	788,437	*1, *3	749,299	6,192
Gross profit		970,472		946,044	7,818
Selling, general and administrative expenses	*2, *3	329,838	*2, *3	353,283	2,919
Operating profit		640,634		592,760	4,898
Non-operating income					
Interest income		5,723		3,317	27
Share of profit of entities accounted for using equity method		6,564		26,672	220
Foreign exchange gains		24,039		45,626	377
Other		3,385		3,169	26
Total non-operating income		39,713		78,786	651
Non-operating expenses					
Interest expenses		177		281	2
Commission for purchase of treasury shares		0		250	2
Other		1,174		201	1
Total non-operating expenses		1,351		733	6
Ordinary profit		678,996		670,813	5,543
Extraordinary income					
Gain on sale of non-current assets	*4	2,516	*4	1	0
Gain on sale of investment securities		40		347	2
Settlement income		-		3,300	27
Total extraordinary income		2,556		3,648	30
Extraordinary losses					
Loss on disposal of non-current assets	*5	247	*5	73	0
Total extraordinary losses		247		73	0
Profit before income taxes		681,305		674,389	5,573
Income taxes - current		220,348		200,469	1,656
Income taxes - deferred		(19,463)		(3,794)	(31)
Total income taxes		200,884		196,674	1,625
Profit		480,420		477,714	3,948
Profit attributable to non-controlling interests		44		22	0
Profit attributable to owners of parent		480,376		477,691	3,947

Consolidated statements of comprehensive income

	Previous fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)	
Profit	480,420	477,714	3,948	
Other comprehensive income				
Valuation difference on available-for-sale securities	23,137	(417)	(3)	
Foreign currency translation adjustment	25,405	49,777	411	
Share of other comprehensive income of entities accounted for using equity method	(1,013)	3,424	28	
Total other comprehensive income	*1 47,530	*1 52,784	436	
Comprehensive income	527,951	530,498	4,384	
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent	527,907	530,476	4,384	
Comprehensive income attributable to non-controlling interests	44	22	0	

(iii) Consolidated statements of changes in equity
 Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	10,065	15,041	1,707,119	(156,798)	1,575,428
Changes during period					
Dividends of surplus			(194,171)		(194,171)
Profit attributable to owners of parent			480,376		480,376
Purchase of treasury shares				(53)	(53)
Disposal of treasury shares		1		0	1
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	1	286,205	(52)	286,153
Balance as of March 31, 2021	10,065	15,043	1,993,325	(156,851)	1,861,582

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2020	10,637	(45,378)	(34,741)	213	1,540,900
Changes during period					
Dividends of surplus					(194,171)
Profit attributable to owners of parent					480,376
Purchase of treasury shares					(53)
Disposal of treasury shares					1
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	22,933	24,596	47,530	29	47,560
Total changes during period	22,933	24,596	47,530	29	333,714
Balance as of March 31, 2021	33,571	(20,782)	12,788	243	1,874,614

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	10,065	15,043	1,993,325	(156,851)	1,861,582
Changes during period					
Dividends of surplus			(240,702)		(240,702)
Profit attributable to owners of parent			477,691		477,691
Purchase of treasury shares				(95,100)	(95,100)
Disposal of treasury shares					-
Cancellation of treasury shares		(1)	(31,607)	31,608	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(1)	205,380	(63,492)	141,887
Balance as of March 31, 2022	10,065	15,041	2,198,706	(220,343)	2,003,469

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2021	33,571	(20,782)	12,788	243	1,874,614
Changes during period					
Dividends of surplus					(240,702)
Profit attributable to owners of parent					477,691
Purchase of treasury shares					(95,100)
Disposal of treasury shares					-
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(371)	53,156	52,784	22	52,807
Total changes during period	(371)	53,156	52,784	22	194,695
Balance as of March 31, 2022	33,199	32,373	65,573	266	2,069,310

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	83	124	16,473	(1,296)	15,384
Changes during period					
Dividends of surplus			(1,989)		(1,989)
Profit attributable to owners of parent			3,947		3,947
Purchase of treasury shares				(785)	(785)
Disposal of treasury shares					-
Cancellation of treasury shares		(0)	(0)	0	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	1,697	(524)	1,172
Balance as of March 31, 2022	83	124	18,171	(1,821)	16,557

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2021	277	(171)	105	2	15,492
Changes during period					
Dividends of surplus					(1,989)
Profit attributable to owners of parent					3,947
Purchase of treasury shares					(785)
Disposal of treasury shares					-
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(3)	439	436	0	436
Total changes during period	(3)	439	436	0	1,609
Balance as of March 31, 2022	274	267	541	2	17,101

(iv) Consolidated statements of cash flows

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Cash flows from operating activities			
Profit before income taxes	681,305	674,389	5,573
Depreciation	10,798	10,527	87
Increase (decrease) in allowance for doubtful accounts	(552)	(37)	(0)
Interest and dividend income	(6,770)	(4,525)	(37)
Foreign exchange losses (gains)	(24,625)	(57,324)	(473)
Share of loss (profit) of entities accounted for using equity method	(6,564)	(26,672)	(220)
Decrease (increase) in trade receivables	(527)	8,134	67
Decrease (increase) in inventories	7,244	(84,563)	(698)
Increase (decrease) in trade payables	22,002	25,125	207
Increase (decrease) in retirement benefit liability	254	2,575	21
Increase (decrease) in accrued consumption taxes	(4,613)	(1,824)	(15)
Other, net	58,752	3,307	27
Subtotal	736,703	549,112	4,538
Interest and dividends received	8,702	4,862	40
Interest paid	(177)	(281)	(2)
Income taxes paid	(133,122)	(264,031)	(2,182)
Net cash provided by (used in) operating activities	612,106	289,661	2,393
Cash flows from investing activities			
Purchase of short-term and long-term investment securities	(952,783)	(943,319)	(7,796)
Proceeds from sale and redemption of short-term and long-term investment securities	803,058	1,015,200	8,390
Purchase of property, plant and equipment and intangible assets	(7,011)	(7,587)	(62)
Proceeds from sale of property, plant and equipment and intangible assets	4,853	7	0
Payments into time deposits	(468,817)	(354,500)	(2,929)
Proceeds from withdrawal of time deposits	480,712	383,921	3,172
Other, net	3,454	(21)	(0)
Net cash provided by (used in) investing activities	(136,533)	93,699	774
Cash flows from financing activities			
Purchase of treasury shares	(67)	(95,350)	(788)
Dividends paid	(194,021)	(240,560)	(1,988)
Other, net	(848)	(1,099)	(9)
Net cash provided by (used in) financing activities	(194,938)	(337,010)	(2,785)
Effect of exchange rate change on cash and cash equivalents	30,042	44,288	366
Net increase (decrease) in cash and cash equivalents	310,676	90,638	749
Cash and cash equivalents at beginning of period	621,402	932,079	7,703
Cash and cash equivalents at end of period	*1 932,079	*1 1,022,718	8,452

Notes to Consolidated Financial Statements

Significant matters forming the basis of preparing the consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 27 companies
The names of significant consolidated subsidiaries are omitted because they are provided in “I. Overview of the Company, 4. Subsidiaries and associates.”
- (2) The unconsolidated subsidiary is as follows:
Fukuei Co., Ltd.
The above is unconsolidated because it is a small-scale company and does not have a material impact on the consolidated financial statements with respect to total assets, net sales, profit or loss, retained earnings, etc.

2. Application of the equity method

- (1) The four associates accounted for under the equity method are as follows:
The Pokémon Company, WARPSTAR, Inc., PUX Corporation, and First Avenue Entertainment, LLLP
- (2) The company among the unconsolidated subsidiaries not accounted for under the equity method is Fukuei Co., Ltd., and the company among the associates not accounted for under the equity method is APE inc. This is because the impact each of said companies has on profit or loss, retained earnings, etc., is negligible, and it is immaterial as a whole.
- (3) With respect to associates accounted for under the equity method whose account closing dates differ from the consolidated account closing date, the financial statements of each of the companies, either based on their fiscal year or based on provisional accounts closing, are incorporated.

3. Year-ends of consolidated subsidiaries

Of consolidated subsidiaries, iQue (China) Ltd., Nintendo RU LLC. and two other subsidiaries close accounts on December 31 every year.

As the difference between closing dates is within three months, the above subsidiaries were accounted for based on the financial statements as of the account closing date of each subsidiary. Necessary adjustments were made to the consolidated financial statements to reflect any significant transactions that took place between their account closing dates and the consolidated account closing date.

4. Accounting procedures

- (1) Valuation basis and method for important assets
 - (i) Securities
For held-to-maturity debt securities, the amortized cost method (straight-line method) is used. For other securities excluding stocks, etc. without market prices, the market price method is used (valuation difference is reported as a component of net assets and the cost of sales is calculated using the moving average method), and stocks, etc. without market prices are stated at cost using the moving-average method.
 - (ii) Derivatives
The fair value method is applied.
 - (iii) Inventories
They are mainly stated at cost using the moving-average method (the figures shown in the balance sheets have been calculated by writing them down based on decline in profitability).

- (2) Depreciation and amortization methods of significant depreciable and amortizable assets
- (i) Property, plant and equipment (excluding leased assets):
 The Company and its domestic consolidated subsidiaries apply the declining balance method, but certain tools, furniture and fixtures are subject to depreciation based on their useful lives in line with their commercial obsolescence. However, the straight-line method is applied for buildings (excluding accompanying facilities), acquired on April 1, 1998 or thereafter and for facilities attached to buildings and structures acquired on April 1, 2016, and thereafter. Overseas consolidated subsidiaries apply the straight-line method based on the estimated economic useful lives.
- Useful lives of main assets are as follows:
- | | |
|--------------------------|------------|
| Buildings and structures | 3-60 years |
|--------------------------|------------|
- (ii) Intangible assets (excluding leased assets):
 Intangible assets are amortized using the straight-line method. Software for internal use is amortized over the estimated internal useful life (principally five years).
- (iii) Leased assets
 Leased assets in finance lease transactions that do not transfer ownership
 The straight-line method with no residual value is applied, regarding the lease term as useful life.
- (3) Accounting for significant reserves
- (i) Allowance for doubtful accounts
 The Company and its domestic consolidated subsidiaries provide the allowance for doubtful accounts based on the historical analysis of loss experienced for general receivables and on individual evaluations of uncollectible amounts for specific receivables including doubtful accounts. Overseas consolidated subsidiaries provide the allowance for doubtful accounts based on the individual evaluation of uncollectible amount for each receivable.
- (ii) Provision for bonuses
 The Company and certain consolidated subsidiaries provide the reserve for the estimated amount of bonuses to be paid to the employees.
- (4) Accounting method for retirement benefit
- (i) Periodic allocation method for estimated benefit obligation
 Upon calculating the retirement benefit obligations, the estimated benefit obligation is attributed to periods up until the end of the fiscal year ended March 31, 2022, on a benefit formula basis.
- (ii) Amortization method for actuarial gains and losses and past service cost
 Actuarial gains and losses and past service cost are processed collectively in the year in which they are incurred.
- (iii) Application of simple method at small enterprises, etc.
 Some consolidated subsidiaries apply a simple method including a method in which an estimated amount required to be paid for voluntary retirement benefits at the end of the fiscal year is deemed as the retirement benefit obligations in the calculations of retirement benefit liability and retirement benefit expenses.
- Assets in the Company's defined benefit corporate pension plan are recorded as "Retirement benefit asset" under investments and other assets as the plan assets exceeded the retirement benefit obligations.
- (5) Standards of translation into yen of significant assets or liabilities denominated in foreign currencies
 All the monetary receivables and payables of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen based on the spot rate of exchange in the foreign exchange market on the respective account closing dates. The foreign exchange gains and losses from translation are recognized in the accompanying consolidated statements of income. Assets or liabilities of overseas consolidated subsidiaries, etc. are translated into yen based on the spot rate of exchange in the foreign exchange market on the account closing date, while revenue and expenses are translated into yen based on the average rate of exchange for the fiscal year. The differences resulting from such translations are included in "Foreign currency translation adjustment" under net assets.

(6) Amortization method and amortization period of goodwill

Goodwill is primarily amortized in equal amounts over a period of five years. However, in cases where goodwill is immaterial in amount, such goodwill is written off in full in the accrued fiscal year.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flow

“Cash and cash equivalents” include cash on hand, time deposit which can be withdrawn on demand and short-term investments, with little risk of fluctuation in value and maturity within three months or less of the acquisition date, which are promptly convertible to cash.

(8) Important standards of accounting for revenue and expenses

The Company group is engaged in the development, manufacture, and sale, etc. of entertainment products in the home entertainment field. Specifically, the Company group sells products such as video game hardware, software, and accessories, and also provides various services such as Nintendo Switch Online. In addition, it sells services and content for mobile applications.

The details of the main performance obligations concerning revenue arising from contracts with customers in the Company group’s major businesses, and the usual timing of the fulfillment of these performance obligations (the usual timing of revenue recognition) are as follows.

(i) Dedicated video game platforms

The transaction price is deemed to be the consideration expected to be received in return for the product or service. Because this consideration is generally expected to be received within one year after performance obligations have been fulfilled, it does not contain a significant element of financing. The Company generally recognizes revenue in the full amount of this consideration. However, in cases such as downloadable software from software publishers, the Company recognizes revenue equal to the amount of sales commission that the Company group will receive.

Regarding revenue from sales of products such as hardware, software, and accessories, control is usually deemed to be transferred to the customer, and performance obligations fulfilled, on the day when these products are scheduled to arrive at the place designated by the customer. However, in the case of downloadable software and add-on content, performance obligations are deemed to be fulfilled when the product or content becomes available for the customer to use. Therefore, in the case of advance sales, or when add-on content is yet to be distributed, revenue recognition is deferred until the date when the software or content becomes available for the customer to use. When add-on content is distributed in multiple stages, the standalone selling price at each stage is estimated from observable information, and the transaction price is allocated between each stage. The unused portion of the pre-charged balances used to purchase products and services on e-commerce websites operated by the Company group is recognized as revenue in proportion to customer usage patterns.

Some of the Company group’s products include a performance obligation to enable customers to update the product free of charge. In cases such as these, the Company estimates the standalone selling price of the update and the date when the update will become available for use. The performance obligation associated with the portion of the transaction price allocated to the update is deemed fulfilled on this date.

Among the services provided by the Company group, performance obligations for paid membership services such as Nintendo Switch Online are deemed to be progressively fulfilled throughout the subscription period, as services are provided throughout this period.

The Company group also provides a rewards program that allows customers to exchange points for the Company’s products and services in the future. For points that arise in association with the sale of products or services, the Company estimates the standalone selling price to be allocated to the portion of the points expected to be used. The transaction price is allocated between the product or service and the points expected to be used. For the rewards program, performance obligations are deemed to be fulfilled when the customer uses the points.

(ii) Mobile and IP related income, etc.

For mobile and IP-related income, etc. from the sale of mobile applications, performance obligations are deemed to be fulfilled when the application becomes available for the customer to use. For in-game currency sold on mobile applications, performance obligations are deemed to be fulfilled when the customer uses the currency. Performance obligations for paid membership services are deemed to be progressively fulfilled throughout the subscription period.

For IP related income, revenue is generally recognized as customers use the Company’s IP.

(Significant accounting estimates)

Valuation of inventories

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Inventories	¥86,817 million	¥204,183 million	USD 1,687 million

(2) Information on the details of significant accounting estimates related to the identified items

The Company group recorded inventories of ¥204,183 million (USD 1,687 million) on the consolidated balance sheets for the fiscal year ended March 31, 2022. Of this amount, finished goods accounted for ¥96,301 million (USD 795 million), including a write-down on finished goods of ¥14,256 million (USD 117 million).

The moving average cost method is the main method used for the valuation of inventory (the value shown on the balance sheets represents book value reduced in accordance with declines in profitability). This method of inventory valuation focuses on factors such as inventory turnover rates based on past sales results, and market conditions, to estimate the possibility of achieving future sales plans. Product lifecycle in the Company group's businesses is relatively short, and there is therefore a degree of uncertainty regarding the probability that finished goods will be sold. The closing balance of inventories and cost of sales for the fiscal period will be affected if net selling price and recoverable amount fall below expectations, or, if sales of products for which a valuation write-down was previously recorded exceed sales plans.

Valuation of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Deferred tax assets	¥82,819 million	¥87,996 million	USD 727 million

(2) Information on the details of significant accounting estimates related to the identified items

The Company group recorded deferred tax assets of ¥87,996 million (USD 727 million) for the fiscal year ended March 31, 2022.

Deferred tax assets are recorded for deductible differences that the Company considers are likely to reduce taxable income in the future, based on a rational estimation of future taxable income. The valuation of deferred tax assets is considered in view of estimates of future taxable income based on business plans, after the application of Japanese corporate accounting standards (JGAAP) for the Company and its subsidiaries in Japan, and International Financial Reporting Standards (IFRS) or United States accounting standards (USGAAP) for subsidiaries overseas. The Company generates a stable taxable income, and it is assumed that no substantial change in future business results is anticipated. However, the Company group's businesses represent one part of the broad entertainment sector, and they are affected by the market environment brought about by various entertainment trends. Estimates of future taxable income are therefore subject to the impact of business plans, etc., which are inherently uncertain. If future taxable income results should differ from expectations, then the valuation of deferred tax assets will change, and this will have an impact on income taxes-deferred.

(Change in accounting procedures)

Application of the Accounting Standard for Revenue Recognition

Effective at the beginning of the fiscal year ended March 31, 2022, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Under this standard, revenue is recognized at the amount expected to be received for the goods or services and at the time control of the promised goods or services is transferred to the customer.

Under the new standard, if the seller is obligated to buy back goods included in paid-for transactions, those goods are no longer recognized as extinguished when they are paid for. As a result, at the end of the consolidated fiscal year ended March 31, 2022, inventories and other current liabilities increased by ¥36,559 million (USD 302 million). These were previously recognized as the extinguishment of paid-for services.

The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment stipulated in Paragraph 84, but because there is no cumulative impact on profit or loss, the balance of retained earnings at the beginning of the period has not been adjusted. The impact on the consolidated financial statements is immaterial.

Application of the Accounting Standard for Fair Value Measurement

Effective at the beginning of the fiscal year ended March 31, 2022, the Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019). Requirements of this accounting standard will be applied prospectively, subject to the transitional treatment stipulated in Paragraph 19 of the standard as well as Article 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10 of July 4, 2019). There is no impact on the consolidated financial statements.

(Change in presentation method)

(Notes to consolidated statements of income)

"Loss on redemption of investment securities," which had been presented independently under "Non-operating expenses" in the fiscal year ended March 31, 2021, became immaterial in amount and is thus presented as a component of "Other" from the fiscal year ended March 31, 2022. Additionally, "Commission for purchase of treasury shares," which had been included in "Other" under "Non-operating expenses" in the fiscal year ended March 31, 2021, became material in amount and is thus presented independently from the fiscal year ended March 31, 2022. In order to reflect this change in the presentation method, reclassification was performed with respect to the consolidated financial statements for the fiscal year ended March 31, 2021.

As a result, "Loss on redemption of investment securities" in the amount of ¥1,013 million (USD 8 million) and "Other" in the amount of ¥160 million (USD 1 million) that had been presented under "Non-operating expenses" in the consolidated statements of income for the fiscal year ended March 31, 2021 were reclassified into "Commission for purchase of treasury shares" and "Other" in the amounts of ¥0 million (USD 0 million) and ¥1,174 million (USD 9 million), respectively.

(Notes to consolidated statements of cash flows)

"Purchase of treasury shares," which had been included in "Other, net" under "Cash flows from financing activities" in the fiscal year ended March 31, 2021, became material in amount and is thus presented independently from the fiscal year ended March 31, 2022. In order to reflect this change in the presentation method, reclassification was performed with respect to the consolidated financial statements for the fiscal year ended March 31, 2021.

As a result, "Other, net" in the amount of ¥(916) million (USD (7) million) that had been presented under "Cash flows from financing activities" in the consolidated statements of cash flows for the fiscal year ended March 31, 2021 was reclassified into "Purchase of treasury shares" and "Other, net" in the amounts of ¥(67) million (USD (0) million) and ¥(848) million (USD (7) million), respectively.

Notes to consolidated balance sheets

*1. The amounts of receivables arising from contracts with customers among notes and accounts receivable - trade are as follows:

	Current fiscal year (As of March 31, 2022)	
Notes receivable - trade	¥610 million	USD 5 million
Accounts receivable - trade	¥140,476 million	USD 1,160 million

*2. Inventories as of March 31, 2021 and 2022 were as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Finished goods	¥70,544 million	¥96,301 million	USD 795 million
Work in process	3,718	69	0
Raw materials and supplies	¥12,554 million	¥107,812 million	USD 891 million

*3. Accumulated depreciation of property, plant and equipment as of March 31, 2021 and 2022 were as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Accumulated depreciation	¥72,872 million	¥78,988 million	USD 652 million

*4. Investments in unconsolidated subsidiaries and associates as of March 31, 2021 and 2022 were as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Investment securities	¥53,511 million	¥83,734 million	USD 692 million

*5. Among "Others," the amount of contract liabilities as of March 31, 2022 was as follows:

	Current fiscal year (As of March 31, 2022)	
Contract liabilities	¥131,139 million	USD 1,083 million

Notes to consolidated statements of income

***1. The ending inventory balance is the amount after write-down of book value due to decline in profitability, and the loss on valuation of inventories included in cost of sales for the years ended March 31, 2021 and 2022 were as follows:**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Loss on valuation of inventories	¥4,364 million	¥5,343 million	USD 44 million

***2. The major items of selling, general and administrative expenses for the years ended March 31, 2021 and 2022 were as follows:**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Research and development expenses	¥93,187 million	¥102,182 million	USD 844 million
Advertising expenses	84,450	93,838	775
Salaries, allowances and bonuses	33,659	36,802	304
Depreciation	10,613	7,820	64
Retirement benefit expenses	3,807	3,865	31
Provision for bonuses	1,403	1,439	11
Provision of allowance for doubtful accounts	¥335 million	¥86 million	USD 0 million

***3. Research and development expenses included in general and administrative expenses and manufacturing costs for the years ended March 31, 2021 and 2022 were as follows:**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Research and development expenses	¥93,253 million	¥102,199 million	USD 844 million

***4. Gain on sale of non-current assets for the years ended March 31, 2021 and 2022 were as follows:**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Land	¥2,514 million	Machinery, equipment and vehicles	¥1 million USD 0 million
Machinery, equipment and vehicles	1		
Total	¥2,516 million	Total	¥1 million USD 0 million

***5. Loss on disposal of non-current assets for the years ended March 31, 2021 and 2022 were as follows:**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Buildings and structures	¥207 million	Buildings and structures	¥46 million USD 0 million
Machinery, equipment and vehicles	19	Tools, furniture and fixtures	15 0
Tools, furniture and fixtures	17	Software	11 0
Other	3		
Total	¥247 million	Total	¥73 million USD 0 million

Notes to consolidated statements of comprehensive income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥31,949 million	¥(145) million	USD (1) million
Reclassification adjustments	947	(342)	(2)
Amount before tax effects	32,896	(487)	(4)
Tax effects	(9,759)	69	0
Valuation difference on available-for-sale securities	23,137	(417)	(3)
Foreign currency translation adjustment:			
Amount arising during the fiscal year	25,405	49,777	411
Reclassification adjustments	-	-	-
Amount before tax effects	25,405	49,777	411
Tax effects	-	-	-
Foreign currency translation adjustment	25,405	49,777	411
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the fiscal year	(974)	3,424	28
Reclassification adjustments	(38)	-	-
Share of other comprehensive income of entities accounted for using equity method	(1,013)	3,424	28
Total other comprehensive income	¥47,530 million	¥52,784 million	USD 436 million

Notes to consolidated statements of changes in equity

Previous fiscal year (From April 1, 2020 to March 31, 2021)

1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common shares	131,669,000	-	-	131,669,000

2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common shares	12,545,354	904	25	12,546,233

(Summary of causes of changes)

Increase in treasury shares was due to acquisitions in line with buyback requests for shares less than one unit, and decrease in treasury shares was due to sales in line with selling requests for shares less than one unit.

3. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2020	Common shares	¥97,681 million	¥820	March 31, 2020	June 29, 2020
Meeting of Board of Directors held on November 5, 2020	Common shares	¥96,489 million	¥810	September 30, 2020	December 1, 2020

(2) Dividend payments for which the record date is in the fiscal year ended March 31, 2021, and the effective date is in the following fiscal year

Resolution	Type of share	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2021	Common shares	¥167,963 million	Retained earnings	¥1,410	March 31, 2021	June 30, 2021

Current fiscal year (From April 1, 2021 to March 31, 2022)

1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares	131,669,000	-	1,800,000	129,869,000

(Summary of causes of changes)

Decrease in outstanding shares was due to the cancellation of treasury shares based on the resolution of the meeting of the Board of Directors held on August 5, 2021.

2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares	12,546,233	1,800,789	1,800,000	12,547,022

(Summary of causes of changes)

Among the increase in treasury shares, the increase of 789 shares was due to acquisitions in line with buyback requests for shares less than one unit, and the increase of 1,800,000 shares was due to the acquisition through market purchase on the Tokyo Stock Exchange based on the resolution of the meeting of the Board of Directors held on August 5, 2021.

Decrease in treasury shares was due to the cancellation of treasury shares based on the resolution of the meeting of the Board of Directors held on August 5, 2021.

3. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2021	Common shares	¥167,963 million	¥1,410	March 31, 2021	June 30, 2021
Meeting of Board of Directors held on November 4, 2021	Common shares	¥72,739 million	¥620	September 30, 2021	December 1, 2021

(2) Dividend payments for which the record date is in the fiscal year ended March 31, 2022, and the effective date is in the following fiscal year

Resolution	Type of share	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2022	Common shares	¥165,423 million [USD 1,367 million]	Retained earnings	¥1,410 [USD 11.00]	March 31, 2022	June 30, 2022

Notes to consolidated statements of cash flow

*1. “Cash and cash equivalents at end of period” were reconciled to “Cash and deposits” in the accompanying consolidated balance sheets as of March 31, 2021 and 2022 as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Cash and deposits	¥1,185,151 million	¥1,206,506 million	USD 9,971 million
Time deposits with maturity of more than three months	(310,315)	(304,527)	(2,516)
Short-term investments with maturity of three months or less	57,243	120,739	997
Cash and cash equivalents	¥932,079 million	¥1,022,718 million	USD 8,452 million

Lease transactions

1. Finance lease transactions

Information of finance leases as of March 31, 2021 and 2022 were omitted as they are immaterial.

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Due within one year	¥838 million	¥896 million	USD 7 million
Due after one year	3,155	2,579	21
Total	¥3,994 million	¥3,475 million	USD 28 million

Financial instruments

1. Condition of financial instruments

(1) Policy for measures relating to financial instruments

Nintendo (the Company and its consolidated subsidiaries) invests its funds in highly safe financial assets such as deposits. Nintendo utilizes derivatives to reduce risk as described below and for the purpose of improving the investment yield on short-term financial assets, and does not enter into transactions for speculative purposes.

(2) Details of financial instruments, related risks, and risk management system

Notes and accounts receivable - trade are exposed to credit risk from customers. In order to reduce this risk, Nintendo monitors the financial position and transaction history, assesses creditworthiness and sets a transaction limit for each customer. Since bonds included in securities and investment securities are mainly those that are held to maturity and issued by financial institutions and international institutions that have high creditworthiness, the credit risk is minimal. Such bonds are also subject to foreign currency exchange risk and market risk. Nintendo closely monitors the market price of such bonds and the financial position of the issuer and reviews their status on a regular basis. Stocks included in investment securities are mainly those of companies with which the Company has business relationships. These stocks are exposed to market risk, but the balance held is immaterial.

Notes and accounts payable - trade and income taxes payable are all due within one year.

Derivative transactions include foreign exchange forward contracts, non-deliverable forward contracts and currency option contracts etc. to reduce risk of exchange rate fluctuations arising from deposits and receivables, etc. denominated in foreign currencies. These transactions are conducted by the Finance Department of the Company and the departments in charge of financial matters of its consolidated subsidiaries after securing approval from the president or the executive officer in charge within limits such as balance of foreign currency deposits during the period. The status of derivative transactions is reported to the executive officer in charge and the Board of Directors on a regular basis. Since counterparties of such transactions are limited to financial institutions that have high creditworthiness, Nintendo judges that risk due to default is minimal.

(3) Supplementary explanation regarding fair values of financial instruments

As variable factors are incorporated into the measurement of the fair values of financial instruments, the values may vary depending on the assumptions used. In addition, the contract amounts of the derivative transactions described in "Derivative transactions" do not represent the market risk of derivative transactions.

2. Fair value of financial instruments

The book value on the consolidated balance sheets, fair value, and differences between them as of March 31, 2021 and 2022 were as follows. The presentation of cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and income taxes payable has been omitted due to being cash, or as the settlement periods are short and the market values thereof are essentially equal to the book values.

Previous fiscal year (As of March 31, 2021)

(Millions of yen)			
	Book value	Fair value	Difference
Short-term and long-term investment securities			
Held-to-maturity debt securities	379,832	379,833	0
Other securities	332,501	332,501	-
Total assets	712,333	712,334	0
Derivatives	(143)	(143)	-

Current fiscal year (As of March 31, 2022)

(Millions of yen)			
	Book value	Fair value	Difference
Short-term and long-term investment securities			
Held-to-maturity debt securities	351,912	351,905	(6)
Other securities	375,275	375,275	-
Total assets	727,188	727,181	(6)
Derivatives	(69)	(69)	-

(Millions of dollars)			
	Book value	Fair value	Difference
Short-term and long-term investment securities			
Held-to-maturity debt securities	2,908	2,908	(0)
Other securities	3,101	3,101	-
Total assets	6,009	6,009	(0)
Derivatives	(0)	(0)	-

(Notes) 1. Consolidated balance sheets amount of financial instruments for which the fair value is deemed extremely difficult to determine

	Previous fiscal year (As of March 31, 2021)
Unlisted stocks	¥59,736 million

These are not included in "Short-term and long-term investment securities."

2. Consolidated balance sheets amount of stocks, etc. without market prices

	Current fiscal year (As of March 31, 2022)	
Unlisted stocks	¥89,861 million	USD 742 million

These are not included in "Short-term and long-term investment securities."

3. The receivables and payables resulting from derivative transactions are indicated in net amounts. In the case that the net total is a payable, the amount is shown in parentheses.

4. Redemption schedule for monetary receivables and securities with maturity subsequent to the consolidated account closing date

Previous fiscal year (As of March 31, 2021)

(Millions of yen)

	Due within one year	Due after one year and within five years	Due after five years and within ten years
Cash and deposits	1,185,151	-	-
Notes and accounts receivable - trade	140,570	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	346,162	-	-
Money held in trust	13,000	-	-
Corporate and government bonds	20,660	-	-
Other securities with maturity			
Certificate of deposits	7,704	-	-
Corporate and government bonds	170,556	31,017	-
Other	54	19,572	15,557
Total	1,883,859	50,590	15,557

Current fiscal year (As of March 31, 2022)

(Millions of yen)

	Due within one year	Due after one year and within five years	Due after five years and within ten years
Cash and deposits	1,206,506	-	-
Notes and accounts receivable - trade	141,087	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	323,024	-	-
Money held in trust	13,000	-	-
Corporate and government bonds	15,873	-	-
Other securities with maturity			
Certificate of deposits	4,215	-	-
Corporate and government bonds	148,631	94,212	-
Other	128	34,790	17,740
Total	1,852,467	129,002	17,740

(Millions of dollars)

	Due within one year	Due after one year and within five years	Due after five years and within ten years
Cash and deposits	9,971	-	-
Notes and accounts receivable - trade	1,166	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	2,669	-	-
Money held in trust	107	-	-
Corporate and government bonds	131	-	-
Other securities with maturity			
Certificate of deposits	34	-	-
Corporate and government bonds	1,228	778	-
Other	1	287	146
Total	15,309	1,066	146

3. Breakdown of Financial Instruments by Level of Fair Value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair values: Fair values calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair values: Fair values calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial assets and financial liabilities recorded on the consolidated balance sheets at fair value

Current fiscal year (As of March 31, 2022)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Other securities				
Equity securities	77,299	-	-	77,299
Debt securities	-	292,608	-	292,608
Other	1,156	4,211	-	5,367
Total assets	78,456	296,819	-	375,275
Derivatives				
Currency-related	(69)	-	-	(69)
Total liabilities	(69)	-	-	(69)

(Millions of dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Other securities				
Equity securities	638	-	-	638
Debt securities	-	2,418	-	2,418
Other	9	34	-	44
Total assets	648	2,453	-	3,101
Derivatives				
Currency-related	(0)	-	-	(0)
Total liabilities	(0)	-	-	(0)

(2) Financial assets and financial liabilities not recorded on the consolidated balance sheets at fair value
Current fiscal year (As of March 31, 2022)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Held-to-maturity debt securities				
Debt securities	-	15,880	-	15,880
Other	336,024	-	-	336,024
Total assets	336,024	15,880	-	351,905

(Millions of dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Held-to-maturity debt securities				
Debt securities	-	131	-	131
Other	2,777	-	-	2,777
Total assets	2,777	131	-	2,908

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Short-term and long-term investment securities

Listed shares, Japanese government bonds, bonds, etc. are mainly valued using market prices. Because listed shares and some Japanese government bonds are traded in active markets, their fair value is classified as Level 1. The fair value of other securities and investment securities is classified as Level 2, because they are not considered to have market prices in active markets. If market prices cannot be obtained, fair value is calculated using valuation techniques such as the discounted present value of future cash flows, with inputs including swap rates, credit spreads, and liquidity premiums.

Derivative transactions

The fair value of derivative transactions for which market prices are available for reference is classified as Level 1.

Securities

1. Held-to-maturity debt securities

Previous fiscal year (As of March 31, 2021)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	3,110	3,112	1
Securities whose fair value does not exceed their book value on the consolidated balance sheets	376,721	376,720	(1)
Total	379,832	379,833	0

Current fiscal year (As of March 31, 2022)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	-	-	-
Securities whose fair value does not exceed their book value on the consolidated balance sheets	351,912	351,905	(6)
Total	351,912	351,905	(6)

(Millions of dollars)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	-	-	-
Securities whose fair value does not exceed their book value on the consolidated balance sheets	2,908	2,908	(0)
Total	2,908	2,908	(0)

2. Other securities

Previous fiscal year (As of March 31, 2021)

	Book value	Acquisition cost	Difference
(Millions of yen)			
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	76,053	29,075	46,977
Debt securities	150,725	149,773	952
Other	7,718	7,699	19
Sub-total	234,497	186,548	47,949
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	44	46	(2)
Debt securities	87,274	87,296	(22)
Other	10,684	10,684	-
Sub-total	98,003	98,028	(24)
Total	332,501	284,576	47,924

Current fiscal year (As of March 31, 2022)

	Book value	Acquisition cost	Difference
(Millions of yen)			
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	76,920	28,654	48,265
Debt securities	67,368	65,879	1,488
Other	-	-	-
Sub-total	144,288	94,534	49,754
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	379	450	(70)
Debt securities	225,239	227,593	(2,353)
Other	5,367	5,372	(4)
Sub-total	230,987	233,415	(2,427)
Total	375,275	327,949	47,326

	Book value	Acquisition cost	Difference
(Millions of dollars)			
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	635	236	398
Debt securities	556	544	12
Other	-	-	-
Sub-total	1,192	781	411
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	0	0	(0)
Debt securities	1,861	1,880	(19)
Other	44	44	(0)
Sub-total	1,908	1,929	(20)
Total	3,101	2,710	391

3. Other securities sold during the fiscal years ended March 31, 2021 and 2022

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	58,088	21	(1)
Other	131,034	40	-
Total	189,122	62	(1)

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	216,266	40	(85)
Other	121,788	356	-
Total	338,055	397	(85)

(Millions of dollars)

	Amount sold	Total gain	Total loss
Debt securities	1,787	0	(0)
Other	1,006	2	-
Total	2,793	3	(0)

Derivative transactions

Derivative contracts not qualifying for hedge accounting

Currencies

Previous fiscal year (As of March 31, 2021)

(Millions of yen)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian dollar	5,219	-	(7)	(6)
	Selling British pound	8,421	-	(136)	(129)
	Total	-	-	-	(136)

Current fiscal year (As of March 31, 2022)

(Millions of yen)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian dollar	5,971	-	(95)	(87)
	Selling British pound	4,646	-	25	24
	Total	-	-	-	(63)

(Millions of dollars)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian dollar	49	-	(0)	(0)
	Selling British pound	38	-	0	0
	Total	-	-	-	(0)

Retirement benefits

1. Summary of retirement benefit plans adopted

The Company has a defined benefit corporate pension plan and a lump-sum severance payment plan which are defined benefit plans. Certain consolidated subsidiaries have defined contribution plans as well as defined benefit plans. The Company and certain consolidated subsidiaries may also pay extra retirement allowance to employees. Certain consolidated subsidiaries adopt a simple method to calculate retirement benefit obligation.

2. Defined benefit plans

- (1) Reconciliation between beginning balance and ending balance of retirement benefit obligations (excluding those under the plan in which a simple method is applied)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit obligations	63,448	67,814	560
Current service costs	3,154	3,218	26
Interest cost	1,078	1,193	9
Actuarial gains and losses	261	(3,904)	(32)
Retirement benefits paid	(925)	(988)	(8)
Past service cost	-	2,357	19
Other	-	(15)	(0)
Foreign currency translation difference	797	3,948	32
Ending balance of retirement benefit obligations	67,814	73,624	608

- (2) Reconciliation between beginning balance and ending balance of plan assets (excluding those under the plan in which a simple method is applied)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of plan assets	49,696	55,318	457
Expected return on assets	1,474	1,600	13
Actuarial gains and losses	2,207	(2,846)	(23)
Contribution by the business operator	2,273	1,902	15
Retirement benefits paid	(833)	(923)	(7)
Other	-	-	-
Foreign currency translation difference	501	2,462	20
Ending balance of plan assets	55,318	57,513	475

- (3) Reconciliation between beginning balance and ending balance of retirement benefit liability under the plan in which a simple method is applied

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit liability	290	299	2
Retirement benefit expenses	58	100	0
Retirement benefit payment	(8)	(4)	(0)
Contribution into plan	(40)	(41)	(0)
Other	-	-	-
Foreign currency translation difference	(0)	0	0
Ending balance of retirement benefit liability	299	354	2

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability and retirement benefit asset recorded in consolidated balance sheets

	Previous fiscal year	Current fiscal year	
	(As of March 31, 2021)	(As of March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Retirement benefit obligations for funded plans	55,547	58,535	483
Plan assets	(55,950)	(58,179)	(480)
	(402)	355	2
Retirement benefit obligations for unfunded plans	13,198	16,110	133
Net amounts of liabilities and assets recorded in consolidated balance sheets	12,795	16,465	136
Retirement benefit liability	21,001	25,063	207
Retirement benefit asset	(8,205)	(8,597)	(71)
Net amounts of liabilities and assets recorded in consolidated balance sheets	12,795	16,465	136

(Note) Includes those under the plan in which a simple method is applied.

(5) Retirement benefit expenses and their breakdown

	Previous fiscal year	Current fiscal year	
	(From April 1, 2020 to March 31, 2021)	(From April 1, 2021 to March 31, 2022)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Current service costs	3,212	3,318	27
Interest cost	1,078	1,193	9
Expected return on assets	(1,474)	(1,600)	(13)
Amortization of actuarial gains and losses treated as expenses	(1,945)	(1,057)	(8)
Amortization of past service cost treated as expenses	-	2,357	19
Other	135	183	1
Retirement benefit expenses for defined benefit plan	1,006	4,395	36

(Note) Retirement benefit expenses of consolidated subsidiaries applying a simple method are recorded in "Current service costs."

(6) Plan assets

a. Main components of plan assets

The ratios of components to plan assets by major category are as follows.

	Previous fiscal year	Current fiscal year
	(As of March 31, 2021)	(As of March 31, 2022)
Equity securities	19%	15%
Debt securities	70	64
Other	11	21
Total	100%	100%

b. Method for establishing expected long-term return rate on plan assets

In order to determine expected long-term return rate on plan assets, the present as well as expected future allocation of plan assets, along with the present as well as expected long-term rate of return on various assets comprising plan assets, are considered.

(7) Matters concerning the basis for actuarial calculation

The main calculation bases for actuarial gains or losses are as follows.

	Previous fiscal year	Current fiscal year
	(From April 1, 2020 to March 31, 2021)	(From April 1, 2021 to March 31, 2022)
Discount rate	0.3% to 2.9%	0.6% to 3.5%
Expected long-term return rate on plan assets	2.0% to 4.0%	2.0% to 4.0%

3. Defined contribution plans

The amount of contribution required for the defined contribution plans at certain consolidated subsidiaries was ¥2,588 million for the year ended March 31, 2021 and ¥2,872 million (USD 23 million) for the year ended March 31, 2022.

Income taxes

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)	
Deferred tax assets			
Research and development expenses	¥42,405 million	¥50,857 million	USD 420 million
Revenue recognition for tax purposes	19,696	24,668	203
Unrealized intra-group profit and write-downs on inventory	16,151	19,256	159
Accounts payable - other and accrued expenses	12,122	12,264	101
Retirement benefit liability	5,579	6,745	55
Accrued enterprise tax	7,907	4,471	36
Excess depreciation of deferred assets	5,770	4,046	33
Other	11,078	10,804	89
Deferred tax assets subtotal	120,713	133,114	1,100
Valuation allowance	(598)	(1,996)	(16)
Total deferred tax assets	120,115	131,118	1,083
Deferred tax liabilities			
Undistributed retained earnings of subsidiaries and associates	(17,655)	(22,279)	(184)
Valuation difference on available-for-sale securities	(14,362)	(14,291)	(118)
Other	(5,277)	(6,549)	(54)
Total deferred tax liabilities	(37,295)	(43,121)	(356)
Net deferred tax assets	¥82,819 million	¥87,996 million	USD 727 million

2. Significant factors in the difference between the statutory tax rate and effective tax rate

The information was omitted as the difference between the statutory tax rate and the effective tax rate after tax effect accounting was no more than 5% of the statutory tax rate in the fiscal years ended March 31, 2021 and 2022.

Asset retirement obligations

Information on asset retirement obligations was omitted as its amount is immaterial.

Real estate for rent

Information on real estate for rent was omitted as its amount is immaterial.

Revenue recognition

1. Breakdown of revenue arising from contracts with customers

The net sales of the Company group mainly comprise revenue recognized from contracts with customers. A breakdown of this revenue by goods, services, and geographical region is shown below.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	The Americas	Europe	Other	Total
Dedicated video game platforms	338,166	708,382	419,012	173,666	1,639,227
Of which Nintendo Switch platform*1	324,877	694,890	412,482	170,475	1,602,725
Of which the others*2	13,289	13,492	6,529	3,191	36,502
Mobile and IP related income*3	18,907	27,467	4,773	2,193	53,342
Other (playing cards, etc.)	1,783	987	-	2	2,773
Total	358,857	736,837	423,786	175,862	1,695,344

(Millions of dollars)

	Japan	The Americas	Europe	Other	Total
Dedicated video game platforms	2,794	5,854	3,462	1,435	13,547
Of which Nintendo Switch platform*1	2,684	5,742	3,408	1,408	13,245
Of which the others*2	109	111	53	26	301
Mobile and IP related income*3	156	227	39	18	440
Other (playing cards, etc.)	14	8	-	0	22
Total	2,965	6,089	3,502	1,453	14,011

*1 Nintendo Switch platform includes hardware, software (including downloadable versions of packaged software, download-only software, add-on content and Nintendo Switch Online) and accessories.

*2 Includes platforms other than Nintendo Switch and also amiibo.

*3 Includes income from smart-device content and royalty income.

2. Information fundamental for an understanding of revenue arising from contracts with customers

Information fundamental for an understanding of revenue arising from contracts with customers is as presented in “V. Financial Information, Consolidated financial statements, etc., Notes to Consolidated Financial Statements, Significant matters forming the basis of preparing the consolidated financial statements, 4. Accounting procedures, (8) Important standards of accounting for revenue and expenses.”

3. Information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, as well as the amount and timing of revenue from contracts with customers that existed at the end of the current fiscal year, which is expected to be recognized in subsequent fiscal years

(1) Balance of contract liabilities, etc.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Current fiscal year (From April 1, 2021 to March 31, 2022)
Receivables arising from contracts with customers (as of April 1, 2021)	140,570
Receivables arising from contracts with customers (as of March 31, 2022)	141,087
Contract liabilities (as of April 1, 2021)	110,217
Contract liabilities (as of March 31, 2022)	132,704

(Millions of dollars)

	Current fiscal year (From April 1, 2021 to March 31, 2022)
Receivables arising from contracts with customers (as of April 1, 2021)	1,161
Receivables arising from contracts with customers (as of March 31, 2022)	1,166
Contract liabilities (as of April 1, 2021)	910
Contract liabilities (as of March 31, 2022)	1,096

Of the revenue recognized in the fiscal year ended March 31, 2022, ¥82,976 million (USD 685 million) was included in contract liabilities as of April 1, 2021.

(2) Transaction price allocated to remaining performance obligations

As of March 31, 2022, the total amount of transaction price allocated to unfulfilled (or partially unfulfilled) performance obligations associated with pre-charged balances used to purchase products and services on e-commerce websites operated by the Company group was ¥33,152 million (USD 273 million). The Company generally expects to fulfill these performance obligations and recognize revenue within one year.

The total amount of transaction price allocated to unfulfilled (or partially unfulfilled) performance obligations associated with transactions where the Company provides products to software publishers or sales agents was ¥23,439 million (USD 193 million). The Company generally expects to fulfill these performance obligations and recognize revenue within one year.

The amounts above do not include unfulfilled (or partially unfulfilled) performance obligations associated with advance sales, the distribution of add-on content, or subscription services, where the contract term is originally expected not to exceed one year, in accordance with the provisions of Paragraph 80-22 (1) of the Accounting Standard.

Segment information, etc.

Segment information

The main business of Nintendo is developing, manufacturing, and distributing handheld and home game console hardware and related software. Development and manufacturing of products for worldwide use are primarily done by the Company while distribution is done mainly by local subsidiaries. Nintendo operates as a single operating segment with a single distribution channel and market for Nintendo's products and with each major subsidiary solely responsible for distributing. Decision for allocation of the management resources and evaluation of business results are made on a company-wide basis, not on a product category or region basis. Therefore, segment information is omitted.

Related information

Previous fiscal year (From April 1, 2020 to March 31, 2021)

1. Information about products and services

(Millions of yen)

	Nintendo Switch Platform	Other	Total
Sales to third parties	1,666,405	92,504	1,758,910

2. Information by geographic region

(1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		from U.S.			
397,443	731,168	624,894	441,097	189,200	1,758,910

(Note) Net sales are categorized by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
56,129	20,179	7,260	83,569

(Note) Property, plant and equipment are categorized by country based on location.

3. Information about major customers

Of sales to third parties, no major customer accounts for 10% or more of net sales in the consolidated financial statements of income.

Current fiscal year (From April 1, 2021 to March 31, 2022)

1. Information about products and services

(Millions of yen)

	Nintendo Switch Platform	Other	Total
Sales to third parties	1,602,725	92,618	1,695,344

(Millions of dollars)

	Nintendo Switch Platform	Other	Total
Sales to third parties	13,245	765	14,011

2. Information by geographic areas

(1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		from U.S.			
358,857	736,837	633,135	423,786	175,862	1,695,344

(Millions of dollars)

Japan	The Americas		Europe	Other	Total
		from U.S.			
2,965	6,089	5,232	3,502	1,453	14,011

(Note) Net sales are categorized by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
56,258	21,129	7,777	85,164

(Millions of dollars)

Japan	U.S.	Other	Total
464	174	64	703

(Note) Property, plant and equipment are categorized by country based on location.

3. Information about major customers

Of sales to third parties, no major customer accounts for 10% or more of net sales in the consolidated financial statements of income.

Information about impairment loss of non-current assets by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about amortized and unamortized balances of goodwill by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about gain on bargain purchase by reportable segment

The information was omitted as Nintendo operates as a single operating segment.

Information about related party

1. Related party transactions

Not applicable.

2. Note about significant associates

Not applicable.

Per share information

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Net assets per share	¥15,734.79	¥17,635.60	USD 145.74
Profit per share	¥4,032.60	¥4,046.69	USD 33.44

(Notes) 1. Diluted profit per share is omitted as no residual securities were outstanding as of March 31, 2021 and 2022.

2. The basis of calculation of profit per share is as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Profit attributable to owners of parent	¥480,376 million	¥477,691 million	USD 3,947 million
Amount not attributable to common shareholders	-	-	-
Profit attributable to owners of parent related to common shares	¥480,376 million	¥477,691 million	USD 3,947 million
Average number of shares (common shares)	119,123 thousand shares	118,044 thousand shares	-

Significant subsequent events

1. Acquisition of treasury shares

At the meeting of the Board of Directors held on May 10, 2022, the Company resolved to acquire its own shares pursuant to Article 156 of the Companies Act, which shall be applied in accordance with provisions of Article 165, Paragraph 3 of the Companies Act, and decided the specific method of acquisition. The acquisition was executed as follows.

(1) Reason for acquisition

To improve capital efficiency as a flexible capital policy in accordance with the changes in the business environment.

(2) Details of acquisition

(1) Class of shares acquired	Common shares
(2) Number of shares acquired	899,500 shares
(3) Total amount of acquisition	¥50,695,820,000 (USD 418,973,719)
(4) Date of acquisition	May 11, 2022
(5) Method of acquisition	Purchase through the Tokyo Stock Exchange Trading Network System for Off-Auction Own Share Repurchase Trading (ToSTNeT-3)

2. Stock split

At the meeting of the Board of Directors held on May 10, 2022, the Company resolved to authorize a stock split of shares of its common stock and a partial amendment to the Articles of Incorporation and change in the Dividend Policy due to the stock split.

(1) Purpose of the stock split

To reduce the minimum investment price through the stock split, thereby increasing the liquidity of the Company's shares and further expanding the Company's investor base.

(Changes are underlined.)

Current Policy	Proposed Amendment
The annual dividend per share will be established at the higher of the amount calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the fiscal year rounded up to the <u>10</u> yen digit, or the amount calculated based on the 50% consolidated profit standard rounded up to the <u>10</u> yen digit. The end of 2nd quarter (interim) dividend per share is calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the six-month period rounded up to the <u>10</u> yen digit.	The annual dividend per share will be established at the higher of the amount calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the fiscal year rounded up to the <u>1</u> yen digit, or the amount calculated based on the 50% consolidated profit standard rounded up to the <u>1</u> yen digit. The end of 2nd quarter (interim) dividend per share is calculated by dividing 33% of consolidated operating profit by the total number of outstanding shares, excluding treasury shares, as of the end of the six-month period rounded up to the <u>1</u> yen digit.

(5) Other

Change in share capital

The Company's share capital shall not change due to the above stock split.

(6) Impact on per share information

Per share information calculated under the assumption that the stock split described above occurred at the beginning of the previous fiscal year is as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)	
Net assets per share	¥1,573.48	¥1,763.56	USD 14.57
Profit per share	¥403.26	¥404.67	USD 3.34

3. Introduction of a restricted stock compensation plan

At the meeting of the Board of Directors held on May 10, 2022, the Company reviewed the compensation plan for Directors and Executive Officers and resolved to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan"). In addition, a proposal of the Plan was discussed and approved at the 82nd Annual General Meeting of Shareholders held on June 29, 2022 (hereinafter referred to as the "General Meeting of Shareholders").

(1) Purpose of the introduction of the compensation plan

The Plan will be introduced to provide an incentive to the Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as "Eligible Directors") to continuously strive to improve the Company's corporate value and to further promote value sharing with shareholders.

(2) Overview of the Plan

1) Amount of compensation and number of shares to be issued to Directors

Eligible Directors will pay all monetary compensation claims provided by the Company as in-kind contributions in accordance with the Plan. In turn, they will receive the Company's common shares, to be either newly issued or by disposal of its treasury shares by the Company.

The total amount of monetary compensation claims payable to Eligible Directors will not exceed ¥100 million (USD 0 million) annually in accordance with the Plan (however, this does not include the portion of employee salaries payable to Directors who concurrently serve as employees). The total number of common shares that the Company will issue or dispose of will not exceed 1,000 shares annually (however, the total number of shares in question will be adjusted to a reasonable extent in the event of a share split (including gratis allocation of common shares of the Company) or share consolidation of the common shares of the Company, or under any other circumstances that arise on or after the resolution date of the General Meeting of Shareholders that require an adjustment of the number of common shares of the Company upon their issuance or disposal as restricted stocks). The amount to be paid per share will be determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately preceding each date of resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transactions were made on the day in question) to the extent that the amount is not especially advantageous to the Eligible Directors receiving the common shares. The exact timing and distribution to each Eligible Director will be determined by the Board of Directors based on a review by the non-mandatory Nomination Advisory Committee

comprised primarily of Outside Directors.

2) Restricted Stock Allotment Agreement

The issuance or disposal of the Company's common shares in accordance with the Plan will be subject to the Eligible Directors entering into a Restricted Stock Allotment Agreement with the Company, which includes the following: 1) Eligible Directors shall not transfer to third parties, create a security interest on, or otherwise dispose of the allotted common shares of the Company during the period from the date of allotment to immediately after retiring as a Director or Executive Officer of the Company (hereinafter referred to as the "Restriction Period") and 2) the Company may acquire the common shares in question for no fee under certain circumstances. During the Restriction Period, the common shares of the Company allotted to Eligible Directors will be managed in specialized accounts opened by the Eligible Directors at Nomura Securities Co., Ltd. to ensure that the Eligible Directors do not transfer, create security interest on, or otherwise dispose of the shares during the Restriction Period.

(v) Supporting schedules to the consolidated financial statements

Supplemental schedule of bonds

Not applicable.

Supplemental schedule of borrowings

Classification	Beginning balance	Ending balance	Average interest rate (%)	Payment due
Short-term loans payable	-	-	-	-
Long-term loans payable due within one year	-	-	-	-
Lease obligations due within one year	¥928 million [USD 7 million]	¥1,141 million [USD 9 million]	-	-
Long-term loans payable due after one year	-	-	-	-
Lease obligations due after one year	¥4,838 million [USD 39 million]	¥5,093 million [USD 42 million]	-	April 2023 - September 2030
Other interest-bearing liabilities	-	-	-	-
Total	¥5,767 million [USD 47 million]	¥6,235 million [USD 51 million]	-	-

(Notes) 1. The average interest rates of lease obligations are omitted as the interest equivalents are allocated to each fiscal year by the straight-line and interest methods.

2. With respect to lease obligations due after one year, the scheduled annual repayment amount within five years from the consolidated account closing date is as follows.

	More than one year but no more than two years (Millions of yen)	More than two years but no more than three years (Millions of yen)	More than three years but no more than four years (Millions of yen)	More than four years but no more than five years (Millions of yen)
Lease obligations	1,056	864	784	662

	More than one year but no more than two years (Millions of dollars)	More than two years but no more than three years (Millions of dollars)	More than three years but no more than four years (Millions of dollars)	More than four years but no more than five years (Millions of dollars)
Lease obligations	8	7	6	5

Supplemental schedule of asset retirement obligations

The information was omitted as the amounts of asset retirement obligations as of the beginning and end of the fiscal year ended March 31, 2022 were less than or equal to 1% of the total of liabilities and net assets as of the beginning and end of the fiscal year ended March 31, 2022.

(2) Other

Quarterly information of the fiscal year ended March 31, 2022

(Millions of yen)				
(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	322,647	624,272	1,320,219	1,695,344
Profit before income taxes	128,603	239,573	517,059	674,389
Profit attributable to owners of parent	92,747	171,834	367,387	477,691
Profit per share (Yen)	778.59	1,446.86	3,106.05	4,046.69

(Millions of dollars)				
(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	2,666	5,159	10,910	14,011
Profit before income taxes	1,062	1,979	4,273	5,573
Profit attributable to owners of parent	766	1,420	3,036	3,947
Profit per share (Dollars)	6.43	11.95	25.66	33.44

(Yen)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	778.59	667.91	1,666.80	940.18

(Dollars)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	6.43	5.51	13.77	7.77

Corporate Information

Common Shares

Nintendo Co., Ltd. common shares are listed on the Tokyo Stock Exchange, Prime Market.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders for the fiscal year ended March 31, 2022 was held on June 29, 2022 at Nintendo Co., Ltd. in Kyoto, Japan.

Independent Auditor

PricewaterhouseCoopers Kyoto
Kyoto, Japan

Contact Information

Investor Relations

Investor Relations Group
General Affairs Department
Nintendo Co., Ltd.
11-1 Hokotate-cho, Kamitoba, Minami-ku,
Kyoto 601-8501, Japan
Tel: +81-75-662-9600
E-mail: IR@nintendo.co.jp

Corporate Communications

Public Relations Group
Global Communications Department
Nintendo Co., Ltd.
11-1 Hokotate-cho, Kamitoba, Minami-ku,
Kyoto 601-8501, Japan
Tel: +81-75-662-9600

Communications Department
Nintendo of America Inc.
4600 150th Avenue NE
Redmond, WA 98052
Tel: +1-425-882-2040

For more information, please visit Nintendo's website.

Investor Relations Information

(includes Management Policy, IR Events, Financial Data and Stock Information)

<https://www.nintendo.co.jp/ir/en/index.html>

Company History

<https://www.nintendo.co.jp/corporate/en/history/index.html>

CSR Information

<https://www.nintendo.co.jp/csr/en/index.html>