

Second Quarter Financial Results and Corporate Management Policy Briefing for Fiscal Year Ending March 2022

Nintendo Co., Ltd.
Nov. 5, 2021

- Thank you for attending today. I am Shuntaro Furukawa, President of Nintendo.
- Due to the situation with COVID-19, this year we are once again hosting a live broadcast of our Corporate Management Policy Briefing instead of holding it in person.

Consolidated Financial Highlights

	FY21/1H	FY22/1H	Comparison
Net sales	769.5 bn yen	624.2 bn yen	-18.9 %
Operating profit	291.4 bn yen	219.9 bn yen	-24.5 %
Operating profit ratio	37.9 %	35.2 %	-2.6 pt.
Ordinary profit	297.4 bn yen	236.2 bn yen	-20.6 %
Net profit	213.1 bn yen	171.8 bn yen	-19.4 %
Net profit ratio	27.7 %	27.5 %	-0.2 pt.

* Net profit: Profit attributable to owners of parent

* FY22/1H indicates the period between April 1, 2021 and Sept. 30, 2021.

- First, I would like to explain the consolidated financial results for the first half of the fiscal year ending March 31, 2022 that we announced yesterday.
- Sales and profits for the first half of this fiscal year declined compared to the same period last fiscal year, when *Animal Crossing: New Horizons* drove the entire Nintendo Switch business. However, the results for the first half of this fiscal year have remained at a high level, in line with our expectations.

Consolidated Financial Forecast

	Previous Forecast	Modified Forecast	Comparison
Net sales	1600.0 bn yen	1600.0 bn yen	-
Operating profit	500.0 bn yen	520.0 bn yen	+4.0 %
Ordinary profit	480.0 bn yen	500.0 bn yen	+4.2 %
Net profit	340.0 bn yen	350.0 bn yen	+2.9 %

*Net profit: Profit attributable to owners of parent.

*For FY22, the estimated exchange rate for USD remains 1USD = 105yen, and rate for Euros has been revised from 1Euro = 120 yen to 125 yen to 125 yen.

	Previous Forecast	Modified Forecast	Comparison
Dividend			
Annual	1,430 yen	1,490 yen	+60 yen

	Previous Forecast	Modified Forecast	Comparison
Nintendo Switch			
Hardware	25.50 mil units	24.00 mil units	-5.9 %
Software	190.00 mil units	200.00 mil units	+5.3 %

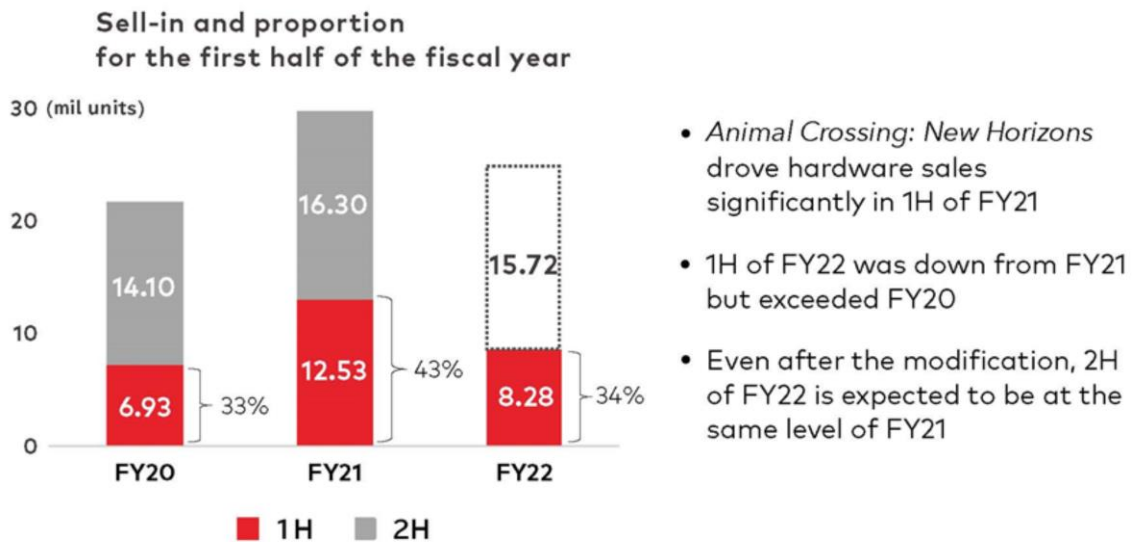
*While revised FY22 forecast software sales units include the quantity bundled with hardware (0.1 million units) for the six months ended Sept. 30, 2021, they do not include the quantity to be bundled with hardware on or after Oct. 1, 2021.

- Based on the sales performance for the fiscal year to date and our future outlook, we have modified our financial forecast for the fiscal year ending March 31, 2022.
- For Nintendo Switch hardware, we reduced our forecast by 1.5 million units to 24 million units. Our shipment forecast for the second half was reduced due to the adjustment of our production plan, resulting from the effects of the global semiconductor shortage.
- On the other hand, we revised the Nintendo Switch software forecast up by 10 million units to 200 million units based on the sales performance of the first half.
- We have also modified other factors, including exchange rate assumptions. As a result, our net sales forecast remains unchanged while profits have been adjusted upward.

Note: Cautionary Note for the Appropriate Use of Earnings Forecasts.

Statements relating to future projections represent the judgments made by Nintendo management based on information that is available at the time they are written, and for that reason may contain potential risks and uncertainties. Please understand that such risks and uncertainties may cause actual results to be materially different from these forecasts (earnings forecasts, dividend forecasts or other such forecasts).

Nintendo Switch Hardware Sell-in and Outlook



- I would like to explain further about the sales performance for the Nintendo Switch family of systems in the first half, and our outlook for the full fiscal year.
- Sales for Nintendo Switch hardware in the first half of this fiscal year were 8.28 million units, a decrease from last fiscal year (FY21). In the first half of last fiscal year, more than 40% of the consumers who began playing Nintendo Switch in Japan, the U.S. and Europe chose *Animal Crossing: New Horizons* as their first game. While there was not a single title like *Animal Crossing: New Horizons* driving hardware sales significantly in the first half of this fiscal year, consumers purchased hardware alongside various titles and the sales volume exceeded that of the fiscal year before last (FY20).
- In addition, the ratio of unit sales in the first half, compared to the full year was 43% last fiscal year, which was higher than in past years. However, we estimate that the sales ratio for the second half will return to its previous levels this fiscal year.
- While we have revised our unit sales forecast for the second half downwards, sales are still projected to reach the same levels as the second half of last fiscal year even after these modifications.

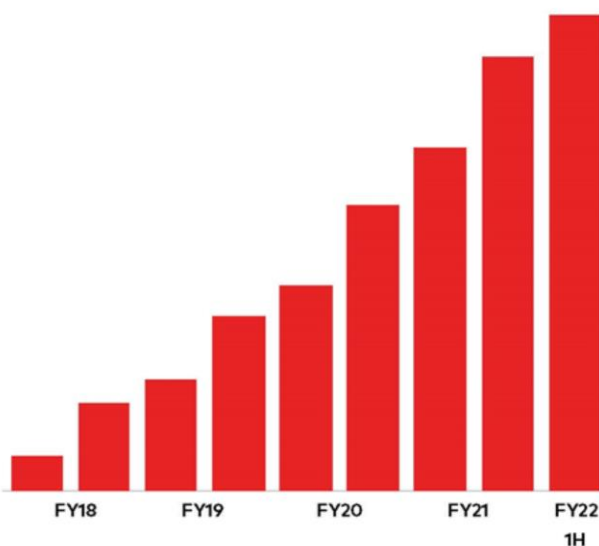
Note: Sell-in refers to sales from the Nintendo group to outside of the group. In addition to units sold to retailers, this number also includes units sold to individual consumers through Nintendo's direct-sales websites and as downloadable software.

Current State Of Nintendo Switch

- Now, let's discuss the current state of Nintendo Switch.



Current State Of Nintendo Switch



Series cumulative sell-through
surpassed

90M units

Nintendo Switch business is
shifting to a new stage

Estimates, including Asia, Latin America, and other regions. / Source: Nintendo

- As of Oct. 2021, cumulative sell-through of the Nintendo Switch family of systems surpassed 90 million units.
- The pace of Nintendo Switch sales has accelerated since spring 2020, with cumulative sell-through estimated to exceed 100 million units this fiscal year. Nintendo Switch is shifting to a new stage where the foundation of software business growth is being strengthened in addition to the further expansion of the hardware business.

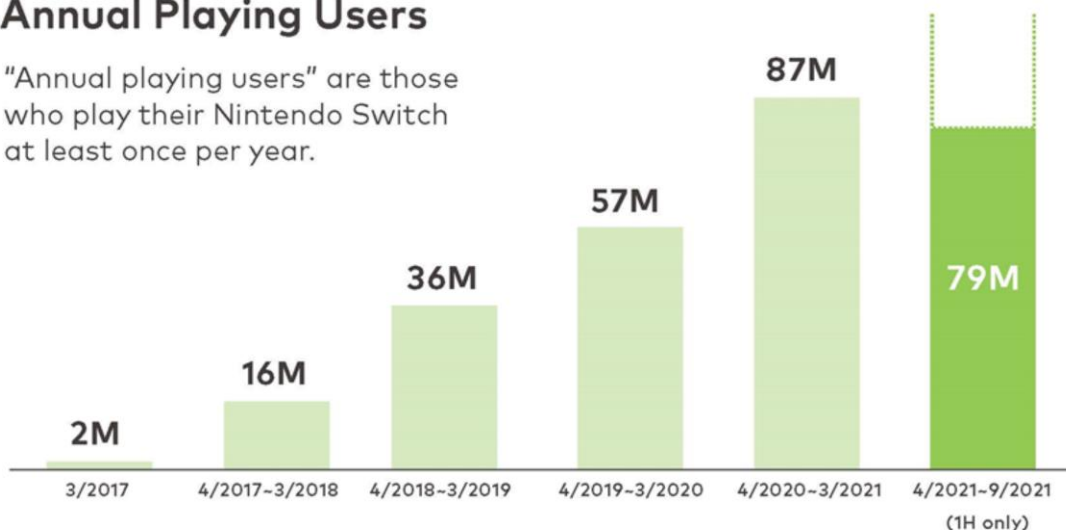
Note: Sell-through refers to sales to individual consumers. In addition to units sold by retailers, this number also includes units sold to individual consumers through Nintendo's direct-sales websites and as downloadable software.



Current State Of Nintendo Switch

Annual Playing Users

"Annual playing users" are those who play their Nintendo Switch at least once per year.

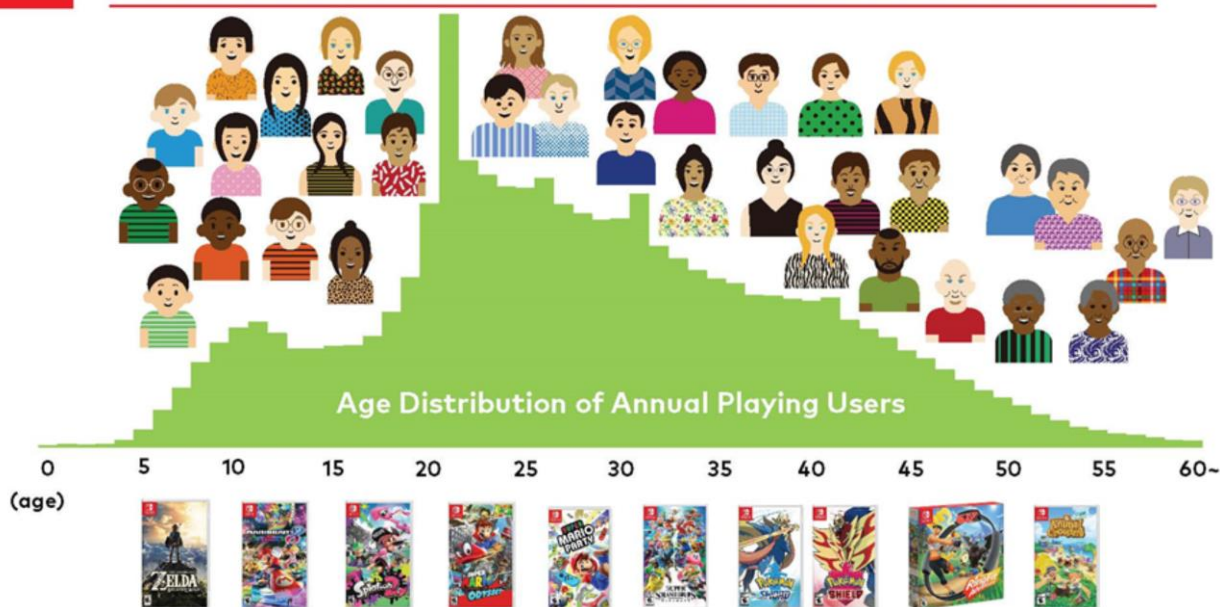


- This graph shows the number of annual playing users. It indicates the number of users who play Nintendo Switch software between April and the following March, which is our fiscal year, out of those with Nintendo Accounts linked to Nintendo Switch systems.
- There are cases where more than one Nintendo Account are connected to the same Nintendo Switch system, so the maximum number does not match Nintendo Switch sell-through.
- Consumers have continued to play Nintendo Switch since its launch in March 2017, and the number of annual playing users has steadily increased. The number for this fiscal year has already surpassed 79 million during the first half, and it is expected more people will play Nintendo Switch throughout this fiscal year.

Note: Data for the number of "annual playing users" is collected from consumers with a Nintendo Account who connected to the Internet and agreed to share their log. It also indicates the number of consumers who play software but does not include those who only use Nintendo eShop and other non-software services.



Current State Of Nintendo Switch



- This graph shows the age of annual playing users, which is quite varied. There is also diversity in the frequency of gameplay and the number of titles purchased.
- What is important is that our consumers continue to play Nintendo Switch in ways that fit their lifestyle. That is why in addition to short-term play data, we also value indicators that look at the number of users who play during longer periods, like this graph of annual playing users.
- An underlying premise is that Nintendo Switch users who play games have already purchased both a system and software. This means that the indicators for this behavior differ in nature from indicators, for example, of the number of active users of services that can be started for free on smart devices.
- The diversity of consumers who continue to interact with Nintendo Switch in their own ways is one reason for the sales balance between new and evergreen titles, which we believe characterizes the Nintendo Switch market.



Nintendo Switch 2022



Nintendo Switch - OLED Model

**Seeking a sixth year
of growth with the
debut of Nintendo
Switch – OLED Model**

- While paying attention to these kinds of sales and gameplay indicators, we are striving to maintain and increase engagement with Nintendo Switch. With the Nintendo Switch lineup and its new addition, Nintendo Switch – OLED Model, we will aim for a sixth year of growth, something never before experienced with our dedicated video game platform business.



Nintendo Switch Heading Into a Sixth Year of Growth

- 1 Three play modes create a diversity of gameplay**
- 2 Motivations for purchase are diversifying**
- 3 Robust lineup of evergreen titles and continuous release of new titles**

- Our aim of a sixth year of growth is underpinned by three factors.
- The first is that Nintendo Switch offers three play modes, meaning the system can be played in a variety of scenarios, which creates broader opportunities to enjoy games.
- The second is that the motivations behind those purchases have diversified.
- And the third factor is our robust lineup of evergreen titles coupled with the continuous release of new titles.



1

Three Play Modes Create a Diversity of Gameplay

- First of all, I would like to talk about three play modes that create a diversity of gameplay scenarios.



Only Nintendo Switch Has Three Play Modes to Fit a Diverse Range of Play Scenarios



TV Mode



Tabletop Mode



Handheld Mode

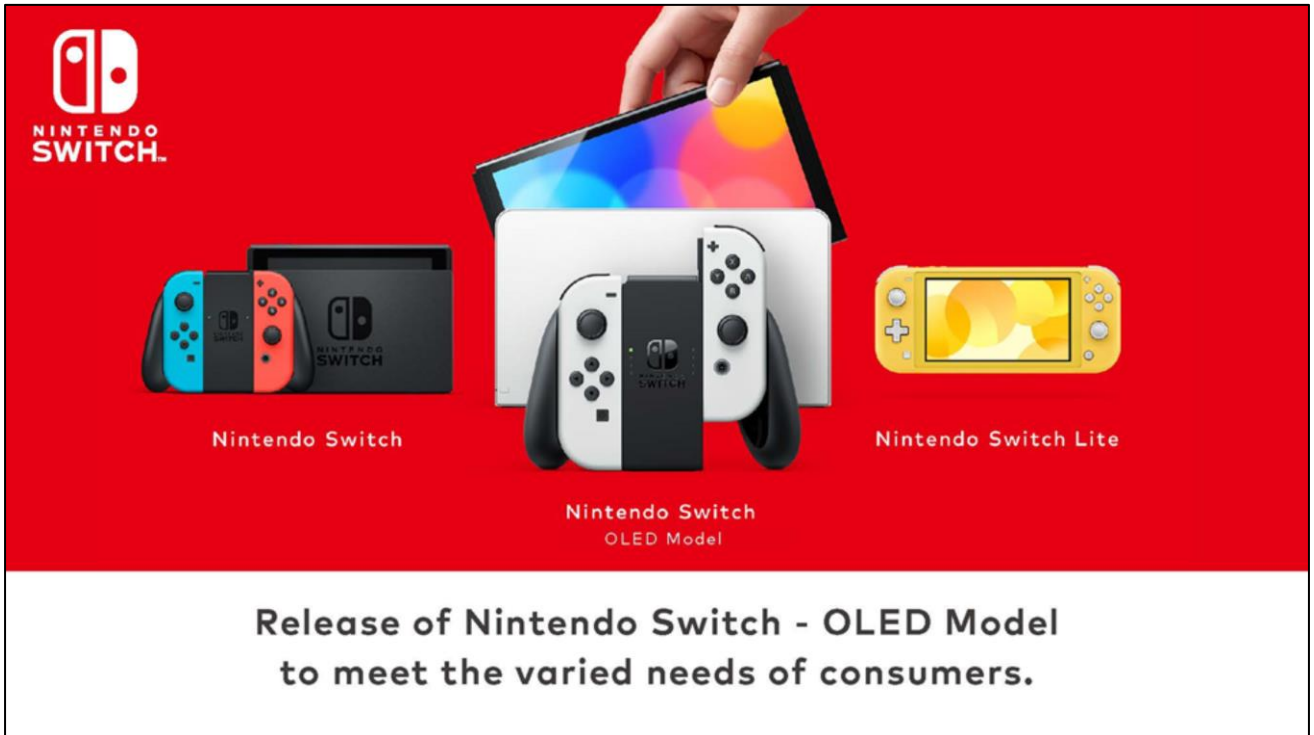
- The game system can change configuration to fit different play styles.
- A variety of play scenarios: Solo play, with family and friends, in groups and online.
- The three modes unique to Nintendo Switch create new gameplay.

- Nintendo Switch is a game system designed to fit your lifestyle. It can be taken on the go wherever you like, not just used in front of the TV at home. By sharing the Joy-Con controllers, you can start a game anytime, with anyone, anywhere. When people bring their Nintendo Switch with them, they can start local cooperative or competitive play anywhere they go.
- Consumers who purchase Nintendo Switch are taking advantage of the system's unique features to play in a variety of scenarios and ways that were previously unachievable on a single game system.
- This unique value of Nintendo Switch has been embraced by consumers over time since launch. As this unique feeling of excitement for Nintendo Switch spreads, a new value of entertainment emerges.



2 Motivations for Purchase Are Diversifying

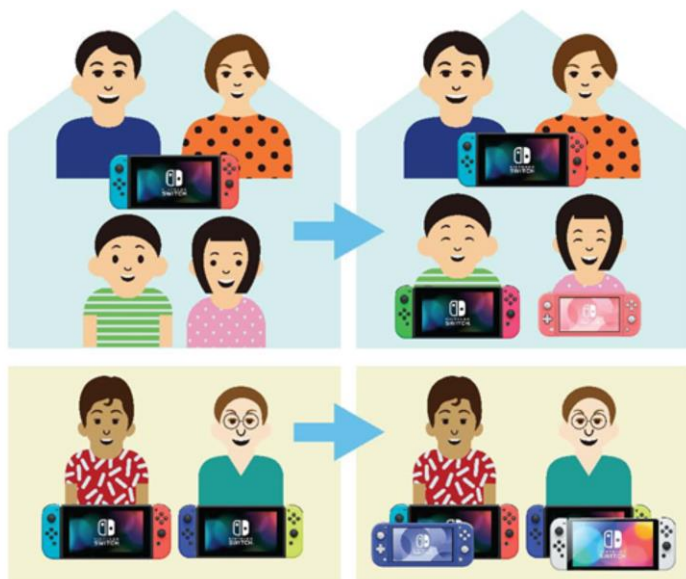
- Second, I would like to explain how motivations for purchase have diversified.



- Nintendo Switch – OLED Model, with its large, vibrant screen is off to a good start since its launch on Oct. 8.
- Its sales trends show that many consumers who purchased a system at launch around five years ago are now interested in replacing it with a new Nintendo Switch.



Motivations for Purchase Are Diversifying



- Diversification of motives for purchase: New purchases, additional purchases, and replacement purchases
- From "one per family" to "multiple per family", and further to "one per person"

- As seen in the purchasing trends for Nintendo Switch – OLED Model, motivations behind system purchases have diversified. Some are buying a Nintendo Switch system for the first time, while others are buying a second one, and still others are replacing their existing system with Nintendo Switch – OLED Model.
- When Nintendo Switch first launched, it was common for households to purchase a single system. But more and more families now own multiple systems.
- With the increase in titles that can be enjoyed individually, and the growing trend of playing Nintendo Switch in handheld mode, we continue to strive to expand our install base to one Nintendo Switch per person. We believe there is even further room for the Nintendo Switch install base to grow.



3

Robust Lineup of Evergreen Titles and Continuous Release of New Titles

- Third, I would like to talk about the robust lineup of evergreen titles and continuous release of new titles.



Robust Lineup of Evergreen Titles and Continuous Release of New Titles

The Nintendo Switch generation integrates home consoles and handheld systems

- Enables continuous release of software
- Brings franchises for home consoles and handheld systems together in one place

- The key to maximizing the potential of Nintendo Switch is to develop and offer irresistible fun through the integrated software-hardware entertainment that is Nintendo's strength.
- The Nintendo Switch generation integrates the previously separate environments and frameworks of software development for home consoles and handheld systems, and has enabled us to release characteristically Nintendo software over an extended period of time.
- Another major difference is that the Nintendo Switch platform brings together under one roof the franchises that supported our past home consoles and handheld systems.



Evergreen Titles

Sell-through of evergreen titles

April - Sept. 2021



Includes system bundles and digital sales / Source: Nintendo

- As a result, we have continuously released new Nintendo titles for Nintendo Switch since the launch of the platform, resulting in a software lineup that is unprecedented in both quantity and quality.
- And as you can see with the continued growth in sell-through of evergreen titles into this fiscal year, people who are purchasing Nintendo Switch for the first time are buying not only new titles, but also previously released titles.



- As Nintendo Switch heads into its sixth year, we will continue to release new titles on an ongoing basis.
- A string of titles is set for release. *Pokémon Brilliant Diamond* and *Pokémon Shining Pearl* will be released later this month, with *Big Brain Academy: Brain vs. Brain* arriving next month. Early next year, *Pokémon Legends: Arceus* and *Kirby and the Forgotten Land* will be released, with *Splatoon 3*, *Bayonetta 3* and the sequel to *The Legend of Zelda: Breath of the Wild* also set for release during 2022.



- In addition, we are providing consumers with add-on content for our Nintendo titles, so they can continue to play them long after purchase.
- For *Animal Crossing: New Horizons*, we released a major free update yesterday (Nov. 4), and the first-ever paid add-on content for the series today (Nov. 5). We want to renew the interest of those who have stopped playing *Animal Crossing: New Horizons* and encourage those who have played since its release to continue to enjoy the game.
- We believe that continued play of this title, which has sold over 30 million units already, will further extend the potential of the entire Nintendo Switch platform.



Titles From Software Publishers



- Titles from software publishers are also generating a lot of enthusiasm for Nintendo Switch.
- The lineup of titles from these publishers is expansive, including titles for game fans, titles that appeal to anyone regardless of age or gender, unique titles from indie developers, and titles in specific genres with their own unique fan bases.
- There have been multiple hit titles in each genre. For example, in this past year, Capcom's *MONSTER HUNTER RISE* has enjoyed widespread support from enthusiastic game fans. Released in March, global sales have now reached 7.5 million units and continue to increase. Konami's *Momotaro Dentetsu Showa Heisei Reiwa mo Teiban!*, which can be enjoyed by anyone from children to seniors, achieved sales of 3 million units in Japan alone since its release last November.
- And in addition to those, several other major titles are set for release, including ATLUS' *Shin Megami Tensei V*, which is due out in November.

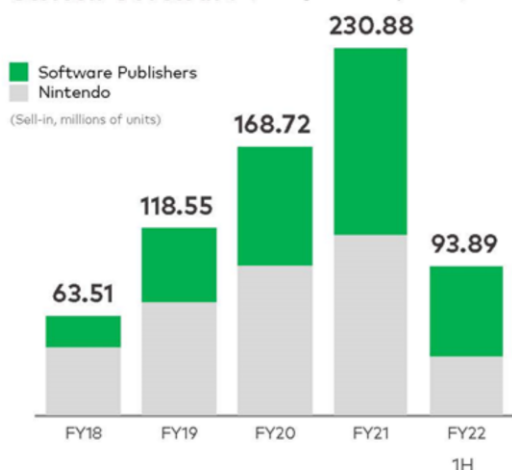
Note: Some of these titles are licensed to be released and sold as Nintendo products overseas.



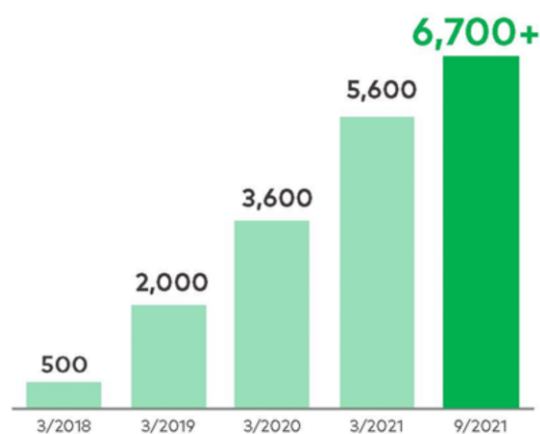
Record High Numbers in Sales, Participating Companies and Titles

Fiscal Year Sales of Nintendo

Switch Software (excluding download-only software)



Titles Available From Software Publishers for Purchase on Nintendo eShop



- Sales for titles from software publishers on Nintendo Switch have expanded over the years, in tandem with their increased presence. Last fiscal year, titles by other software publishers accounted for more than half of the total unit sales for packaged software and its downloadable versions on Nintendo Switch, surpassing unit sales of Nintendo titles.
- In the 38 years that we have been in the home console business, the number of titles from these companies is at an all-time high. As of the end of Sept. 2021, there were over 6,700 titles from these publishers available worldwide for purchase in Nintendo eShop on Nintendo Switch.
- We would like to take this opportunity to say a huge thank you to these participating publishers.
- So far, we have talked about the Nintendo Switch business. Heading into our sixth year since launch, we are prepared to continue bringing new and surprising experiences to consumers, and our goal is to continue to increase the unique value Nintendo Switch offers.

Note: This is the total number of titles available for purchase from Nintendo eShop in the various regions of the world. The same title is not counted multiple times if it is released through Nintendo eShop in more than one region.

Basic Strategy and IP Initiatives

- Next, we will explain Nintendo's philosophy, review our basic strategy and describe the progress of our initiatives.

Nintendo's DNA

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

- We continually strive to deliver Nintendo's unique, intuitive play for all. This is as much a part of Nintendo's DNA now as it has been in the past.

The Source of Nintendo's Unique Forms of Play

Integrated Hardware- Software Entertainment

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

- Nintendo's unique forms of play are enabled by developing and integrating both hardware and software hand in hand.
- Through these efforts, we constantly aim to create unique products and services that everyone can enjoy, regardless of age, gender or past gaming experience, that are intuitive and incredibly fun to play.
- We will continue to offer fresh, surprising entertainment through our integrated hardware and software development and our continued commitment to the touch and feel of play, just as we have to date.



- We see the Nintendo character IP that has grown over the history of our video game business, nurtured by consumers, as an increasing strength for our company. We are proceeding to utilize our IP in areas that are new to Nintendo.
- By bringing Nintendo IP to new areas, we can continually generate touchpoints with consumers who have stopped playing Nintendo games as well as with those who first encounter Nintendo IP in a context outside of games.
- Ultimately, our goal is for contact with Nintendo IP to awaken new interest in the Nintendo game experience, or to inspire a return to that experience and our integrated hardware-software proposition.



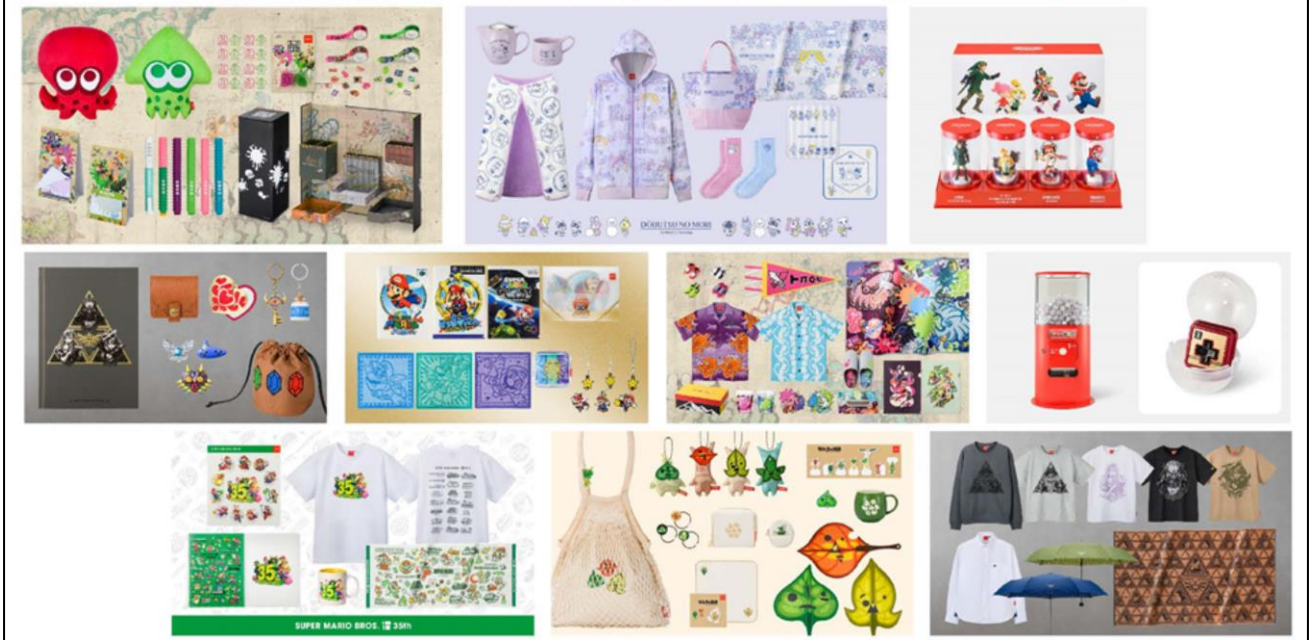
- By expanding Nintendo IP, we want to dramatically broaden our consumer base and maintain good long-term relationships with the consumers we attract.
- To this end, we plan to use Nintendo Accounts as a foundation to connect the various consumer experiences of our core integrated hardware-software entertainment across platform generations. We will continue to plan and operate value-added services that are even more fun and more convenient for consumers.
- These initiatives will create a framework for consistent consumer engagement and continuous invigoration of our business centered on integrated hardware-software entertainment.
- I would now like to describe examples of these initiatives and explain our progress.

Nintendo IP Initiatives Merchandise



- Regarding the expansion of merchandise, as you can see, in the past year we released a number of products and collaborated with partner companies all over the world.

Nintendo IP Initiatives Merchandise



- As we develop products in a wide variety of areas, we will continue to focus on working with our partner companies to create unique products that fit the individual characteristics of each IP. We will strive to ensure that we deliver fun experiences that consumers will want to keep returning to.

Nintendo IP Initiatives

Hands-On Experiences and
Physical Retail



- We've also operated official Nintendo stores inside and outside of Japan. Nintendo NEW YORK and Nintendo TOKYO have welcomed many fans so far.
- While keeping a close eye on the COVID-19 situation, our goal is to not only sell Nintendo-related products at our physical stores, but also to disseminate information about Nintendo through events and game demos so these locations become new touchpoints with our consumers.

Nintendo IP Initiatives

Hands-On Experiences and
Physical Retail



**Scheduled to open
a new official
Nintendo store
following
New York and Tokyo**

- For the next expansion, we will be opening our second official store in Japan in Osaka. Nintendo OSAKA will open in the Daimaru Umeda building at the end of 2022.

Nintendo IP Initiatives Theme Parks



- SUPER NINTENDO WORLD opened at Universal Studios Japan in March of this year.
- We feel that through this partnership with Universal Parks & Resorts, we have been able to bring the world of Super Mario games to our guests.

Note: Universal Studios Japan has put measures in place with regard to COVID-19, including limiting the number of visitors.

Nintendo IP Initiatives Theme Parks

- **Grand opening of SUPER NINTENDO WORLD in March this year**
- **Donkey Kong area is being prepared to open in 2024**
- **Planning new areas for the theme parks in Hollywood, Orlando and Singapore**

- In addition, as was announced in September, preparations are underway to expand SUPER NINTENDO WORLD at Universal Studios Japan with a new Donkey Kong themed area, scheduled to open in 2024.
- The next SUPER NINTENDO WORLD to open after Osaka will be in the U.S., in Hollywood. And after that, we plan to build new areas in Orlando and in Singapore.

Nintendo IP Initiatives Mobile Applications



- We also teamed up with Niantic, Inc. to develop *Pikmin Bloom*, a Pikmin themed smart device application that makes walking more fun. Niantic, Inc. began a gradual release by country on Oct. 27.
- In this mobile application that makes walking fun, you walk to increase the number of Pikmin, and can make flowers bloom wherever you go. The routes you take and the places you go are recorded, even if you don't play the application, creating a Lifelog. And as you continue to play, you will keep making more memories.
- This concept of turning walking, which has such a close connection to our everyday lives, into fun has been positively received by consumers around the world. Through this application, we hope to create new touchpoints with consumers not normally interested in games.
- An introductory video has been released for the application and we hope you enjoy it.

Note: Pikmin Bloom introductory video <https://www.youtube.com/watch?v=5ZeIQEZIPv8>

Nintendo IP Initiatives Visual Content



ILLUMINATION



**2022
Holiday
Season**

Theatrical
Release

- In addition, we are working on a Super Mario CG-animated film, with Illumination's founder and CEO Chris Meledandri and Nintendo's Shigeru Miyamoto both serving as producers.
- Illumination, with its background in visual media, and Nintendo, with our background in games, are working together on this new creative endeavor to convey the fun appeal of Super Mario in a cinematic format that is distinct from the games.
- The movie is scheduled for a theatrical release during the 2022 holiday season, with the North American release planned for Dec. 21. We are excited to bring a new Super Mario experience to people all over the world.

Nintendo Account



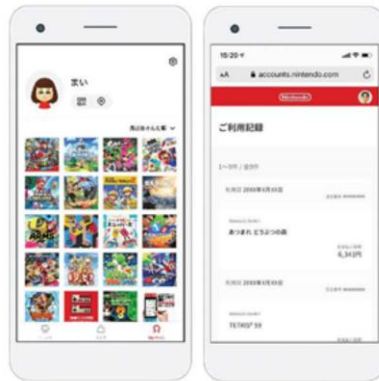
- Nintendo Accounts, which play a pivotal role in expanding the number of people who have access to Nintendo IP, now number more than 250 million worldwide.
- Nintendo Accounts constitute a broad consumer base spanning gender and age groups, and are currently available in 164 countries and regions. These include areas where we do not have a dedicated game console business, providing an important foundation for our future business.

Nintendo Account Initiatives

Linking Game Systems and Smart Devices



Managing Consumer Assets



Play History

Purchase History

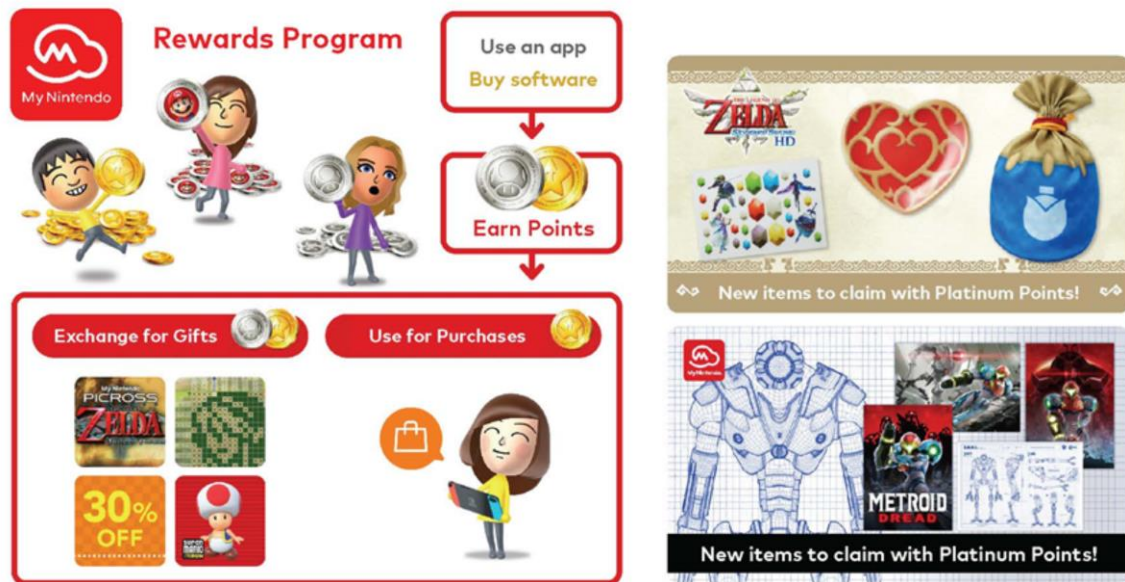
Parental Controls



Nintendo Switch Parental Controls

- Next, I would like to introduce some of the initiatives that make use of our Nintendo Account program.
- We have already released Nintendo Account features that complement the play experience on game systems by letting users link their systems, websites and smart devices.

Nintendo Account Initiatives



- We have also implemented a My Nintendo membership service, which is available to anyone who has a Nintendo Account.
- The My Nintendo rewards program allows consumers to earn points based on game purchases and service usage.
- Those points can be used on your next purchase or exchanged for special rewards.

Note: You can accumulate My Nintendo Gold Points by making purchases in Nintendo eShop, accessible from Nintendo Switch, or on Nintendo e-commerce websites, and use those points on your next purchase. My Nintendo Gold Points are earned by purchasing game systems and software. We also offer special rewards that can be redeemed with My Nintendo Platinum Points, which are earned through gameplay and other ways.

Nintendo Account Initiatives

GPS or 2D Code CHECK-IN



- Check-in service at physical stores and event venues



- Another initiative, which involves the use of Nintendo Accounts to check in at physical retail stores and event venues, is being implemented in various locations.
- For example, a check-in service was adopted this summer for Nintendo TOKYO pop-up stores in five different locations in Japan and for the *Animal Crossing: New Horizons* collaboration event at Yokohama Hakkeijima Sea Paradise. We are having a head start on these initiatives in Japan.
- We strive to strengthen relationships with our consumers through initiatives like these.

Nintendo Switch Online

Over **32**million **Members**
(As of Sept. 2021)



- The number of members who are subscribed to Nintendo Switch Online, a service for Nintendo Switch users, is increasing along with the growth of the hardware install base. It has reached more than 32 million accounts as of Sept. 2021.
- By enhancing services, we have increased the opportunities for members to continue playing Nintendo Switch. These enhancements include Game Trial events, which allow users to play a specific title during a specific time period and the addition of member-exclusive games.
- Last month, we released Nintendo Switch Online + Expansion Pack, a new membership plan that adds content to the existing service.
- Going forward, we will continue to improve and expand both Nintendo Switch Online and Nintendo Switch Online + Expansion Pack, striving to provide services that satisfy consumers.

Note: The number of paid memberships is the total number of users subscribing to either Nintendo Switch Online or Nintendo Switch Online + Expansion Pack, including those who belong to the service through a Family Membership (and therefore do not pay individual fees).

Future Outlook

Expanding Nintendo IP

Value-Added Services

Nintendo Account



Integrated Hardware-Software
Nintendo DS • Wii



Integrated Hardware-Software
Nintendo Switch

Integrated Hardware-Software
Next gaming system

..... 2004 2006

..... 2017

..... 20XX

- In support of our efforts to increase the number of people who experience Nintendo IP, Nintendo plans to continue to expand its business around the core concept of creating unique integrated hardware-software products.
- In addition, we will build on the Nintendo Account foundation to develop services that complement our business.
- With Nintendo Switch, we introduced the ability to link to a Nintendo Account and created a foundation for maintaining relationships with consumers going forward. We want to maintain a positive, lasting relationship with consumers through these accounts.
- We seek a virtuous cycle with our integrated hardware-software business and the provision of services and content based on Nintendo Accounts, in which touchpoints are created with ever more consumers and strengthened to establish long-term, mutually positive relationships.

Build good, lasting consumer relationships

- Bring smiles to generations of consumers through compelling, interesting, unique entertainment experiences
- Anticipate and meet the needs and wants of consumers by continuing to develop our IP and value-added services
- Aim to be a safe and secure brand through the release of products and services, and by making information available

- To that end, it is of utmost importance that we continue to offer compelling, interesting, unique entertainment experiences that bring smiles to generations of consumers around the world, focusing on quality.
- In addition, we will strive to increase touchpoints with consumers in areas other than games by developing our IP, and to build strong relationships with them by developing value-added services that use Nintendo Accounts.
- With these points in mind, we will continue to release products and services, and make information available, while always considering safety and peace of mind so that our consumers can have fun with our offerings.

Cash Utilization

In addition to conventional investments in R&D and capital expenditures, efforts will also be made in these areas.

Field		Summary	Amount
Building software assets	Games	Expand game software development frameworks inside the Nintendo group.	Up to 100.0 billion yen
	Non-game entertainment	Pursue business opportunities that have affinity with the game business (i.e., visual content).	Up to 50.0 billion yen
A foundation for maintaining and expanding relationships with consumers		<ul style="list-style-type: none">• Maintain and expand relationships with consumers, centered on Nintendo Accounts• Build infrastructure and continue to forge partnerships	Up to 300.0 billion yen

- I'd now like to take this opportunity to talk about new fields where we will utilize our cash.
- As a company that brings smiles through entertainment, Nintendo's goal has always been to create original entertainment. In a business with extreme fluctuations like the entertainment business, the basic policy of our financial activities has been to secure cash and other liquid assets so we can continually offer products and services that constantly deliver new surprises.
- While this basic policy will not change, the Nintendo Switch business has exceeded our expectations, putting us in a strong cash position in these last few years and presenting a good opportunity to reconsider how to most effectively utilize our cash in a variety of strategic and meaningful ways.
- Let me describe the fields we plan to actively focus on from a mid- to long-term perspective, given the changes in our current business environment.
- These efforts will be made in addition to our conventional research and development and capital expenditures.
- The new fields where we will utilize our cash can be broadly classified under two themes: building software assets and building a foundation for maintaining and expanding relationships with consumers.
- These software assets include games, and we aim to expand our game development frameworks inside the Nintendo group. We are not dismissing the possibility of M&A activities, but our first priority is to organically expand our own organization to continue Nintendo's creative culture.
- In addition, we will pursue opportunities in non-game entertainment businesses that have high affinity with the game business. To that end, we will work to build software assets in fields other than games. We will also work to develop new video content, following on from the Super Mario

movie.

- Our other theme, of building a foundation for maintaining and expanding relationships with consumers, will center on expanding the ways that Nintendo Accounts can serve as the foundation for providing consumers with better experiences and better services, and for creating new added value.
- The aim is not to simply promote the shift to digital, but to build a uniquely Nintendo service infrastructure based on our integrated hardware-software business.
- To maintain and expand relationships with consumers, we will work to enhance the My Nintendo service, discussed before, and the My Nintendo Store.
- Our efforts will also include initiatives to increase the ways to deliver Nintendo software, following the new Nintendo eShops for Asia and South America that we opened after the launch of Nintendo Switch.
- In addition, we will consider enhancing our direct touchpoints with consumers through efforts such as adding more physical stores, as represented by Nintendo TOKYO, both in Japan and overseas.
- Along with our integrated hardware-software business, which is at the center of everything we do, we also consider utilizing our cash in the research and development of technologies for delivering our software assets, and in the formation of new partnerships that can help bring that about.

Return to Shareholders

Basic Policy

Annual dividend payout of either 33% of consolidated operating profit or a consolidated dividend payout ratio of 50%, whichever is greater.

Practical Examples of Flexible Shareholder Return

February 2021:

Announcement of a special dividend of 200 yen per share

FY to March 2021 Annual dividend payout	Amount per share	Total dividend payment
Regular dividend	2,020 yen	240.5 billion yen
Special one-time dividend	200 yen	23.8 billion yen
Total dividend payment	2,220 yen	264.4 billion yen

August 2021:

Share buyback of up to
1.8 million shares amounting to
100 billion yen

Total shares acquired	1.8 million shares
Total value of acquired shares	95.0 billion yen

Buyback period: Aug. 6 to Sept. 14, 2021

- Regarding returning to shareholders, we will maintain a policy of paying out an annual dividend that is either 33% of consolidated operating profit or a consolidated dividend payout ratio of 50%, whichever is greater. But as we did last fiscal year and this fiscal year, we will constantly review our financial situation and share price, and may consider raising dividend or repurchasing shares.

Nintendo's ESG Initiatives

E (Environment)

Consideration for the Global Environment



Environmentally conscious products

- Energy-conserving product design
- Green procurement
- Promotion of more efficient transport
- Post-sales recycling



Environmentally conscious daily business

- Use of renewable energy
- Introduction of environmentally friendly office fixtures
- Encouraging recycling



Environmental Management System

- Activities based on the ISO 14001 standard

S (Social)

Putting Smiles on the Faces of Everyone



Pursuit of new entertainment possibilities

- Jump Rope Challenge
- Nintendo Labo



Ensure a healthy play environment for children

- Parental Controls
- Nintendo Switch Parental Controls



Addressing human rights and labor risks in the supply chain

- Nintendo CSR Procurement Guidelines
- Human rights due diligence-Written surveys of business partners-Third-party audits



Achieving a diverse workplace

- Introduce a partnership system
- Support advancement of women in the workplace
- Establish Employee Resource Groups (Nintendo of America)

G (Governance)

Achieve Transparency in Management

Ensure diversity and improve the effectiveness of the Board of Directors

- Appointing female members and members outside of Japan
- 1/3 or more of board consisting of outside directors

Improve objectivity and transparency in the nomination and compensation determination process

- Established a Nomination Advisory Board

Fair, timely and appropriate information disclosure

- Financial Results Briefings and Corporate Management Policy Briefings
- Release of translated English version of materials

- In addition, we intend to continue contributing to society, the environment and people around the world through our business activities in ways suited to Nintendo.
- For the environment, we not only account for energy conservation and green procurement at the product development and design stage, but we also consider the impact on the environment in our daily business.
- With regards to society, we contributed in a Nintendo-like way amid the COVID-19 pandemic with games such as *Jump Rope Challenge*. We have established Nintendo Switch Parental Controls to ensure a healthy play environment for children on a safe and secure game system. We address human rights and labor risks in our supply chain to ensure that Nintendo is putting smiles on the faces of everyone we touch. And we are working to promote diversity in our employees by introducing a partnership system and supporting female advancement in the workplace.
- In the area of governance, we are working to ensure diversity on the board of directors by appointing female directors and directors outside of Japan, and we are promoting high transparency in management by establishing a Nomination Advisory Board. We strive to disclose information fairly and in a timely and appropriate manner by holding financial results briefings and management policy briefings, and by publishing various documents, including English translations.
- At a meeting of the Board of Directors held yesterday, a resolution was passed for Nintendo to select to be listed on the new Prime Market segment of the Tokyo Stock Exchange. We will continue to emphasize dialogue with our shareholders and investors, and strive for the understanding of our stakeholders from an ESG standpoint.



- As an entertainment company that creates smiles, we will continually work to provide unique entertainment for people all over the world.
- This concludes today's presentation. Thank you for watching.

