

# **Annual Report 2020**

**for the fiscal year ended March 31, 2020**

**Nintendo Co., Ltd.**

## Table of Contents

Information on the Company .....	2
I. Overview of the Company .....	2
1. Key financial data and trends.....	2
2. History .....	3
3. Description of business.....	4
4. Subsidiaries and associates .....	5
5. Employees.....	7
II. Business Overview .....	8
1. Management policy, management environment, issues to address .....	8
2. Risk factors .....	9
3. Analysis of financial position, operating results and cash flow by the management.....	12
4. Material contracts, etc.....	16
5. Research and development activities .....	16
III. Equipment and Facilities .....	18
1. Overview of capital investments .....	18
2. Major facilities .....	18
3. Plans for new installation and retirement of equipment and facilities, etc. ....	19
IV. Profile of the Company.....	20
1. Status of shares and other relevant matters .....	20
2. Status of acquisition of treasury shares and other relevant matters .....	26
3. Dividend policy.....	28
4. Corporate governance .....	29
V. Financial Information.....	44
Consolidated financial statements, etc.....	44

These documents 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 ¥108 to 1 USD, the approximate current rate of exchange on March 31, 2020, has been applied for the purpose of presentation of the accompanying consolidated financial statements in US dollars. These amounts in US 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 US 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	76th	77th	78th	79th	80th	
Fiscal year ended March 31	2016	2017	2018	2019	2020	
Net sales (Millions of yen) (Millions of dollars)	¥504,459	¥489,095	¥1,055,682	¥1,200,560	¥1,308,519	USD 12,115
Operating profit (Millions of yen) (Millions of dollars)	32,881	29,362	177,557	249,701	352,370	3,262
Ordinary profit (Millions of yen) (Millions of dollars)	28,790	50,364	199,356	277,355	360,461	3,337
Profit attributable to owners of parent (Millions of yen) (Millions of dollars)	16,505	102,574	139,590	194,009	258,641	2,394
Comprehensive income (Millions of yen) (Millions of dollars)	(3,689)	104,525	134,090	200,341	236,490	2,189
Net assets (Millions of yen) (Millions of dollars)	1,160,901	1,250,972	1,323,574	1,414,798	1,540,900	14,267
Total assets (Millions of yen) (Millions of dollars)	1,296,902	1,468,452	1,633,474	1,690,304	1,934,087	17,908
Net assets per share (Yen) (Dollars)	9,662.73	10,412.59	10,980.45	11,833.91	12,933.51	119
Profit per share (Yen) (Dollars)	137.40	853.87	1,162.30	1,615.51	2,171.20	20
Diluted profit per share (Yen) (Dollars)	-	-	-	-	-	-
Capital adequacy ratio (%)	89.50	85.15	80.75	83.40	79.66	-
Return on equity (ROE) (%)	1.42	8.51	10.86	14.22	17.53	-
Price earnings ratio (PER) (Times)	116.45	30.26	40.32	19.54	19.16	-
Cash flows from operating activities (Millions of yen) (Millions of dollars)	55,190	19,101	152,208	170,529	347,753	3,219
Cash flows from investing activities (Millions of yen) (Millions of dollars)	(71,740)	69,518	61,387	45,353	(188,433)	(1,744)
Cash flows from financing activities (Millions of yen) (Millions of dollars)	(2,996)	(14,435)	(61,311)	(109,037)	(111,031)	(1,028)
Cash and cash equivalents at end of period (Millions of yen) (Millions of dollars)	¥258,095	¥330,974	¥484,480	¥585,378	¥621,402	USD 5,753
Number of employees (Persons)	5,064	5,166	5,501	5,944	6,200	-

(Notes) 1. Net sales do not include consumption taxes.

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

3. Effective beginning the 79th fiscal year, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (Accounting Standards Board of Japan (ASBJ) Guidance No.28 of February 16, 2018)." The accounting standard has been retrospectively applied to the major management indicators for the 78th fiscal year and earlier.

## 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 (currently a consolidated subsidiary), in Germany.
February 1993	Established a wholly-owned subsidiary, Nintendo France S.A.R.L. (currently a consolidated subsidiary), in France.
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. (currently a consolidated subsidiary), in South Korea.
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).

### 3. Description of business

In the field of home entertainment, Nintendo Co., Ltd., its subsidiaries and associates (composed of 27 subsidiaries and five associates as of March 31, 2020), primarily engage in the development, manufacture and sale 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., 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 Australia Pty Limited, Nintendo RU LLC., 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	Sale	100	-	1	-	Purchasing products manufactured by the Company	-
Nintendo of Canada Ltd.	Canada	Thousands of CAD 4,000	Sale	100 (100)	-	1	-	Purchasing products manufactured by the Company from Nintendo of America Inc.	-
Nintendo of Europe GmbH *1, 2	Germany	Thousands of EUR 30,000	Sale	100	-	1	-	Purchasing products manufactured by the Company	-
Nintendo France S.A.R.L. *1	France	Thousands of EUR 10,000	Sale	100	-	1	-	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Benelux B.V.	The Netherlands	Thousands of EUR 6,800	Sale	100	-	1	-	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Ibérica, S.A.	Spain	Thousands of EUR 3,000	Sale	100 (100)	-	1	-	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo RU LLC.	Russia	Millions of RUB 104	Sale	100 (100)	-	-	-	Purchasing products manufactured by the Company from Nintendo of Europe GmbH	-
Nintendo Australia Pty Limited	Australia	Thousands of AUD 8,500	Sale	100	-	1	-	Purchasing products manufactured by the Company	-
Nintendo of Korea Co., Ltd. *1	Korea	Millions of KRW 25,000	Sale	100	-	4	-	Purchasing products manufactured by the Company	-
iQue (China) Ltd. *1	China	Thousands of USD 29,000	Development	100 (100)	-	2	-	Entrusted development of software	-
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	-	-	Entrusted development of software	-
Retro Studios, Inc. *1	U.S.	Thousands of USD 10,001	Development	100	1	-	-	Entrusted development of software	-
Nintendo (Hong Kong) Limited	China	Thousands of HKD 49,300	Sale	100	-	3	-	Purchase of products manufactured by the Company and entrusted purchase of parts for products manufactured by the Company	-
Nintendo European Research and Development SAS	France	Thousands of EUR 300	Development	100 (100)	-	1	-	Entrusted development of software	-
Nintendo Sales Co., Ltd. *1, 2	Taito-ku, Tokyo	Millions of JPY 300	Sale	100	-	2	Granted	Purchasing products manufactured by the Company	Leasing of buildings, etc. owned by the Company

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)			
ND CUBE Co., Ltd.	Chuo-ku, Tokyo	Millions of JPY 483	Development	97	-	2	-	Entrusted development of software	-
1-UP Studio Inc.	Chiyoda-ku, Tokyo	Millions of JPY 90	Development	100	-	3	-	Entrusted development of software	-
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.	524,235	30,392	22,778	318,493	482,167
Nintendo of Europe GmbH	295,093	5,128	3,478	71,429	166,421
Nintendo Sales Co., Ltd.	226,512	10,691	7,369	23,334	74,751

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.	4,854	281	210	2,949	4,464
Nintendo of Europe GmbH	2,732	47	32	661	1,540
Nintendo Sales Co., Ltd.	2,097	98	68	216	692

(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	Sale and license of Pokémon related goods	32	1	-	-	Purchasing 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	Leasing of buildings owned by the Company
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, 2020

Number of employees (persons)	6,200
-------------------------------	-------

(Note) Number of employees means 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, 2020

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)
2,395	39.2	13.9	9,350,972 (USD 86,583)

(Notes) 1. Number of employees means 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, 2020, including extra wages and bonuses.

### (3) Labor unions

Labor unions do not exist in the Company but have been formed in 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 consolidated fiscal year ended March 31, 2020.

#### (1) Basic management policy

As a company that creates entertainment to bring smiles to people’s faces, Nintendo strives to create new forms of entertainment while maintaining a robust business structure. To expand our business, our highest emphasis is placed on providing users around the world with exciting forms of entertainment that they have never experienced before.

#### (2) Targeted management index

It is essential for us to provide new and entertaining products and services consistently. In doing so, Nintendo aims 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

In the market environment surrounding the Company group, the advancement of the Internet and social media is bringing about dramatic changes in the lifestyles of people around the world. Against the backdrop of the spread of smart devices, the “gaming population” is expanding rapidly beyond the bounds of the Company group's past initiatives.

Amid such changes in the environment, the Company group is seeking to deliver its entertainment to a wider range of consumers than ever before by recognizing Nintendo IP (including characters and worlds from its games) as its strength, in addition to developing integrated hardware-software products.

The Company group’s fundamental strategy is to expand the number of people who have access to Nintendo IP. We will develop unique products and services that are overwhelmingly fun to play and whose appeal is easy to understand at a glance. In addition, we will make active use of Nintendo IP to expand the scope and scale of entertainment we offer. We will promote business that capitalizes on the Nintendo Account to build long-term relationships with consumers.

In accordance with this fundamental strategy, we will keep our dedicated video game platform business at the core of our operations and continue to take challenges to offer products and services that everyone can enjoy, regardless of age, gender, or gaming experience. In addition, we will continue to expand the number of people who have access to Nintendo IP in areas other than the dedicated video game platform business. The mobile business is one of these target areas. We aim for expanding the scope of our business by creating opportunities for consumers to encounter Nintendo IP through smart devices, which have built an extensive installed base worldwide. In addition to the above, for the IP expansion business, we will increase the use of Nintendo characters in different areas through collaborations with our corporate partners, including theme park projects, film, and merchandising. By doing so, we intend to increase opportunities for consumers to see Nintendo IP in their everyday lives and enhance the value of Nintendo IP, the source of our competitive strength.

Through these efforts, we will pursue every possible business opportunity by offering Nintendo IP in a variety of different ways to consumers worldwide, and aim for achieving continual growth and adding value to our company.

We will continue to flexibly transform ourselves by adapting to changing times while constantly valuing the spirit of originality based on the belief that “the true value of entertainment lies in its uniqueness” - and will endeavor to continue providing products and services that people will be positively surprised and delighted by.

## 2. Risk factors

Listed below are the various risks that could significantly 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, 2020.

### (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 Japanese yen 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 implements measures such as increasing purchases in foreign currencies.

### (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 can be affected by trends in other segments of the entertainment field. 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 detrimental 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 a company that creates entertainment to bring smiles to people's faces, the Company group's fundamental strategy is to expand the number of people who have access to Nintendo IP (including characters and worlds from its games). We will develop unique products and services that are overwhelmingly fun to play and whose appeal is easy to understand at a glance. In addition, we will make active use of Nintendo IP to expand the scope and scale of entertainment we offer. We will promote business that capitalizes on the Nintendo Account to build long-term relationships with consumers and endeavor to expand our market share.

- 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 consumer preferences.

While development of hardware is time-consuming, with technology continuously advancing, the Company may not be able to equip technologies required for entertainment. Furthermore, delays of hardware launches could adversely affect market share.

Furthermore, 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 products.

- Product valuation and adequate inventory procurement

Given that products in the video game industry have relatively short life cycles, and are significantly impacted by consumers' 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 in order to guarantee supply based on forecasted demand.

- **Dependency on outside manufacturers**  
Nintendo commissions outside manufacturers to produce key components or assemble finished products. In the event one or more of these businesses fail, 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 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, societal violence, natural disasters or any other accidents in 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 crucial 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 holiday season. Should Nintendo fail to release attractive new products or supply hardware during that period, it would suffer unfavorable operating performance.
- **Problems in systems**  
Nintendo operates various Internet services, including competitive Internet-based games, download sales of digital software and service provision via Internet servers, in addition to providing information via the Internet. However, in the event of the termination or destruction of the systems, or the leakage or unauthorized use of data, etc. as a result of a cyber-attack against these systems, 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 problems in systems.
- **Various factors affecting business activities**  
In addition to Japan, Nintendo engages in business in the United States, Europe, Australia, Asia and other areas in 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, and social disruption resulting from terror attacks, war and other catastrophic events.  
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 occur in the unlikely event of discovery of defective products, given that its products are sold worldwide. Also, the defect of a product may lead to product reimbursement compensation resulting in additional expenses, and Nintendo's reputation as well as its operating performance and financial position may suffer.  
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 continues to accumulate various intellectual properties to produce different products, there are geographical regions in which it is difficult to effectively tackle unauthorized uploading via the Internet and counterfeit products, which may have a negative impact on Nintendo's operating performance and financial position in the future.  
Nintendo will take necessary measures on an ongoing basis.
- **Leakage or unauthorized access of personal or confidential information**  
Nintendo possesses personally identifiable information about its consumers, as well as confidential information concerning development and business operations. If such personally identifiable 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

Unpredicted enforcement 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. Conflict of views between Nintendo and the tax authorities may cause additional tax costs.

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

In terms of production and shipping, product supply may be impacted if issues involving the procurement of necessary components persist. In terms of sales, sales channels may be restricted by measures to prevent the spread of the virus including restrictions on movement outside the home and closure of retail stores. Development schedules may be impacted due to the difference in development environment between working from home and in the office since teleworking is implemented at the Company and its partners. As a result, we may not be able to proceed with the release of Nintendo products and the start of services as planned.

Nintendo will continue 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, while giving due consideration to the health and safety of its consumers and employees.

(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 restrictions, impairment of the corporate brand 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, 2020 (“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, 2020.

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 materially different from these estimates. In particular, there are many uncertainties concerning COVID-19, however, the impact on the consolidated financial statements is negligible, based on the assumption that on a full-year basis, Nintendo will be able to carry out production and sales according to demand and release software under development as planned. Main estimates are inventories, deferred tax assets, etc. Important accounting procedures adopted in the consolidated financial statements of Nintendo are detailed in the section “V. Financial Information, Consolidated financial statements, etc., Significant matters forming the basis of preparing the consolidated financial statements.”

#### (2) Operating results, etc.

##### (i) Description and analysis of results

For the fiscal year ended March 31, 2020, Nintendo Switch Lite launched in September as a compact, lightweight, and easy-to-carry dedicated handheld system, and Nintendo Switch performed very well without losing momentum, resulting in significant sales growth for the entire Nintendo Switch family. Looking at software, *Pokémon Sword* and *Pokémon Shield* became big hits, posting sales of 17.37 million units, and *Animal Crossing: New Horizons*, released in March, sold 11.77 million units, which is now the best start ever for a Nintendo Switch title. In addition to titles like *Luigi’s Mansion 3* and *Super Mario Maker 2* that were released during this fiscal year, sales also continued to grow steadily for popular titles released in previous fiscal years and for titles from other software publishers. The total number of million-seller titles during this fiscal year reached 27 titles, including those from other software publishers. Nintendo Switch also launched in China through Tencent Holdings Limited in December.

Because of COVID-19, production and shipments of the Nintendo Switch console, accessories like the Joy-Con controllers, and *Ring Fit Adventure* faced delays in some regions from February through March, but this only had limited impact on sales for this fiscal year.

As a result, sales of both hardware and software exceeded last year’s good results. In terms of volume, hardware sales for this fiscal year totaled 21.03 million units (24.0% increase on a year-on-year basis), and software sales totaled 168.72 million units (42.3% increase on a year-on-year basis).

For Nintendo 3DS, hardware sales totaled 0.69 million units (73.0% decrease on a year-on-year basis), and software sales totaled 4.99 million units (62.3% decrease on a year-on-year basis).

Turning to our digital business for dedicated video game platforms, in addition to the strong sales of downloadable versions of packaged software for Nintendo Switch, the steady growth in sales of download-only software and add-on content, and the contribution from Nintendo Switch Online throughout the year all helped to bring overall digital sales to ¥204.1 billion (USD 1,889 million; 71.8% increase on a year-on-year basis).

For the mobile business, many consumers continue to enjoy applications released during this fiscal year, such as Mario Kart Tour, as well as titles that were released in previous fiscal years. Our mobile, IP related income reached ¥51.2 billion (USD 474 million; 11.5% increase on a year-on-year basis).

Nintendo’s management policy, management strategy, etc. are as described in “II. Business Overview, 1. Management policy, management environment, issues to address.” The availability of hit titles 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, 2020 increased from the previous fiscal year.

Net sales reached ¥1,308.5 billion (USD 12,115 million; 9.0% increase on a year-on-year basis), of which overseas sales were ¥1,007.3 billion (USD 9,326 million; 7.8% increase on a year-on-year basis, and 77.0% of total sales). Operating profit came to ¥352.3 billion (USD 3,262 million; 41.1% increase on a year-on-year basis). Ordinary profit was ¥360.4 billion (USD 3,337 million; 30.0% increase on a year-on-year basis) due to increase in operating profit and other factors, and profit attributable to owners of parent totaled ¥258.6 billion (USD 2,394 million; 33.3% increase on a year-on-year basis).

Because of the effect of COVID-19 infection, production and shipments of dedicated video game platforms, etc. faced delays in some regions, but this only had limited impact on business results for this fiscal year.

(Net sales and operating profit)

Net sales increased from the previous fiscal year by ¥107.9 billion (USD 999 million) to ¥1,308.5 billion (USD 12,115 million; an increase of 9.0% on a year-on-year basis), primarily due to the brisk sales of Nintendo Switch. Gross profit increased from the previous fiscal year by ¥140.5 billion (USD 1,300 million) to ¥641.7 billion (USD 5,941 million; an increase of 28.0% on a year-on-year basis). Due to such factors as the increase in research and development expenses, as well as the increase in sales commission in association with the increase in net sales, selling, general and administrative expenses increased from the previous fiscal year by ¥37.8 billion (USD 350 million), resulting in an operating profit of ¥352.3 billion (USD 3,262 million; an increase of 41.1% on a year-on-year basis).

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

Net non-operating income was ¥8.0 billion (USD 74 million), due to such factors as interest income and the share of profit of entities accounted for using equity method related to The Pokémon Company and other investments, offsetting foreign exchange losses incurred. As a result, ordinary profit was ¥360.4 billion (USD 3,337 million; an increase of 30.0% on a year-on-year basis).

(Profit attributable to owners of parent)

Profit attributable to owners of parent was ¥258.6 billion (USD 2,394 million; an increase of 33.3% on a year-on-year basis), mainly due to the increase in ordinary profit from the previous fiscal year.

(iii) Description and analysis of financial position

(Total assets)

Total assets increased by ¥243.7 billion (USD 2,256 million) compared to the previous fiscal year-end to ¥1,934.0 billion (USD 17,907 million).

This was mainly due to 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 ¥117.6 billion (USD 1,088 million) compared to the previous fiscal year-end to ¥393.1 billion (USD 3,639 million).

This was mainly due to the increase in notes and accounts payable - trade by ¥38.3 billion (USD 354 million) attributable to such factors as purchases through operating activities, as well as the increase in other current

liabilities including advances received associated with digital business expansion, etc. by ¥68.0 billion (USD 629 million).

(Net assets)

Net assets increased by ¥126.1 billion (USD 1,167 million) compared to the previous fiscal year-end to ¥1,540.9 billion (USD 14,267 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 ¥258.6 billion (USD 2,394 million), offsetting the payment of dividends of surplus in the amount of ¥108.4 billion (USD 1,003 million).

(iv) Description and analysis of cash flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of March 31, 2020 was ¥621.4 billion (USD 5,753 million), with an increase of ¥36.0 billion (USD 333 million) during the fiscal year. During the previous fiscal year, there was an increase of ¥100.8 billion. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2020 are as follows:

Cash flows from operating activities:

There were decreasing factors contributing to ¥361.2 billion (USD 3,344 million) of profit before income taxes such as an increase in payments of income taxes and notes and accounts payable - trade. However, due to increasing factors such as a decrease in inventories and an increase in trade payables, net cash resulted in an increase of ¥347.7 billion (USD 3,219 million) compared to an increase of ¥170.5 billion during the previous fiscal year.

Cash flows from investing activities:

Net cash from investing activities decreased by ¥188.4 billion (USD 1,744 million) compared to an increase of ¥45.3 billion during the previous fiscal year mainly due to proceeds from withdrawal of time deposits and sales and redemption of short-term and long-term investment securities being lower 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 ¥111.0 billion (USD 1,027 million) compared to a decrease of ¥109.0 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, 2020 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 3DS platform	5,446	50	(88.0)
Nintendo Switch platform	1,020,819	9,452	11.1
Others	8,420	77	(80.4)
Subtotal	1,034,686	9,580	2.8
Playing cards, etc.	650	6	13.4
Total	1,035,336	9,586	2.8

(Note) The above amounts are calculated based on the selling price and do not include consumption taxes.

(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, 2020 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 3DS platform	18,056	167	(71.4)
Nintendo Switch platform	1,219,327	11,290	18.6
Others	16,777	155	(72.8)
Subtotal	1,254,162	11,612	8.8
Mobile, IP related income, etc.	51,295	474	11.5
Playing cards, etc.	3,062	28	57.1
Total	1,308,519	12,115	9.0

(Note) The above amounts do not include consumption taxes.

(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 existence 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 has attempted to increase dollar-based purchases 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

The current ratio at March 31, 2020 is 422%, and the ratio of total liabilities to cash and cash equivalents is 1.6 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 a downward or upward 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 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 fundamental 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 including interfaces such as touch panels and sensors, wireless communication, networks, security, cloud computing, virtual reality, deep learning and big data analysis to the field of home entertainment. Our efforts are not limited to in-house studies and research in that 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, as well as design and develop various accessories, and pursue cost-cutting and energy conservation initiatives.

With respect to software, we are focusing on taking full advantage of hardware features in planning our products, designing games whose elements include 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 various networking functions of software and multi-sectorial network services such as Nintendo eShop.

In addition, we have established the research and development structure for smart-device software to promote the planning and development of smart-device application software and the development of a back-end server system.

In terms of our component procurement and manufacturing processes, we, with the cooperation and support of our manufacturing partners, continuously research and accumulate relevant technical know-how on mass production of components using new test methods and technologies, and also comply with relevant regulations.

Research and development expenses for the fiscal year were ¥84.1 billion (USD 778 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 not only launched a new model of Nintendo Switch with longer battery life, the dedicated handheld Nintendo Switch Lite, and various special hardware editions and color variations, but also updated the firmware and released accessories (e.g., Super Nintendo Entertainment System Controller, a carry case for Nintendo Switch Lite). We released compatible software including *Ring Fit Adventure*, a new endeavor that enables players to enjoy exercising while playing an adventure game by using the Ring-Con—a ring-shaped controller made of special material that bounces back like a spring—and wearing the Leg Strap on the left thigh to recognize body movements, and *Nintendo Labo: VR Kit*, a new addition to the Nintendo Labo series. In terms of evergreen series, we released *Animal Crossing: New Horizons*, the latest installment in the Animal Crossing series in which players can enjoy life as they wish on a desert island while they experience time changes during the day in real-time as well as the changing of the seasons, in addition to *Luigi's Mansion 3*, *Super Mario Maker 2*, *Fire Emblem: Three Houses*, and *Dr Kawashima's Brain Training for Nintendo Switch*.

On the mobile business front, we released *Dr. Mario World*, a new action puzzle game based on the puzzle game, *Dr. Mario*, and *Mario Kart Tour*, a Mario Kart title that players can enjoy playing with one hand. For *Mario Kart Tour*, which is distributed in 163 countries and played even by consumers who do not normally play games on dedicated video game platforms, we introduced a multiplayer function in the update after its release, providing players with a means to invite their families and friends around them to play the game together. Following *Mario Kart Tour*, we launched a subscription service for *Fire Emblem Heroes* and *Animal Crossing: Pocket Camp* and introduced a way

to enable an even wider range of consumers to continuously enjoy the game.

Furthermore, for Nintendo Account, an account necessary when using various services provided by Nintendo, we expanded the number of countries and regions where the services are available. In addition, we started offering *Super NES - Nintendo Switch Online*, which is packed with Super Nintendo Entertainment System games, and *Super Kirby Clash*, in which four Kirbys team up and engage in battle together. For *Nintendo Switch Online* applications for smart devices, we continue to expand functions for *Animal Crossing: New Horizons*.

We further expanded the lineup for amiibo.

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 users around the world.

Moreover, we are working on the development of a new product that improves people's QOL (Quality of Life) in enjoyable ways.

Nintendo continues to engage in the development of new products for the future.

### III. Equipment and Facilities

#### 1. Overview of capital investments

Nintendo develops, manufactures and distributes electronic entertainment products, and in the fiscal year ended March 31, 2020, it invested ¥17,077 million (USD 158 million), which was mainly used for research and development facilities, and included intangible assets such as internal use computer software.

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, 2020

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	2,434	118	1,866 (25)	74	4	4,499	121
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	17,652	51	17,160 (57)	1,641	9,366	45,873	2,153
Tokyo Branch Office *1 (Taito-ku, Tokyo)	Administration, sales	Other facilities	0	-	2,996 (1)	0	0	2,997	6
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Other facilities	994	0	4,079 (9)	8	-	5,082	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	743	-	5,763 (1)	6	-	6,513	-

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	22	1	17 (25)	0	0	41	121
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	163	0	158 (57)	15	86	424	2,153
Tokyo Branch Office *1 (Taito-ku, Tokyo)	Administration, sales	Other facilities	0	-	27 (1)	0	0	27	6
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Production facilities	9	0	37 (9)	0	-	47	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	6	-	53 (1)	0	-	60	-

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

2. The above amounts do not include consumption taxes.

3. \*1 The amounts include some of the assets leased to Nintendo Sales Co., Ltd.

(2) Overseas subsidiaries

As of March 31, 2020

Company name (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	11,897	923	3,378 (508)	1,934	4,860	22,995	1,191
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	983	228	- (-)	337	1,865	3,415	868

Company name (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	110	8	31 (508)	17	45	212	1,191
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	9	2	- (-)	3	17	31	868

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

2. The above table excludes a building leased by Nintendo of Europe GmbH as a major facility leased from an entity outside the Company group.

**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."

Company name	Description of equipment and facilities	Planned investment amount		Year/month of commencement	Year/month of scheduled completion
		Total amount (Millions of yen)	Amount already paid (Millions of yen)		
Nintendo Co., Ltd. and its consolidated subsidiaries	Research and development facilities	15,000 (USD 138 million)	6,699 (USD 62 million)	April 2019	March 2022
Nintendo Co., Ltd. and its consolidated subsidiaries	Production facilities for molds, etc.	9,000 (USD 83 million)	275 (USD 2 million)	April 2019	March 2022
Nintendo Co., Ltd. and its consolidated subsidiaries	Renovation, updating, etc. of other buildings, etc.	18,000 (USD 166 million)	10,103 (USD 93 million)	April 2019	March 2022
Total		42,000 (USD 388 million)	17,077 (USD 158 million)	-	-

(Notes) 1. Funds required for equipment and facilities, etc. in the future in the amount of ¥24,923 million (USD 230 million) referred to above are to be self-financed.

2. The above amounts do not include consumption taxes.

## 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 authorized shares 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, 2020)	Number of shares outstanding as of issuance date of this report (June 29, 2020)	Name of stock exchange on which Nintendo is listed or name of authorized financial instruments firm association	Description
Common shares	131,669,000	131,669,000	Tokyo Stock Exchange (First Section)	Number of shares constituting a unit: 100 shares
Total	131,669,000	131,669,000	-	-

(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 (thousand shares)	Balance of the number of shares issued (thousand 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

Date	Change in the number of shares issued (thousand shares)	Balance of the number of shares issued (thousand 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	-	93	-	107

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

## (5) Status of shareholders

As of March 31, 2020

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)	-	87	72	642	1,105	89	35,780	37,775	-
Number of shares held (units)	-	364,949	27,582	45,857	670,461	337	205,739	1,314,925	176,500
Shareholding ratio (%)	-	27.75	2.10	3.48	50.99	0.03	15.65	100.00	-

(Note) 1. Out of treasury shares of 12,545,354 shares, 125,453 units and 54 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, Incorporated.

## (6) Status of major shareholders

As of March 31, 2020

Shareholder name	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	76,561	6.43
JP Morgan Chase Bank 385632 (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)	75,263	6.32
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	56,781	4.77
The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	700 Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (1-8-12 Harumi, Chuo-ku, Tokyo)	48,802	4.10
The Nomura Trust and Banking Co., Ltd. (MUFG Bank, Ltd. Retiree Allowance Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	42,109	3.53
State Street Bank and Trust Company 505010 (Standing proxy: Custody Services Department, HSBC Tokyo Branch)	12 NICHOLAS LANE LONDON EC4N 7BN U.K. (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	26,141	2.19
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1-8-11 Harumi, Chuo-ku, Tokyo	24,978	2.10
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, HSBC Tokyo Branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	22,545	1.89
JP Morgan Chase Bank 385151 (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)	20,632	1.73
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1-8-11 Harumi, Chuo-ku, Tokyo	18,464	1.55
Total	—	412,278	34.61

(Notes) 1. The Company's 125,453 hundred treasury shares are excluded from the above table.

2. Although the Statement of Changes made available for public inspection dated March 6, 2020 states that the following shares are held by Capital Research and Management Company and its joint holders as of February 28, 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, 2020.

Shareholder name	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, California, USA	81,616	6.20
Capital International K.K.	2-1-1 Marunouchi, Chiyoda-ku, Tokyo 1	1,323	0.10
Total	—	82,939	6.30

3. Although the Statement of Changes made available for public inspection dated April 16, 2018 states that the following shares are held by MUFG Bank, Ltd. and its joint holders as of April 9, 2018, 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, 2020.

The total number of shares issued decreased by 10,000,000 shares to 131,669,000 shares due to the cancellation of treasury shares on March 29, 2019 in accordance with the resolution at the Board of Directors' meeting held on February 22, 2019; 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.

Shareholder name	Address	Number of shares held (Hundreds of shares)	Shareholding ratio (excluding treasury shares) (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	55,752	3.94
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	30,173	2.13
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	5,231	0.37
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2 Marunouchi, Chiyoda-ku, Tokyo	3,953	0.28
Total	—	95,109	6.71

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, 2020.

The total number of shares issued decreased by 10,000,000 shares to 131,669,000 shares due to the cancellation of treasury shares on March 29, 2019 in accordance with the resolution at the Board of Directors' meeting held on February 22, 2019; 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.

Shareholder name	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, 2020

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) Common shares 12,545,300	-	Number of shares constituting a unit: 100 shares
Shares with full voting rights (other)	Common shares 118,947,200	1,189,472	Same as the above
Shares less than one unit	Common shares 176,500	-	Shares less than one unit (100 shares)
Total number of shares issued	131,669,000	-	-
Total number of voting rights held by all shareholders	-	1,189,472	-

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

## (ii) Treasury shares and other relevant matters

As of March 31, 2020

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	12,545,300	-	12,545,300	9.53
Total	-	12,545,300	-	12,545,300	9.53

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

[Class of shares, etc.] Acquisition of common shares under 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

Not applicable

(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, 2020	1,090	43,282,550
Treasury shares acquired during the current period	30	1,377,900

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Treasury shares acquired during the fiscal year ended March 31, 2020	1,090	400,764
Treasury shares acquired during the current period	30	12,758

(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, 2020 to the submission date of this report.

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

Classification	Fiscal year ended March 31, 2020		From April 1 to May 31, 2020	
	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	-	-	-	-
Acquired treasury shares that were transferred in association with a merger, share exchange or corporate split	-	-	-	-
Other	-	-	-	-
Number of treasury shares held	12,545,354	-	12,545,384	-

Classification	Fiscal year ended March 31, 2020		From April 1 to May 31, 2020	
	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	-	-	-	-
Acquired treasury shares that were transferred in association with a merger, share exchange or corporate split	-	-	-	-
Other	-	-	-	-
Number of treasury shares held	12,545,354	-	12,545,384	-

(Note) The number of treasury shares held during the period from April 1 to May 31, 2020 does not include shares less than one full unit purchased or sold during the period from June 1, 2020 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 dividend for the fiscal year ended March 31, 2020, has been established at 1,090 yen (USD 10.09) (interim: 270 yen [USD 2.50], year-end: 820 yen [USD 7.59]).

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, 2020 are as follows.

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on October 31, 2019	¥ 32,163 million	¥ 270
Resolved at the Annual General Meeting of Shareholders on June 26, 2020	¥ 97,681 million	¥ 820

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on October 31, 2019	USD 297 million	USD 2.50
Resolved at the Annual General Meeting of Shareholders on June 26, 2020	USD 904 million	USD 7.59

# 4. Corporate governance

## (1) Outline of corporate governance

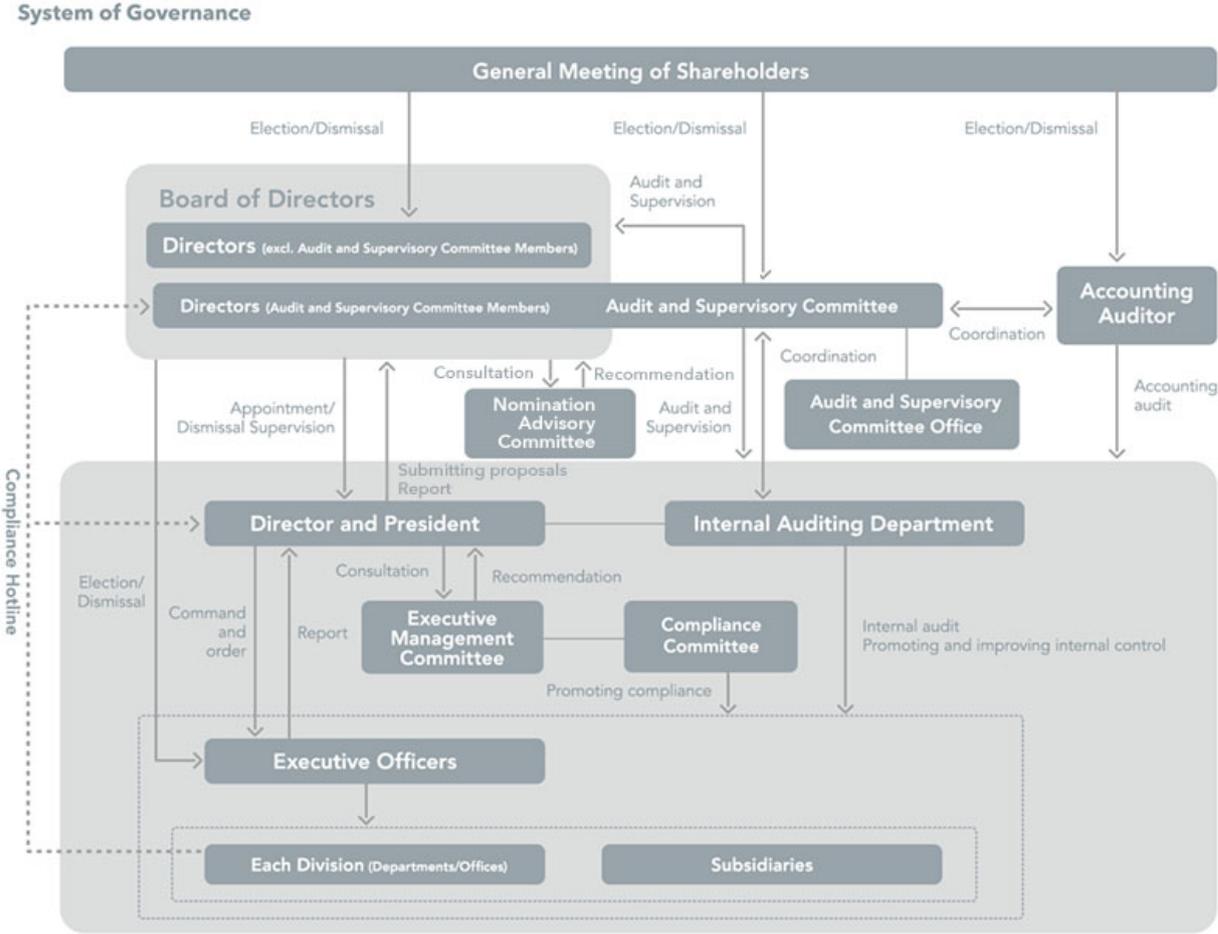
### (i) Basic views on corporate governance

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 five Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) is one year, and the term of office of Directors who are Audit and Supervisory Committee Members is two years. 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; Ko Shiota, Director; Satoru Shibata, Director; Naoki Noguchi, 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)

(Audit and Supervisory Committee)

The Audit and Supervisory Committee consists of one full-time internal Director and three Outside Directors, all of whom meet the standards for independent officers set forth by Tokyo Stock Exchange, Inc. 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 Naoki Noguchi, 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; Naoki Noguchi, 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 Directors (excluding Directors who are Audit and Supervisory Committee Members). 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; Ko Shiota, Director; and Satoru Shibata, Director

(Compliance Committee)

With the aim of promoting compliance, the Company has established the Compliance Committee chaired by General Manager of 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 divisions

and departments 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) 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.

(d) 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.

(e) 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.

(f) 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

Eight male Directors and one female Director (percentage of females: 11.1%)

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	2
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 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  Senior 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  June 2018	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 (to present) General Manager, Marketing Division (to present) General Manager, Licensing Division (to present) In charge of Planning Department (to present) In charge of Global Marketing Department	*1	1
Director (Full-time Audit and Supervisory Committee Member)	Naoki Noguchi	February 8, 1954	June 1980 May 2010  March 2014  June 2016	Joined the Company General Manager, Software Planning & Development Administration Department Deputy General Manager, Human Resources Division 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  July 1999  August 1999  October 1999  November 2005  July 2009  June 2012  November 2015  June 2016	Registered as certified public accountant Opened Umeyama Certified Public Accountant Office Registered as a certified tax accountant Opened Umeyama Certified Tax Accountant Office (current Umeyama Certified Tax Accountant LLC) Appointed as Outside Auditor of KURAUDIA Co., Ltd. (current KURAUDIA HOLDINGS Co., Ltd.) Appointed as Representative Partner of Umeyama Certified Tax Accountant LLC (to present) Appointed as Auditor of the Company Appointed as Outside Director (Audit and Supervisory Committee Member), KURAUDIA Co., Ltd. (current KURAUDIA HOLDINGS Co., Ltd.) (to present) 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  July 2010  July 2016  August 2017 September 2017  June 2018	Joined Osaka Regional Taxation Bureau Appointed as Director, Minato Tax Office, Osaka Regional Taxation Bureau Appointed as Director, Higashi Tax Office, Osaka Regional Taxation Bureau Registered as certified tax accountant Opened Masao Yamazaki Certified Tax Accountant Office Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)	*2	-

Position/ Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Director (Audit and Supervisory Committee Member)	Asa Shinkawa	February 17, 1965	<p>April 1991 Registered as attorney-at-law Joined Nishimura &amp; Sanada (currently Nishimura &amp; Asahi)</p> <p>April 1997 Worked at Arnold &amp; Porter</p> <p>January 1998 Registered as attorney-at-law in New York State, United States</p> <p>January 2001 Partner, Nishimura &amp; Partners (currently Nishimura &amp; Asahi) (to present)</p> <p>April 2019 Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics (to present)</p> <p>June 2020 Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present)</p>	*2	-
Total					7

- (Notes)
1. Directors, Mr. Katsuhiko 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 upon election at the Annual General Meeting of Shareholders for the fiscal year ended on March 31, 2020, and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2021.
  3. \*2 The term of office of Directors who are Audit and Supervisory Committee Members commenced upon election at the Annual General Meeting of Shareholders for the fiscal year ended on March 31, 2020 and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2022.
  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 three Outside Directors (all of whom are Audit and Supervisory Committee Members).

(b) Personal relationship, capital relationship, business relationship or other interests of Outside Directors

There is no personal relationship, capital relationship, business relationship or any other interests between Outside Directors and the Company. All Outside Directors have met the standards for independent officers prescribed by Tokyo Stock Exchange, Inc.

(c) Functions and roles to be fulfilled by Outside Directors in corporate governance

All Outside Directors of the Company have been appointed as Audit and Supervisory Committee Members to audit and supervise the execution of operations in an appropriate manner from an independent standpoint based on an objective viewpoint that is different from Directors who are from inside the Company.

(d) 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 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, 2020, 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)	Naoki Mizutani	13	13
Director (Audit and Supervisory Committee Member)	Katsuhiko Umeyama	13	13
Director (Audit and Supervisory Committee Member)	Masao Yamazaki	13	13

(ii) Status of internal audits

For internal audits, the Internal Auditing Department of the Company consisting of eight 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, 2020 were as follows.

CPAs who performed accounting audit work

Engagement Partner                      Yukihiro Matsunaga

Engagement Partner                      Keiichiro Kagi

Assistants engaged in accounting audit work: Five 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, 2019		Fiscal year ended March 31, 2020			
	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	83	1	82	0	—	—
Consolidated subsidiaries	35	5	37	0	0	0
Total	119	6	119	1	0	0

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

Classification	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020			
	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	—	—	2	0
Consolidated subsidiaries	228	50	218	2	72	0
Total	228	51	218	2	75	0

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

(Fiscal year ended March 31, 2019)

Non-audit services for which the Company pays the auditing CPAs, etc. consist of such services as the preparation of comfort letters for the sale of common shares of the Company.

(Fiscal year ended March 31, 2020)

Not applicable.

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

(Fiscal year ended March 31, 2019)

Non-audit services for which consolidated subsidiaries pay the auditing CPAs, etc. consist of services involving support for building internal controls.

(Fiscal year ended March 31, 2020)

Non-audit services for which consolidated subsidiaries pay the auditing CPAs, etc. consist of services involving support for building internal controls.

(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, 2019)

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, 2020)

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, 2019)

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, 2020)

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, 2019)

Not applicable.

(Fiscal year ended March 31, 2020)

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 a review conducted in consultation with 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) 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)	696	186	510	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	32	32	-	-	1
Outside Officers	28	28	-	-	3

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)	6	1	4	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	0	0	-	-	1
Outside Officers	0	0	-	-	3

(Note) Employee salaries (including bonuses) paid to Directors who also serve as employees, which amounted to ¥114 million (USD 1 million), are not included in the above amounts.

## (ii) 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	258	Director who is not an Audit and Supervisory Committee Member	Reporting company	78	180	-
Shigeru Miyamoto	192	Director who is not an Audit and Supervisory Committee Member	Reporting company	72	120	-
Shinya Takahashi	132	Director who is not an Audit and Supervisory Committee Member	Reporting company	12	120	-

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	1	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	-

(iii) Policy, etc. for the determination of compensation, etc. for officers

In regards to the compensation for Directors of the Company, upper limits on the total compensation for Directors who are not Audit and Supervisory Committee Members and that for Directors who are Audit and Supervisory Committee Members are determined separately by resolution of the General Meeting of Shareholders.

Compensation for Directors who are not Audit and Supervisory Committee Members consists of: a fixed compensation (salary paid in the same amount periodically); and performance-based compensation designed to raise incentives for higher performance (salary linked to profit). The fixed compensation is determined by the Board of Directors in accordance with the position and responsibility of each Director. 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. No index target has been set for performance-based compensation as described in "II. Business Overview, 1. Management policy, management environment, issues to address, (2) Targeted management index."

Compensation for Directors who are Audit and Supervisory Committee Members consists only of fixed compensation in view of the fact that they are in an independent position that is not affected by other Directors who execute operations.

(Note) Performance-based compensation for each Director who is not an Audit and Supervisory Committee Member is calculated using the following formula:

Calculation method of performance-based compensation for Directors who are not Audit and Supervisory Committee Members ("Directors")

Performance-based compensation = Consolidated operating profit × 0.2% × Number of points of each Director ÷ Sum total of Directors' points\*

\* 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	0	0.0
Director and Senior Executive Officer	2.0	2	4.0
Sum total	-	5	19.0

(Note) The above is calculated based on the number of Directors as of June 29, 2020.

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.
- The amount of consolidated operating profit shall be rounded down to the nearest hundred million yen.
- "Determined amount" provided for in Article 34, paragraph (1), item (iii)(a)1. of the Corporation Tax Act shall be limited to ¥800 million (USD 7.0 million). In cases where the amount calculated by multiplying consolidated operating profit by 0.2% exceeds ¥800 million (USD 7.0 million), the amount shall be ¥800 million (USD 7.0 million).
- 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. Of note, 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.
- A resolution was adopted at the 76th Annual General Meeting of Shareholders on June 29, 2016 to establish an upper limit on compensation to Directors who are not Audit and Supervisory Committee Members of ¥500 million (USD 4.0 million) per year as a fixed compensation limit and up to 0.2% of consolidated operating profit of the relevant business year as a performance-based compensation limit.

- 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 who are Audit and Supervisory Committee Members of ¥100 million (USD 0.0 million) per year.
- Within the aforementioned upper limit on compensation, the amount of compensation to Directors who are not 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 who are 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).
- The Company has established a system in which matters related to compensation to Directors are deliberated at a non-mandatory Nomination Advisory Committee, mainly consisting of Outside Directors, and reported to the Board of Directors.

## (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. The Company will consider selling investment shares with diminished significance issue by issue as a result of such verification to reduce 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	6,203	57
Stocks other than unlisted stocks	14	43,483	402

#### Issues with increased number of shares in the fiscal year ended March 31, 2020

	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	1	119	1	To facilitate business collaboration and maintain and develop business relationship.
Stocks other than unlisted stocks	-	-	-	

#### Issues with decreased number of shares in the fiscal year ended March 31, 2020

	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	7	1,618	14

### (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, 2020		Fiscal year ended March 31, 2019		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.	No
	20,155	186	19,959			

DeNA Co., Ltd.	15,081,000		15,081,000	Shares are held for the purpose of facilitating business collaboration and maintaining and developing the business relationship.	Yes
	17,825	165	25,140		
The Bank of Kyoto, Ltd.	753,459		908,459	Shares are held for the purpose of facilitating financial transactions.	Yes
	2,591	23	4,206		
KADOKAWA DWANGO CORPORATION	612,200		612,200	Shares are held for the purpose of maintaining and developing the business relationship.	No
	834	7	714		
Mitsubishi UFJ Financial Group, Inc.	1,865,870		2,455,870	Shares are held for the purpose of facilitating financial transactions.	No*1
	751	6	1,350		
SQUARE ENIX HOLDINGS CO., LTD.	91,252		91,252	Shares are held for the purpose of maintaining and developing the business relationship.	No
	440	4	354		
TOPPAN PRINTING CO., LTD.	182,885		182,885	Shares are held for the purpose of maintaining and developing the business relationship.	No
	302	2	305		
KONAMI HOLDINGS CORPORATION	63,734		63,734	Shares are held for the purpose of maintaining and developing the business relationship.	No
	211	1	306		
Resona Holdings, Inc.	323,769		647,469	Shares are held for the purpose of facilitating financial transactions.	No*2
	105	0	310		
Nissha Co., Ltd.	104,104		104,104	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	74	0	121		
SANSHIN ELECTRONICS CO., LTD.	50,180		50,180	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	70	0	95		
KOEI TECMO HOLDINGS CO., LTD.	18,952		18,952	Shares are held for the purpose of maintaining and developing the business relationship.	No*3
	52	0	40		
JAPAN PULP AND PAPER COMPANY LIMITED	11,355		11,355	Shares are held for the purpose of maintaining and developing the business relationship.	No
	42	0	47		
TV TOKYO Holdings Corporation	10,000		10,000	Shares are held for the purpose of maintaining and developing the business relationship.	No
	24	0	23		
Sumitomo Mitsui Trust Holdings, Inc.	-		60,920	Shares were held for the purpose of facilitating financial transactions.	No
	-	-	242		
Shirai Electronics Industrial Co., Ltd.	-		336,000	Shares were held for the purpose of maintaining a stable relationship.	Yes
	-	-	126		
Mizuho Financial Group, Inc.	-		284,219	Shares were held for the purpose of facilitating financial transactions.	No
	-	-	48		
Sumitomo Mitsui Financial Group, Inc.	-		8,849	Shares were held for the purpose of facilitating financial transactions.	No
	-	-	34		

(Notes) 1. “-” indicates that the issue is not held.

- 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.
- \*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, 2019)		Current fiscal year (As of March 31, 2020)		(Millions of dollars)
	(Millions of yen)		(Millions of yen)		
<b>Assets</b>					
Current assets					
Cash and deposits		844,550		890,402	8,244
Notes and accounts receivable - trade		78,169		133,051	1,231
Securities		238,410		326,382	3,022
Inventories	*1	135,470	*1	88,994	824
Other		48,453		63,268	585
Allowance for doubtful accounts		(82)		(515)	(4)
Total current assets		1,344,972		1,501,583	13,903
Non-current assets					
Property, plant and equipment					
Buildings and structures, net		37,592		38,149	353
Tools, furniture and fixtures, net		4,015		4,681	43
Machinery, equipment and vehicles, net		1,575		1,678	15
Land		38,223		37,685	348
Construction in progress		143		672	6
Total property, plant and equipment	*2	81,550	*2	82,866	767
Intangible assets					
Software		11,962		12,832	118
Other		2,128		2,185	20
Total intangible assets		14,090		15,017	139
Investments and other assets					
Investment securities	*3	167,134	*3	237,710	2,201
Retirement benefit asset		7,056		6,407	59
Deferred tax assets		57,992		72,199	668
Other		17,536		18,329	169
Allowance for doubtful accounts		(29)		(27)	(0)
Total investments and other assets		249,690		334,619	3,098
Total non-current assets		345,331		432,504	4,004
Total assets		1,690,304		1,934,087	17,908

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable - trade	59,689	98,074	908
Provision for bonuses	3,891	4,394	40
Income taxes payable	62,646	66,411	614
Other	118,781	186,801	1,729
<b>Total current liabilities</b>	<b>245,009</b>	<b>355,683</b>	<b>3,293</b>
Non-current liabilities			
Retirement benefit liability	15,068	20,450	189
Other	15,427	17,052	157
<b>Total non-current liabilities</b>	<b>30,496</b>	<b>37,503</b>	<b>347</b>
<b>Total liabilities</b>	<b>275,505</b>	<b>393,186</b>	<b>3,640</b>
<b>Net assets</b>			
Shareholders' equity			
Share capital	10,065	10,065	93
Capital surplus	12,069	15,041	139
Retained earnings	1,556,881	1,707,119	15,806
Treasury shares	(156,755)	(156,798)	(1,451)
<b>Total shareholders' equity</b>	<b>1,422,260</b>	<b>1,575,428</b>	<b>14,587</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	17,665	10,637	98
Foreign currency translation adjustment	(30,214)	(45,378)	(420)
<b>Total accumulated other comprehensive income</b>	<b>(12,548)</b>	<b>(34,741)</b>	<b>(321)</b>
Non-controlling interests	5,086	213	1
<b>Total net assets</b>	<b>1,414,798</b>	<b>1,540,900</b>	<b>14,267</b>
<b>Total liabilities and net assets</b>	<b>1,690,304</b>	<b>1,934,087</b>	<b>17,908</b>

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

	Previous fiscal year (From April 1, 2018 to March 31, 2019)		Current fiscal year (From April 1, 2019 to March 31, 2020)		(Millions of dollars)
	(Millions of yen)		(Millions of yen)		
Net sales	1,200,560		1,308,519		12,115
Cost of sales	*1, *3	699,370	*1, *3	666,817	6,174
Gross profit	501,189		641,701		5,941
Selling, general and administrative expenses	*2, *3	251,488	*2, *3	289,331	2,678
Operating profit	249,701		352,370		3,262
Non-operating income					
Interest income	13,131		15,203		140
Share of profit of entities accounted for using equity method	6,949		7,945		73
Foreign exchange gains	5,426		-		-
Other	2,807		2,432		22
Total non-operating income	28,315		25,582		236
Non-operating expenses					
Foreign exchange losses	-		15,806		146
Other	662		1,683		15
Total non-operating expenses	662		17,490		161
Ordinary profit	277,355		360,461		3,337
Extraordinary income					
Gain on sales of non-current assets	*4	1	*4	10	0
Gain on sales of investment securities	0		1,030		9
Total extraordinary income	1		1,041		9
Extraordinary losses					
Impairment loss	*5	4,622	*5	-	-
Loss on disposal of non-current assets	*6	278	*6	173	1
Loss on sales of investment securities	-		56		0
Loss on valuation of investment securities	682		-		-
Total extraordinary losses	5,584		229		2
Profit before income taxes	271,772		361,273		3,345
Income taxes - current	88,137		114,063		1,056
Income taxes - deferred	(10,932)		(11,473)		(106)
Total income taxes	77,204		102,589		949
Profit	194,568		258,683		2,395
Profit attributable to non-controlling interests	558		41		0
Profit attributable to owners of parent	194,009		258,641		2,394

Consolidated statements of comprehensive income

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Profit	194,568	258,683	2,395
Other comprehensive income			
Valuation difference on available-for-sale securities	1,313	(7,178)	(66)
Foreign currency translation adjustment	4,920	(14,266)	(132)
Share of other comprehensive income of entities accounted for using equity method	(460)	(747)	(6)
Total other comprehensive income	*1 5,773	*1 (22,192)	(205)
Comprehensive income	200,341	236,490	2,189
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	199,795	236,449	2,189
Comprehensive income attributable to non-controlling interests	546	41	0

(iii) Consolidated statements of changes in equity  
 Previous fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2018	10,065	13,742	1,564,240	(250,679)	1,337,369
Changes in items during period					
Dividends of surplus			(78,081)		(78,081)
Profit attributable to owners of parent			194,009		194,009
Purchase of treasury shares				(31,038)	(31,038)
Disposal of treasury shares		1		0	1
Cancellation of treasury shares		(1,674)	(123,287)	124,961	-
Net changes in items other than shareholders' equity					
Total changes in items during period	-	(1,673)	(7,358)	93,923	84,891
Balance as of March 31, 2019	10,065	12,069	1,556,881	(156,755)	1,422,260

	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, 2018	16,402	(34,736)	(18,334)	4,540	1,323,574
Changes in items during period					
Dividends of surplus					(78,081)
Profit attributable to owners of parent					194,009
Purchase of treasury shares					(31,038)
Disposal of treasury shares					1
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	1,263	4,522	5,785	546	6,331
Total changes in items during period	1,263	4,522	5,785	546	91,223
Balance as of March 31, 2019	17,665	(30,214)	(12,548)	5,086	1,414,798

Current fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2019	10,065	12,069	1,556,881	(156,755)	1,422,260
Changes in items during period					
Dividends of surplus			(108,403)		(108,403)
Profit attributable to owners of parent			258,641		258,641
Purchase of treasury shares				(43)	(43)
Purchase of shares of consolidated subsidiaries		2,972			2,972
Net changes in items other than shareholders' equity					
Total changes in items during period	-	2,972	150,238	(43)	153,167
Balance as of March 31, 2020	10,065	15,041	1,707,119	(156,798)	1,575,428

	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, 2019	17,665	(30,214)	(12,548)	5,086	1,414,798
Changes in items during period					
Dividends of surplus					(108,403)
Profit attributable to owners of parent					258,641
Purchase of treasury shares					(43)
Purchase of shares of consolidated subsidiaries					2,972
Net changes in items other than shareholders' equity	(7,028)	(15,163)	(22,192)	(4,872)	(27,065)
Total changes in items during period	(7,028)	(15,163)	(22,192)	(4,872)	126,102
Balance as of March 31, 2020	10,637	(45,378)	(34,741)	213	1,540,900

Current fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	93	111	14,415	(1,451)	13,169
Changes during period					
Dividends of surplus			(1,003)		(1,003)
Profit attributable to owners of parent			2,394		2,394
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		27			27
Net changes in items other than shareholders' equity					
Total changes in items during period	-	27	1,391	(0)	1,418
Balance at end of period	93	139	15,806	(1,451)	14,587

	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 at beginning of current period	163	(279)	(116)	47	13,099
Changes during period					
Dividends of surplus					(1,003)
Profit attributable to owners of parent					2,394
Purchase of treasury shares					(0)
Purchase of shares of consolidated subsidiaries					27
Net changes in items other than shareholders' equity	(65)	(140)	(205)	(45)	(250)
Total changes in items during period	(65)	(140)	(205)	(45)	1,167
Balance at end of current period	98	(420)	(321)	1	14,267

## (iv) Consolidated statements of cash flows

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
<b>Cash flows from operating activities</b>			
Profit before income taxes	271,772	361,273	3,345
Depreciation	9,564	9,557	88
Impairment loss	4,622	-	-
Increase (decrease) in allowance for doubtful accounts	44	487	4
Interest and dividend income	(14,355)	(16,689)	(154)
Foreign exchange losses (gains)	(3,966)	16,226	150
Share of loss (profit) of entities accounted for using equity method	(6,949)	(7,945)	(73)
Decrease (increase) in trade receivables	(8,416)	(55,372)	(512)
Decrease (increase) in inventories	8,484	43,230	400
Increase (decrease) in trade payables	(51,349)	20,832	192
Increase (decrease) in retirement benefit liability	(1,970)	5,551	51
Loss (gain) on valuation of investment securities	682	-	-
Loss (gain) on sales of short-term and long-term investment securities	(53)	(945)	(8)
Increase (decrease) in accrued consumption taxes	1,343	4,116	38
Other, net	17,569	61,513	569
Subtotal	227,022	441,835	4,091
Interest and dividends received	12,552	17,503	162
Interest paid	(44)	(121)	(1)
Income taxes paid	(69,000)	(111,464)	(1,032)
Net cash provided by (used in) operating activities	170,529	347,753	3,219
<b>Cash flows from investing activities</b>			
Purchase of short-term and long-term investment securities	(483,195)	(617,546)	(5,718)
Proceeds from sales and redemption of short-term and long-term investment securities	575,643	418,723	3,877
Purchase of property, plant and equipment and intangible assets	(10,736)	(9,843)	(91)
Proceeds from sales of property, plant and equipment and intangible assets	(1)	833	7
Payments into time deposits	(382,891)	(364,493)	(3,374)
Proceeds from withdrawal of time deposits	346,993	387,741	3,590
Other, net	(457)	(3,847)	(35)
Net cash provided by (used in) investing activities	45,353	(188,433)	(1,744)
<b>Cash flows from financing activities</b>			
Purchase of treasury shares	(31,038)	(43)	(0)
Dividends paid	(77,980)	(108,331)	(1,003)
Other, net	(18)	(2,656)	(24)
Net cash provided by (used in) financing activities	(109,037)	(111,031)	(1,028)
Effect of exchange rate change on cash and cash equivalents	(5,948)	(12,264)	(113)
Net increase (decrease) in cash and cash equivalents	100,897	36,024	333
Cash and cash equivalents at beginning of period	484,480	585,378	5,420
Cash and cash equivalents at end of period	*1 585,378	*1 621,402	5,753

## 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: 26 companies  
The names of significant consolidated subsidiaries are omitted because they are provided in “I. Overview of the Company, 3. Subsidiaries and associates.”  
Two new subsidiaries established by the Company's consolidated subsidiaries were included in the scope of consolidation from the consolidated fiscal year ended March 31, 2020.
- (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) Number of associates accounted for under the equity method: following four companies  
Name of associates accounted for under the equity method  
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 with market quotations, the market price method based on the market price, etc., on the account closing date 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 securities without market quotations 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, except for 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 experience 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 of receivables.

(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, 2020, 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) 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 of three months or less of the acquisition date, which are promptly convertible to cash.

(7) Other important matters in preparing the consolidated financial statements

Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(Accounting standards, etc. yet to be applied)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020)

(1) Description

This is a comprehensive accounting standard for revenue recognition. Revenue will be recognized by applying the following five steps.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations within the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the contractual performance obligations.

Step 5: Recognize revenue when the performance obligations have been fulfilled or as the performance obligations are fulfilled over time.

(2) Scheduled application date

The Accounting Standard and Implementation Guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of Accounting Standard and Implementation Guidance

The amount of impact is being evaluated at the time of preparation of these consolidated financial statements.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No.24, March 31, 2020)

(1) Description

The purpose of this accounting standard is to present an overview of the accounting principles and procedures adopted in cases where the provisions of relevant accounting standards, etc. are not clear.

(2) Scheduled application date

This accounting standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Description

The purpose of this accounting standard is to disclose information that will facilitate the understanding of the users of financial statements regarding accounting estimates serving as the basis of amounts recorded in the financial statements for the current fiscal year that have the risk of significantly impacting the financial statements for the following fiscal year.

(2) Scheduled application date

This accounting standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

## Notes to consolidated balance sheets

### \*1. Inventories as of March 31, 2019 and 2020 were as follows:

	Previous fiscal year (As of March 31, 2019)		Current fiscal year (As of March 31, 2020)		
Finished goods	¥	99,918 million	¥	71,815 million	USD 664 million
Work in process		795		19	0
Raw materials and supplies	¥	34,756 million	¥	17,158 million	USD 158 million

### \*2. Accumulated depreciation of property, plant and equipment as of March 31, 2019 and 2020 were as follows:

	Previous fiscal year (As of March 31, 2019)		Current fiscal year (As of March 31, 2020)		
Accumulated depreciation	¥	71,525 million	¥	73,999 million	USD 685 million

### \*3. Investments in unconsolidated subsidiaries and associates as of March 31, 2019 and 2020 were as follows:

	Previous fiscal year (As of March 31, 2019)		Current fiscal year (As of March 31, 2020)		
Investment securities	¥	40,761 million	¥	47,925 million	USD 443 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, 2019 and 2020 were as follows:**

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Loss on valuation of inventories	¥ 10,414 million	¥ 3,927 million	USD 36 million

- \*2. The major items of selling, general and administrative expenses for the years ended March 31, 2019 and 2020 were as follows:**

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Research and development expenses	¥ 69,624 million	¥ 84,127 million	USD 778 million
Advertising expenses	75,421	76,003	703
Salaries, allowances and bonuses	26,974	28,589	264
Retirement benefit expenses	4,397	9,293	86
Depreciation	6,418	7,130	66
Provision for bonuses	1,879	2,086	19
Provision of allowance for doubtful accounts	¥ 202 million	¥ 311 million	USD 2 million

- \*3. Research and development expenses included in general and administrative expenses and manufacturing costs for the years ended March 31, 2019 and 2020 were as follows:**

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Research and development expenses	¥ 69,628million	¥ 84,159million	USD 779 million

- \*4. Gain on sales of non-current assets for the years ended March 31, 2019 and 2020 were as follows:**

	Previous fiscal year (From April 1, 2018 to March 31, 2019)		Current fiscal year (From April 1, 2019 to March 31, 2020)	
Machinery, equipment and vehicles	¥ 1 million	Land	¥ 8 million	USD 0 million
Tools, furniture and fixtures	0 million	Machinery, equipment and vehicles	2 million	0
Total	¥ 1 million		¥ 10 million	USD 0 million

- \*5. Impairment loss for the years ended March 31, 2019 and 2020 were as follows:**

Previous fiscal year (From April 1, 2018 to March 31, 2019)

In the fiscal year ended March 31, 2019, Nintendo recorded an impairment loss for the following asset group.

Location	Purpose	Type	Write-off amount	
Japan	Business-use assets	Land and buildings, etc.	¥4,622 million	USD 42 million

At Nintendo, assets are grouped by administrative accounting categories used for managing income and expenditure on an ongoing basis. Recording of impairment loss of assets is determined individually mainly for idle assets with no potential of future use and assets determined to be disposed of. The book value of the assets above was reduced to the recoverable amount, and the difference was recorded as an impairment loss in the section of extraordinary losses.

The breakdown of impairment losses was for land, buildings and others of ¥3,823 million (USD 35 million), ¥769 million (USD 7 million) and ¥30 million (USD 0 million), respectively.

The recoverable amount of assets for disposal is mainly measured by net selling value based on valuation according to real estate appraisal standards.

Current fiscal year (From April 1, 2019 to March 31, 2020)  
Not applicable.

**\*6. Loss on disposal of non-current assets for the years ended March 31, 2019 and 2020 were as follows:**

	Previous fiscal year (From April 1, 2018 to March 31, 2019)		Current fiscal year (From April 1, 2019 to March 31, 2020)	
Buildings and structures	¥277 million	Buildings and structures	¥ 162 million	USD 1 million
Machinery, equipment and vehicles	0	Software	6	0
Tools, furniture and fixtures	0	Tools, furniture and fixtures	4	0
Total	¥278 million	Total	¥ 173 million	USD 1 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, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥ 828 million	¥ (9,838) million	USD (91) million
Reclassification adjustments	1,227	(330)	(3)
Amount before tax effects	2,056	(10,169)	(94)
Tax effects	(742)	2,990	27
Valuation difference on available-for-sale securities	1,313	(7,178)	(66)
Foreign currency translation adjustment:			
Amount arising during the fiscal year	4,935	(14,266)	(132)
Reclassification adjustments	(15)	-	-
Amount before tax effects	4,920	(14,266)	(132)
Tax effects	-	-	-
Foreign currency translation adjustment	4,920	(14,266) million	(132)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the fiscal year	(460)	(747) million	(6)
Total other comprehensive income	¥ 5,773million	¥(22,192) million	USD (205) million

## Notes to consolidated statements of changes in equity

### Previous fiscal year (From April 1, 2018 to March 31, 2019)

#### 1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares	141,669,000	-	10,000,000	131,669,000

(Summary of causes of changes)

Decrease in treasury shares was due to the cancellation of treasury shares based on the resolution at the Board of Directors' meeting held on February 22, 2019.

#### 2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares	21,543,231	1,001,083	10,000,050	12,544,264

(Summary of causes of changes)

Increase in treasury shares consisted of: an increase of 1,083 shares from acquisitions in line with buyback requests for shares less than one unit; and an increase of 1,000,000 shares from acquisitions by purchases on the market of the Tokyo Stock Exchange based on the resolution at the Board of Directors' meeting held on February 22, 2019.

Decrease in treasury shares consisted of: a decrease of 50 shares from sales in line with selling requests for shares less than one unit; and a decrease of 10,000,000 shares from the cancellation of treasury shares based on the resolution at the Board of Directors' meeting held on February 22, 2019.

#### 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 28, 2018	Common shares	¥57,660 million	¥480	March 31, 2018	June 29, 2018
Meeting of Board of Directors held on October 30, 2018	Common shares	¥20,421 million	¥170	September 30, 2018	December 3, 2018

##### (2) Dividend payments for which the record date is in the fiscal year ended March 31, 2019, 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 27, 2019	Common shares	¥76,239 million	Retained earnings	¥640	March 31, 2019	June 28, 2019

### Current fiscal year (From April 1, 2019 to March 31, 2020)

#### 1. Matters concerning outstanding shares

(Shares)

Type of share	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common shares	131,669,000	-	-	131,669,000

#### 2. Matters concerning treasury shares

(Shares)

Type of share	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common shares	12,544,264	1,090	-	12,545,354

(Summary of causes of changes)

Increase in treasury shares was due to acquisitions in line with buyback 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 27, 2019	Common shares	¥76,239 million	¥640	March 31, 2019	June 28, 2019
Meeting of Board of Directors held on October 31, 2019	Common shares	¥32,163 million	¥270	September 30, 2019	December 2, 2019

(2) Dividend payments for which the record date is in the fiscal year ended March 31, 2020, 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 26, 2020	Common shares	¥97,681 million [USD 904 million]	Retained earnings	¥820 [USD 7.59]	March 31, 2020	June 29, 2020

#### 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, 2019 and 2020 as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Cash and deposits	¥ 844,550 million	¥ 890,402 million	USD 8,244 million
Time deposits with maturity of more than three months	(346,607)	(313,347)	(2,901)
Short-term investments with maturity of three months or less	87,435	44,347	410
Cash and cash equivalents	¥ 585,378 million	¥ 621,402 million	USD 5,753 million

#### Lease transactions

##### 1. Finance lease transactions

Information of finance leases as of March 31, 2019 and 2020 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, 2019)	Current fiscal year (As of March 31, 2020)	
Due within one year	¥ 1,355 million	¥ 703 million	USD 6 million
Due after one year	3,959	2,891	26
Total	¥ 5,314 million	¥ 3,594 million	USD 33 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 trade receivables 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

The fair values of financial instruments include values based on market prices and reasonably measured values when market prices are unavailable. As variable factors are incorporated into the measurement of such values, 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, 2019 and 2020 were as follows:

Previous fiscal year (As of March 31, 2019)

	Book value	Fair value	Difference
Cash and deposits	844,550	844,550	-
Notes and accounts receivable - trade	78,169	78,169	-
Short-term and long-term investment securities			
Held-to-maturity debt securities	114,044	114,044	0
Other securities	244,630	244,630	-
Total assets	1,281,394	1,281,395	0
Notes and accounts payable - trade	59,689	59,689	-
Income taxes payable	62,646	62,646	-
Total liabilities	122,336	122,336	-
Derivatives	213	213	-

(Millions of yen)

Current fiscal year (As of March 31, 2020)

	Book value	Fair value	Difference
Cash and deposits	890,402	890,402	-
Notes and accounts receivable - trade	133,051	133,051	-
Short-term and long-term investment securities			
Held-to-maturity debt securities	236,440	236,453	12
Other securities	273,523	273,523	-
Total assets	1,533,417	1,533,430	12
Notes and accounts payable - trade	98,074	98,074	-
Income taxes payable	66,411	66,411	-
Total liabilities	164,486	164,486	-
Derivatives	172	172	-

(Millions of yen)

	Book value	Fair value	Difference
Cash and deposits	8,244	8,244	-
Notes and accounts receivable - trade	1,231	1,231	-
Short-term and long-term investment securities			
Held-to-maturity debt securities	2,189	2,189	0
Other securities	2,532	2,532	-
Total assets	14,198	14,198	0
Notes and accounts payable - trade	908	908	-
Income taxes payable	614	614	-
Total liabilities	1,523	1,523	-
Derivatives	1	1	-

(Millions of dollars)

(Notes) 1. Fair value measurement of financial instruments and matters relating to securities and derivative transactions

Cash and deposits, notes and accounts receivable - trade

As these items are settled in a short period of time, their book values approximate their fair values. Consequently, their fair values are based on their book values.

Short-term and long-term investment securities

The fair value of stocks is based on their prices on the securities exchanges. The fair values of bonds are based on their prices provided by correspondent financial institutions. Securities classified by purpose of holding are described in "Securities."

Notes and accounts payable - trade and income taxes payable

As these items are settled in a short period of time, their book values approximate their fair values. Consequently, their fair values are based on their book values.

Derivative transactions

Assets and liabilities arising from derivative transactions are shown on a net basis. The items that are net liabilities are shown in the parentheses.

Matters regarding fair value measurement method and derivative transactions by type of transaction target are provided in “Derivative transactions.”

2. Consolidated balance sheets amounts of financial instruments for which the fair value is deemed extremely difficult to determine

	Previous fiscal year	Current fiscal year	
	(As of March 31, 2019)	(As of March 31, 2020)	
Unlisted stocks	¥46,870 million	¥54,128 million	USD 501 million

These unlisted stocks which do not have market prices and of which future cash flow cannot be estimated are not included in “Short-term and long-term investment securities,” since the estimation of the fair value is deemed to be extremely difficult.

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

Previous fiscal year (As of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	844,550	-	-
Notes and accounts receivable - trade	78,169	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	81,936	-	-
Money held in trust	13,000	-	-
Corporate and government bonds	19,109	-	-
Other securities with maturity			
Certificate of deposits	1,553	2,774	-
Corporate and government bonds	124,254	36,626	-
Other	1,560	14,240	4,033
<b>Total</b>	<b>1,164,135</b>	<b>53,642</b>	<b>4,033</b>

Current fiscal year (As of March 31, 2020)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	890,402	-	-
Notes and accounts receivable - trade	133,051	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	193,739	7,173	-
Money held in trust	13,000	-	-
Corporate and government bonds	22,529	-	-
Other securities with maturity			
Certificate of deposits	-	6,529	-
Corporate and government bonds	127,255	49,989	-
Other	332	17,698	14,816
<b>Total</b>	<b>1,380,311</b>	<b>81,391</b>	<b>14,816</b>

(Millions of dollars)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	8,244	-	-
Notes and accounts receivable - trade	1,231	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	1,793	66	-
Money held in trust	120	-	-
Corporate and government bonds	208	-	-
Other securities with maturity			
Certificate of deposits	-	60	-
Corporate and government bonds	1,178	462	-
Other	3	163	137
Total	12,780	753	137

## Securities

### 1. Held-to-maturity debt securities

Previous fiscal year (As of March 31, 2019)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	3,107	3,108	0
Securities whose fair value does not exceed their book value on the consolidated balance sheets	110,936	110,936	(0)
Total	114,044	114,044	0

Current fiscal year (As of March 31, 2020)

(Millions of yen)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	5,437	5,455	17
Securities whose fair value does not exceed their book value on the consolidated balance sheets	231,002	230,998	(4)
Total	236,440	236,453	12

(Millions of dollars)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	50	50	0
Securities whose fair value does not exceed their book value on the consolidated balance sheets	2,138	2,138	(0)
Total	2,189	2,189	0

## 2. Other securities

Previous fiscal year (As of March 31, 2019)

(Millions of yen)			
	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	54,292	28,962	25,329
Debt securities	106,037	105,645	392
Other	8,869	8,741	128
Sub-total	169,199	143,349	25,850
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	867	920	(52)
Debt securities	74,504	75,108	(603)
Other	58	58	-
Sub-total	75,430	76,086	(656)
Total	244,630	219,435	25,194

Current fiscal year (As of March 31, 2020)

(Millions of yen)			
	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	26,601	6,451	20,150
Debt securities	86,280	85,930	349
Other	2,778	2,661	117
Sub-total	115,661	95,043	20,617
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	18,436	22,681	(4,245)
Debt securities	123,527	124,635	(1,107)
Other	15,897	15,995	(97)
Sub-total	157,862	163,312	(5,450)
Total	273,523	258,356	15,167

(Millions of dollars)			
	Book value	Acquisition cost	Difference
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	246	59	186
Debt securities	798	795	3
Other	25	24	1
Sub-total	1,070	880	190
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	170	210	(39)
Debt securities	1,143	1,154	(10)
Other	147	148	(0)
Sub-total	1,461	1,512	(50)
Total	2,532	2,392	140

### 3. Other securities sold during the fiscal years ended March 31, 2019 and 2020

Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	279,718	62	(13)
Other	316,805	4	-
Total	596,524	67	(13)

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Amount sold	Total gain	Total loss
Debt securities	164,106	57	(104)
Other	74,911	1,049	(56)
Total	239,018	1,107	(161)

(Millions of dollars)

	Amount sold	Total gain	Total loss
Debt securities	1,519	0	(0)
Other	693	9	(0)
Total	2,213	10	(1)

### 4. Securities subject to booking of impairment loss

Previous fiscal year (from April 1, 2018 to March 31, 2019)

Impairment loss was recorded for securities in the amount of ¥682 million, i.e., stocks in the section of other securities in the amount of ¥682 million.

Current fiscal year (from April 1, 2019 to March 31, 2020)

Not applicable.

## Derivative transactions

### Derivative contracts not qualifying for hedge accounting

Currencies

Previous fiscal year (As of March 31, 2019)

(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	3,236	-	21	21
	Selling British Pound	3,615	-	(9)	(9)
	Currency options				
	Written call options				
	Euro [Premium]	40,986 [138]	- [-]	12	125
	Australian Dollar [Premium]	3,200 [12]	- [-]	7	5
Purchased put options					
Euro [Premium]	20,493 [150]	- [-]	221	70	
	Total	-	-	-	213

Current fiscal year (As of March 31, 2020)

(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	4,458	-	82	82
	Selling British Pound	969	-	(41)	(41)
	Currency options				
	Written call options				
Euro [Premium]	29,274 [119]	- [-]	22	97	
Purchased put options					
Euro [Premium]	14,637 [119]	- [-]	153	34	
	Total	-	-	-	171

(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	41	-	0	0
	Selling British Pound	8	-	(0)	(0)
	Currency options				
	Written call options				
	Euro [Premium]	271 [1]	- [-]	0	0
	Purchased put options				
	Euro [Premium]	135 [1]	- [-]	1	0
	Total	-	-	-	1

- (Notes) 1. The fair value as of March 31, 2019 and 2020 is calculated based on price quoted by correspondent financial institutions.
2. Amounts presented in square parentheses [ ] above are option premiums.

## 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, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit obligations	51,253	56,591	523
Current service costs	2,898	2,953	27
Interest cost	1,150	1,136	10
Actuarial gains and losses	1,217	4,530	41
Retirement benefits paid	(1,211)	(1,186)	(10)
Other	71	29	0
Foreign currency translation difference	1,210	(607)	(5)
Ending balance of retirement benefit obligations	56,591	63,448	587

- (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, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of plan assets	42,774	48,779	451
Expected return on assets	1,703	1,892	17
Actuarial gains and losses	(761)	(2,182)	(20)
Contribution by the business operator	5,371	2,733	25
Retirement benefits paid	(1,089)	(1,119)	(10)
Other	-	29	0
Foreign currency translation difference	781	(437)	(4)
Ending balance of plan assets	48,779	49,696	460

- (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, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit liability	199	200	1
Retirement benefit expenses	97	136	1
Retirement benefit payment	(10)	(9)	(0)
Contribution into plan	(61)	(37)	(0)
Other	(24)	-	-
Foreign currency translation difference	0	0	0
Ending balance of retirement benefit liability	200	290	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 (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Retirement benefit obligations for funded plans	43,377	50,649	468
Plan assets	(49,353)	(50,265)	(465)
	(5,976)	384	3
Retirement benefit obligations for unfunded plans	13,988	13,658	126
Net amounts of liabilities and assets recorded in consolidated balance sheets	8,012	14,042	130
Retirement benefit liability	15,068	20,450	189
Retirement benefit asset	(7,056)	(6,407)	(59)
Net amounts of liabilities and assets recorded in consolidated balance sheets	8,012	14,042	130

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

(5) Retirement benefit expenses and their breakdown

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Current service costs	2,995	3,090	28
Interest cost	1,150	1,136	10
Expected return on assets	(1,703)	(1,892)	(17)
Amortization of actuarial gains and losses treated as expenses	1,978	6,712	62
Other	228	118	1
Retirement benefit expenses for defined benefit plan	4,650	9,165	84

(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 (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Stocks	26%	14%
Bonds	61	76
Other	13	10
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 (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Discount rate	0.3% to 3.8%	0.3% to 3.1%
Expected long-term return rate on plan assets	2.7% to 5.5%	2.0% to 4.0%

### 3. Defined contribution plans

The amount of contribution required for the defined contribution plans at certain consolidated subsidiaries was ¥2,080 million for the year ended March 31, 2019 and ¥2,343 million (USD 21 million) for the year ended March 31, 2020.

## Income taxes

### 1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)	
Deferred tax assets			
Research and development expenses	¥ 30,993 million	¥ 33,622 million	USD 311 million
Revenue recognition for tax purposes	7,279	14,169	131
Unrealized intra-group profit and write-downs on inventory	13,940	13,873	128
Accounts payable - other and accrued expenses	9,744	11,270	104
Retirement benefit liability	4,160	5,498	50
Excess depreciation of deferred assets	5,411	5,457	50
Other	12,322	15,179	140
Deferred tax assets subtotal	83,853	99,072	917
Valuation allowance	(1,027)	(831)	(7)
Total deferred tax assets	82,825	98,240	909
Deferred tax liabilities			
Undistributed retained earnings of subsidiaries and associates	(13,227)	(15,019)	(139)
Valuation difference on available-for-sale securities	(7,652)	(6,031)	(55)
Other	(3,955)	(4,990)	(46)
Total deferred tax liabilities	(24,835)	(26,041)	(241)
Net deferred tax assets	¥ 57,990 million	¥ 72,199 million	USD 668 million

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

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Statutory tax rate	30.5%	30.5%
(Reconciliations)		
Special deduction concerning total amount of experimentation and research expenses	(0.8)	(0.9)
Different tax rates applied to the consolidated subsidiaries	(0.6)	(0.6)
Foreign tax credit on retained earnings of the overseas consolidated subsidiaries	0.6	0.5
Effect of profit and loss of the associates accounted for using equity method	(0.8)	(0.7)
Other	(0.5)	(0.4)
Effective tax rate after tax effect accounting	28.4%	28.4%

## Asset retirement obligations

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

## Real estate for rent

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

## Segment information, etc.

### Segment information

The main business of Nintendo is developing, manufacturing, and distributing handheld and home console hardware systems 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 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 based on a product category or region basis. Therefore, segment information is omitted.

### Related information

Previous fiscal year (From April 1, 2018 to March 31, 2019)

#### 1. Information about products and services

(Millions of yen)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	63,035	1,027,937	109,586	1,200,560

#### 2. Information by geographic areas

##### (1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		from U.S.			
265,722	528,895	460,947	304,552	101,389	1,200,560

(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
58,884	21,885	780	81,550

(Note) Property, plant and equipment are categorized by country based on its 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, 2019 to March 31, 2020)

1. Information about products and services

(Millions of yen)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	18,056	1,219,327	71,134	1,308,519

(Millions of dollars)

	Nintendo 3DS Platform	Nintendo Switch Platform	Other	Total
Sales to third parties	167	11,290	658	12,115

2. Information by geographic areas

(1) Net sales

(Millions of yen)

Japan	The Americas		Europe	Other	Total
		from U.S.			
301,187	565,023	487,332	326,613	115,694	1,308,519

(Millions of dollars)

Japan	The Americas		Europe	Other	Total
		from U.S.			
2,788	5,231	4,512	3,024	1,071	12,115

(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
59,067	20,836	2,963	82,866

(Millions of dollars)

Japan	U.S.	Other	Total
546	192	27	767

(Note) Property, plant and equipment are categorized by country based on its 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, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Net assets per share	¥11,833.91	¥12,933.51	USD 119.75
Profit per share	¥1,615.51	¥2,171.20	20.10

(Notes) 1. Diluted profit per share is omitted as no residual securities were outstanding as of March 31, 2019 and 2020.

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

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)	
Profit attributable to owners of parent	¥ 194,009 million	¥ 258,641 million	USD 2,394 million
Amount not attributable to common shareholders	-	-	-
Profit attributable to owners of parent related to common shares	¥194,009 million	¥ 258,641 million	USD 2,394 million
Average number of shares (common shares)	¥120,091 thousand shares	¥119,124 thousand shares	-

## Significant subsequent events

Not applicable.

(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	¥20 million [USD 0 million]	¥553 million [USD 5 million]	-	-
Long-term loans payable due after one year	-	-	-	-
Lease obligations due after one year	¥36 million [USD 0 million]	¥1,608 million [USD 14 million]	-	April 2021 - February 2030
Other interest-bearing liabilities	-	-	-	-
Total	¥56 million [USD 0 million]	¥2,161 million [USD 20 million]	-	-

(Note) 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	447	313	248	261

	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	4	2	2	2

### 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, 2020 were less than or equal to a hundredth of the total of liabilities and net assets as of the beginning and end of the fiscal year ended March 31, 2020.

#### (2) Other

Quarterly information of the fiscal year ended March 31, 2020

(Millions of yen)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	172,111	443,967	1,022,668	1,308,519
Profit before income taxes	22,301	85,231	274,725	361,273
Profit attributable to owners of parent	16,604	62,018	196,389	258,641
Profit per share (Yen)	139.38	520.62	1,648.61	2,171.20

(Millions of dollars)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	1,593	4,110	9,469	12,115
Profit before income taxes	206	789	2,543	3,345
Profit attributable to owners of parent	153	574	1,818	2,394
Profit per share (Dollars)	1.29	4.82	15.26	20.1

(Yen)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	139.38	381.23	1,128.00	522.58

(Dollars)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	1.29	3.52	10.44	4.83

## Corporate Information

### Common Shares

Nintendo Co., Ltd. common stock is listed on the Tokyo Stock Exchange, Section 1.

### Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders for the fiscal year ended March 31, 2020 was held on June 26, 2020 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](mailto:IR@nintendo.co.jp)

### Corporate Communications

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

Strategic Communications Department  
Nintendo of America Inc.  
2000 Bridge Parkway Ste 200,  
Redwood City, CA 94065  
Tel: +1-650-226-4040

**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 Report

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