

# **Annual Report 2021**

**for the fiscal year ended March 31, 2021**

**Nintendo Co., Ltd.**

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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 ¥110 to 1 USD, the approximate current rate of exchange on March 31, 2021, has been applied for the purpose of presentation of the accompanying consolidated financial statements in U.S. dollars. These amounts in U.S. dollars are included solely for convenience and are unaudited. These translations should not be construed as representations that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate of exchange.

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

# Information on the Company

## I. Overview of the Company

### 1. Key financial data and trends

#### Consolidated financial data

Fiscal year	77th	78th	79th	80th	81st	
Fiscal year ended March 31	2017	2018	2019	2020	2021	
Net sales (Millions of yen) (Millions of dollars)	¥489,095	¥1,055,682	¥1,200,560	¥1,308,519	¥1,758,910	USD 15,990
Operating profit (Millions of yen) (Millions of dollars)	29,362	177,557	249,701	352,370	640,634	5,823
Ordinary profit (Millions of yen) (Millions of dollars)	50,364	199,356	277,355	360,461	678,996	6,172
Profit attributable to owners of parent (Millions of yen) (Millions of dollars)	102,574	139,590	194,009	258,641	480,376	4,367
Comprehensive income (Millions of yen) (Millions of dollars)	104,525	134,090	200,341	236,490	527,951	4,799
Net assets (Millions of yen) (Millions of dollars)	1,250,972	1,323,574	1,414,798	1,540,900	1,874,614	17,041
Total assets (Millions of yen) (Millions of dollars)	1,468,452	1,633,474	1,690,304	1,934,087	2,446,918	22,244
Net assets per share (Yen) (Dollars)	10,412.59	10,980.45	11,833.91	12,933.51	15,734.79	143
Profit per share (Yen) (Dollars)	853.87	1,162.30	1,615.51	2,171.20	4,032.60	36
Diluted profit per share (Yen) (Dollars)	-	-	-	-	-	-
Capital adequacy ratio (%)	85.15	80.75	83.40	79.66	76.60	-
Return on equity (ROE) (%)	8.51	10.86	14.22	17.53	28.13	-
Price earnings ratio (PER) (Times)	30.26	40.32	19.54	19.16	15.33	-
Cash flows from operating activities (Millions of yen) (Millions of dollars)	19,101	152,208	170,529	347,753	612,106	5,564
Cash flows from investing activities (Millions of yen) (Millions of dollars)	69,518	61,387	45,353	(188,433)	(136,533)	(1,241)
Cash flows from financing activities (Millions of yen) (Millions of dollars)	(14,435)	(61,311)	(109,037)	(111,031)	(194,938)	(1,772)
Cash and cash equivalents at end of period (Millions of yen) (Millions of dollars)	¥330,974	¥484,480	¥585,378	¥621,402	¥932,079	USD 8,473
Number of employees (Persons)	5,166	5,501	5,944	6,200	6,574	-

(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 28 subsidiaries and five associates as of March 31, 2021), 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., Next Level Games Inc., Nintendo European Research and Development SAS, iQue (China) Ltd., ND CUBE Co., Ltd., 1-UP Studio Inc., MONOLITH SOFTWARE INC., Mario Club Co., Ltd.

#### - Manufacture

Nintendo Co., Ltd.

#### - Sales

Nintendo Co., Ltd., Nintendo of America Inc., Nintendo of Canada Ltd., Nintendo of Europe GmbH, Nintendo France S.A.R.L., Nintendo Benelux B.V., Nintendo Ibérica, S.A., Nintendo 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	-
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 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	-
Next Level Games Inc.	Canada	Thousands of CAD 11	Development	100	1	-	-	Entrusted development of software	-
Nintendo European Research and Development SAS	France	Thousands of EUR 300	Development	100 (100)	-	1	-	Entrusted development of software	-
iQue (China) Ltd. *1	China	Thousands of USD 29,000	Development	100 (100)	-	2	-	Entrusted development of software	-

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

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

Name of company	Net sales (Millions of yen)	Ordinary profit (Millions of yen)	Profit (Millions of yen)	Total net assets (Millions of yen)	Total assets (Millions of yen)
Nintendo of America Inc.	672,800	56,121	44,156	371,123	586,338
Nintendo of Europe GmbH	397,235	17,811	12,267	90,488	218,023
Nintendo Sales Co., Ltd.	276,226	14,910	10,342	34,304	68,019

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.	6,116	510	401	3,373	5,330
Nintendo of Europe GmbH	3,611	161	111	822	1,982
Nintendo Sales Co., Ltd.	2,511	135	94	311	618

(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	-



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

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

## 5. Employees

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

### (1) Information about group

As of March 31, 2021

Number of employees (persons)	6,574
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(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, 2021

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)
2,498	39.6	14.2	9,710,405 yen (USD 88,276)

(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, 2021, 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, 2021.

#### (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, where demand for entertainment is growing among people around the world, competition is further intensifying as an increasing number of companies enter the game industry, while there is the progress in the progress in technological advancement and diversification of entertainment.

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

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

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

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

## 2. Risk factors

Listed below are the various risks that could 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, 2021.

### (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 purchases in foreign currencies on an ongoing basis.

### (2) Risks around business activities

- Fluctuation of market environment and competition against other companies

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

- Development of new products

Despite the substantial costs and time needed for development of software for dedicated video game platforms and applications for smart-device gaming services, there is no guarantee that all new products and services will be accepted by consumers due to ever shifting preferences.

As development of hardware is time-consuming, with technology continuously advancing, the Company may not be able to prepare 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, local disturbances, natural disasters or any other incidents, or other issues specific to the area could interrupt production and negatively affect Nintendo's operating performance.  
Regarding production, Nintendo hedges risks by procuring parts and materials from and outsourcing production to multiple companies in most cases. For important components, we have identified all processes, places of production, persons in charge, etc. and have a management system in place which, even in the unlikely event of an unforeseeable incident, will enable us to get a grasp of the status of damage caused by the accident and take an alternative action as swiftly as possible.
  - **Business operations affected by seasonal fluctuation**  
Demand for Nintendo's products is largely focused on the year-end sales season, New Year season, etc., so seasonal fluctuations occur in our business performance. Should Nintendo fail to release attractive new products or supply products on time during that period, operating performance could be adversely affected.
  - **System issues**  
Nintendo 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 servers, a natural disaster or an accident, it could have an adverse effect on Nintendo's future operating results, share price and financial condition.  
Considering that networking functions are becoming increasingly important in the Company's business, Nintendo is enhancing assigned in-house resources, hiring necessary human resources, collaborating with outside expert firms and making other such efforts to strengthen its capabilities to deal with system issues.
  - **Various factors affecting business activities**  
In addition to Japan, Nintendo engages in business in the United States, Europe, Australia, Asia and other areas 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 the occurrence of a defect, given that its products are sold worldwide. Also, a product 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 address 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

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

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

(5) Other risks

Other than the risks set forth above, factors such as uncollectibility of notes and accounts receivable - trade, collapse of financial institutions, environmental 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, 2021 (“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, 2021.

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. The impact of COVID-19 on the consolidated financial statements is deemed to be negligible; going forward, however, the supply of products might be affected if production and shipments are hindered. Important accounting estimates and assumptions adopted in the consolidated financial statements of Nintendo are detailed in the section “V. Financial Information, Consolidated financial statements, etc., Notes to Consolidated Financial Statements (Significant accounting estimates).”

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

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

The results for the fiscal year ended March 31, 2021 showed strong software sales for Nintendo Switch, which contributed greatly to the growth of hardware sales. In particular, sales continued to grow for titles released in previous fiscal years, with units of *Animal Crossing: New Horizons* at 20.85 million (cumulative sales of 32.63 million units), *Mario Kart 8 Deluxe* at 10.62 million (cumulative sales of 35.39 million units), and *Ring Fit Adventure* at 7.38 million (cumulative sales of 10.11 million units). *Super Mario 3D All-Stars* and *Super Mario 3D World + Bowser's Fury*, which were released this fiscal year as part of the Super Mario Bros. 35th Anniversary campaign, saw sales of 9.01 million units and 5.59 million units, respectively. In addition to Nintendo titles, sales of titles from other software publishers also continued to grow steadily, for a total of 36 million-seller titles for this fiscal year, including titles from these other software publishers.

As a result, hardware sales reached 28.83 million units (an increase of 37.1% year-on-year), and software sales reached 230.88 million units (an increase of 36.8% year-on-year).

In our digital business for dedicated video game platforms, sales were strong for downloadable versions of packaged software for Nintendo Switch. Sales also grew for add-on content, including *Pokémon Sword Expansion Pass*, *Pokémon Shield Expansion Pass*, and *Super Smash Bros. Ultimate Fighters Pass Vol. 2*. In addition, sales of download-only titles and sales related to Nintendo Switch Online were also steady, helping to bring digital sales to ¥344.1 billion (USD 3,128 million; an increase of 68.5% year-on-year).

For the mobile business, many consumers continue to enjoy playing our mobile applications, and our mobile and IP related income reached ¥57.0 billion (USD 518 million; an increase of 11.3% year-on-year).

Nintendo’s management policy, management strategy, etc. are as described in “II. Business Overview, 1. Management policy, management environment, issues to address.” The 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, 2021 increased from the previous fiscal year.

Net sales reached ¥1,758.9 billion (USD 15,990 million; an increase of 34.4% year-on-year), of which overseas sales were ¥1,361.4 billion (USD 12,376 million; an increase of 35.2% year-on-year, and 77.4% of total sales). Operating profit came to ¥640.6 billion (USD 5,823 million; an increase of 81.8% year-on-year). Ordinary profit was ¥678.9 billion (USD 6,171 million; an increase of 88.4% year-on-year) due to increase in operating profit

and other factors, and profit attributable to owners of parent totaled ¥480.3 billion (USD 4,366 million; an increase of 85.7% year-on-year).

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 ¥450.3 billion (USD 4,093 million) to ¥1,758.9 billion (USD 15,990 million; an increase of 34.4% on a year-on-year basis), primarily due to the brisk sales of Nintendo Switch. Gross profit increased from the previous fiscal year by ¥328.7 billion (USD 2,988 million) to ¥970.4 billion (USD 8,821 million; an increase of 51.2% on a year-on-year basis). Due to such factors as the increase in research and development expenses and advertising expenses, selling, general and administrative expenses increased from the previous fiscal year by ¥40.5 billion (USD 368 million), resulting in an operating profit of ¥640.6 billion (USD 5,823 million; an increase of 81.8% on a year-on-year basis).

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

Net non-operating income was ¥38.3 billion (USD 348 million), due to such factors as the accrual of foreign exchange gains and the recording of share of profit of entities accounted for using equity method related to The Pokémon Company and other investments. As a result, ordinary profit was ¥678.9 billion (USD 6,171 million; an increase of 88.4% on a year-on-year basis).

(Profit attributable to owners of parent)

Profit attributable to owners of parent was ¥480.3 billion (USD 4,366 million; an increase of 85.7% 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 ¥512.8 billion (USD 4,661 million) compared to the previous fiscal year-end to ¥2,446.9 billion (USD 22,244 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 ¥179.1 billion (USD 1,628 million) compared to the previous fiscal year-end to ¥572.3 billion (USD 5,202 million).

This was mainly due to the increase in income taxes payable by ¥90.8 billion (USD 825 million) attributable to the increase in taxable income, as well as the increase in other current liabilities including advances received associated with digital business expansion, etc. by ¥62.3 billion (USD 566 million).

(Net assets)

Net assets increased by ¥333.7 billion (USD 3,033 million) compared to the previous fiscal year-end to ¥1,874.6 billion (USD 17,041 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 ¥480.3 billion (USD 4,366 million), offsetting the payment of dividends of surplus in the amount of ¥194.1 billion (USD 1,764 million).

(iv) Description and analysis of cash flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of March 31, 2021 was ¥932.0 billion (USD 8,472 million), with an increase of ¥310.6 billion (USD 2,823 million) during the fiscal year. During the previous fiscal year, there was an increase of ¥36.0 billion. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2021 are as follows:

Cash flows from operating activities:

With respect to cash flows from operating activities, there were decreasing factors contributing to ¥681.3 billion (USD 6,193 million) of profit before income taxes such as payments of income taxes. However, due to increasing factors such as an increase in trade payables, net cash resulted in an increase of ¥612.1 billion (USD 5,564 million) compared to an increase of ¥347.7 billion during the previous fiscal year.

Cash flows from investing activities:

Net cash from investing activities decreased by ¥136.5 billion (USD 1,240 million) compared to a decrease of ¥188.4 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 ¥194.9 billion (USD 1,771 million) compared to a decrease of ¥111.0 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, 2021 were as follows. As Nintendo operates as a single business segment, the information is presented by product type.

Type	Amount		Year-on-year increase (decrease) (%)
	(Millions of yen)	(Millions of dollars)	
Dedicated video game platform			
Nintendo Switch platform	1,319,008	11,990	29.2
Others	22,644	205	63.3
Subtotal	1,341,652	12,196	29.7
Playing cards, etc.	1,033	9	58.9
Total	1,342,685	12,206	29.7

(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, 2021 were as follows. As Nintendo operates as a single business segment, the information is presented by product type.

Type	Amount		Year-on-year increase (decrease) (%)
	(Millions of yen)	(Millions of dollars)	
Dedicated video game platform			
Nintendo Switch platform	1,666,405	15,149	36.7
Others	33,645	305	(3.4)
Subtotal	1,700,050	15,455	35.6
Mobile, IP related income, etc.	57,080	518	11.3
Playing cards, etc.	1,779	16	(41.9)
Total	1,758,910	15,990	34.4

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

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

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

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

(5) Financial source of capital and liquidity of funds

The current ratio at March 31, 2021 is 384%, 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 and networks, security, cloud computing, virtual reality (VR), augmented reality (AR) and mixed reality (MR), 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 ¥93.2 billion (USD 847 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 implemented functions targeted at Nintendo Switch Online members such as the automatic save-data download function and the function to transfer photos and videos to smartphones and computers, added various special editions and color variations of game systems and accessories, and made ongoing improvements to the software development environment and various network services, among others. As for compatible software, we released *Mario Kart Live: Home Circuit*, a new endeavor that links a physical remote-controlled kart equipped with a camera to Nintendo Switch and turns the player's room into a Mario Kart racetrack, enabling them to have fun engaging in a heated race. We also released titles as part of the Super Mario Bros. 35th Anniversary campaign, including *Super Mario 3D All-Stars*, which collected *Super Mario 64*, *Super Mario Sunshine* and *Super Mario Galaxy* in one software title, and *Super Mario 3D World + Bowser's Fury*, which added a completely new world in the form of an arena for adventure to *Super Mario 3D World* that had been released as a Wii U software title. In addition, we released *Clubhouse Games: 51 Worldwide Classics*, *Paper Mario: The Origami King*, *Pikmin 3 Deluxe*, *Xenoblade Chronicles: Definitive Edition* and *Buddy Mission BOND*.

In our mobile business, we run services on an ongoing basis for six game applications such as *Mario Kart Tour*, celebrating its first anniversary since service launch, and *Fire Emblem Heroes*, to which we added a new story. For *Animal Crossing: Pocket Camp*, we added a new way of playing the game that utilizes augmented reality (AR), offering interactions with the animals in a slightly different way than before.

Furthermore, for Nintendo Account, an account necessary when using various services provided by Nintendo, we added to the titles available on Nintendo Switch Online, through *Nintendo Entertainment System - Nintendo Switch Online* and *Super NES - Nintendo Switch Online*. Also, as a special title commemorating the Super Mario Bros. 35th Anniversary, we made Super Mario Bros. 35 available for a limited time until March 31, 2021. This game offered familiar courses and actions, with 35 players pitted against one another in a contest for survival, sending defeated enemies to other players' courses. We also started distributing smartphone app *My Nintendo*, enabling users to check the latest information conveniently.

Other than the above, we further expanded the lineup for amiibo accessories, and released *Game&Watch: Super Mario Bros.*, including three types of games and a Super Mario inspired watch function.

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

world.

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

### III. Equipment and Facilities

#### 1. Overview of capital investments

Nintendo develops, manufactures and distributes electronic entertainment products, and in the fiscal year ended March 31, 2021, it invested ¥17,912 million (USD 162 million), which was mainly used for research and development facilities, and included intangible assets such as computer software for internal use.

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

#### 2. Major facilities

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

##### (1) Reporting company

As of March 31, 2021

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	2,447	160	1,866 (25)	63	7	4,545	125
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	16,792	43	17,160 (57)	1,409	7,836	43,244	2,240
Tokyo Branch Office *1, 2 (Chiyoda-ku, Tokyo)	Administration, sales, development	Other facilities	1,353	1	- (-)	230	78	1,664	133
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Other facilities	1,004	0	4,079 (9)	4	2	5,090	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	734	-	5,763 (1)	4	0	6,502	-

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	16 (25)	0	0	41	125
Head Office (Minami-ku, Kyoto Prefecture)	Administration, sales, development, manufacturing	Other facilities	152	0	156 (57)	12	71	393	2,240
Tokyo Branch Office *1, 2 (Chiyoda-ku, Tokyo)	Administration, sales, development	Other facilities	12	0	- (-)	2	0	15	133
Asset leased to Nintendo Sales Co., Ltd. (Uji City, Kyoto Prefecture)	Sales	Other facilities	9	0	37 (9)	0	0	46	-
Asset leased to Nintendo Sales Co., Ltd. (Kita-ku, Osaka Prefecture)	Sales	Other facilities	6	-	52 (1)	0	0	59	-

(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 Tokyo Branch Office leases a building, of which the amount of annual rent expenses is ¥959 million (USD 8 million)

4. \*2 The amounts include some of the assets leased to Nintendo Sales Co., Ltd. and 1-UP Studio Inc.

## (2) Overseas subsidiaries

As of March 31, 2021

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	11,709	805	3,436 (508)	1,835	3,668	21,456	1,256
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	4,242	234	- (-)	625	1,483	6,585	901

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	106	7	31 (508)	16	33	195	1,256
Nintendo of Europe GmbH (Germany)	Sales	Other facilities	38	2	- (-)	5	13	59	901

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

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

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

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

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	16,000 million yen (USD 145 million)	7,129 million yen (USD 64 million)	April 2020	March 2023
Nintendo Co., Ltd. and its consolidated subsidiaries	Production facilities for molds, etc.	8,000 million yen (USD 72 million)	370 million yen (USD 3 million)	April 2020	March 2023
Nintendo Co., Ltd. and its consolidated subsidiaries	Renovation, updating, etc. of other buildings, etc.	25,000 million yen (USD 227 million)	10,412 million yen (USD 94 million)	April 2020	March 2023
Total		49,000 million yen (USD 445 million)	17,912 million yen (USD 162 million)	-	-

(Notes) 1. Funds required for equipment and facilities, etc. in the future in the amount of ¥31,088 million (USD 282 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, 2021)	Number of shares outstanding as of issuance date of this report (June 30, 2021)	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	-	91	-	105

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

## (5) Status of shareholders

As of March 31, 2021

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)	-	106	72	567	1,296	85	28,638	30,764	-
Number of shares held (units)	-	347,136	42,822	40,893	695,495	301	188,229	1,314,876	181,400
Shareholding ratio (%)	-	26.40	3.26	3.11	52.89	0.02	14.32	100.00	-

(Notes) 1. Out of treasury shares of 12,546,233 shares, 125,462 units and 33 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, 2021

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	88,792	7.45
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	58,465	4.91
JP Morgan Chase Bank 380815 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	58,400	4.90
The Bank of Kyoto, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	700 Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (1-8-12 Harumi, Chuo-ku, Tokyo)	48,802	4.10
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
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS (Standing proxy: Citibank, N.A., Tokyo Branch)	388 GREENWICH STREET NEW YORK, NY 10013 USA (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	22,672	1.90
State Street Bank West Client – Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	18,171	1.53
DeNA Co., Ltd.	2-21-1 Shibuya, Shibuya-ku, Tokyo	17,594	1.48
Custody Bank of Japan, Ltd. (Trust Account 5)	1-8-12 Harumi, Chuo-ku, Tokyo	17,549	1.47
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	16,105	1.35
Total	—	388,660	32.63

(Notes) 1. The Company's 125,462 hundred treasury shares are excluded from the above table.

2. Although the Statements of Large-Volume Holdings made available for public inspection dated December 7, 2020 states that the following shares are held by Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders as of November 30, 2020, the above status of major shareholders is based on the shareholder registry, as the Company could not confirm the actual number of shares held as of March 31, 2021.

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



3. Although the Statement of Changes made available for public inspection dated 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, 2021.

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, 2021.

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, 2021

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 12,546,200	-	Number of shares constituting a unit: 100 shares
Shares with full voting rights (other)	Common shares 118,941,400	1,189,414	Same as the above
Shares less than one unit	Common shares 181,400	-	Shares less than one unit (100 shares)
Total number of shares issued	131,669,000	-	-
Total number of voting rights held by all shareholders	-	1,189,414	-

(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, 2021

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	12,546,200	-	12,546,200	9.53
Total	-	12,546,200	-	12,546,200	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, 2021	904	53,159,320
Treasury shares acquired during the current period	186	11,808,420

Classification	Number of shares (shares)	Total amount of acquisition price (dollars)
Treasury shares acquired during the fiscal year ended March 31, 2021	904	483,266
Treasury shares acquired during the current period	186	107,349

(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, 2021 to the submission date of this report.

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

Classification	Fiscal year ended March 31, 2021		From April 1 to May 31, 2021	
	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, share issuance or corporate split	-	-	-	-
Other	25	312,528	-	-
Number of treasury shares held	12,546,233	-	12,546,419	-

Classification	Fiscal year ended March 31, 2021		From April 1 to May 31, 2021	
	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, share issuance or corporate split	-	-	-	-
Other	25	2,841	-	-
Number of treasury shares held	12,546,233	-	12,546,419	-

(Note) The number of treasury shares held during the period from April 1 to May 31, 2021 does not include shares less than one full unit purchased or sold during the period from June 1, 2021 to the submission date of this report.

### 3. Dividend policy

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

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

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

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

According to the aforementioned policy, the annual dividend per share for the fiscal year ended March 31, 2021 was calculated as 2,020 yen (USD 18.36); however, in consideration of the operating performance and other factors in this fiscal year, 200 yen (USD 1.81) per share was added to the year-end dividend, bringing the annual dividend per share to 2,220 yen (USD 20.18) (interim: 810 yen [USD 7.36], year-end: 1,410 yen [USD 12.81]).

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, 2021 are as follows.

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on November 5, 2020	¥96,489 million	¥810
Resolved at the Annual General Meeting of Shareholders on June 29, 2021	¥167,963 million	¥1,410

Date of resolution	Total amount of dividend	Dividend per share
Resolved at the meeting of the Board of Directors on November 5, 2020	USD 877 million	USD 7.36
Resolved at the Annual General Meeting of Shareholders on June 29, 2021	USD 1,526 million	USD 12.81

## 4. Corporate governance

### (1) Outline of corporate governance

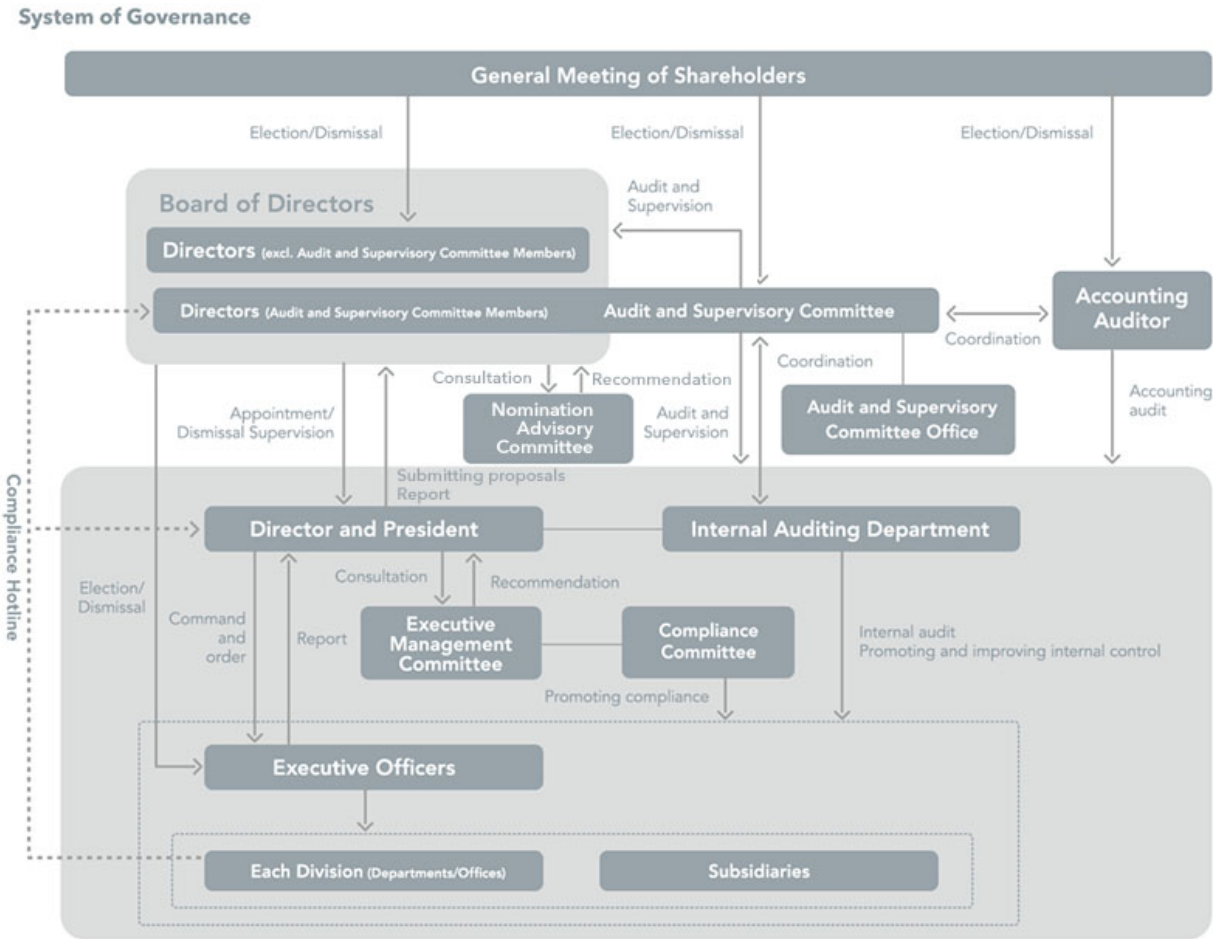
#### (i) Basic views on corporate governance

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

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

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

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



#### (Board of Directors)

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

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

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

(Audit and Supervisory Committee)

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

Committee members: Committee chairperson 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 Representative Directors and Directors concurrently serving as Executive Officers with special titles. The Executive Management Committee holds meetings twice per month in principle and deliberates basic policies on matters to be proposed at the meetings of the Board of Directors and management-related business execution policies and various measures.

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

(Compliance Committee)

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

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

(iii) Other matters related to corporate governance

(a) Preparedness of risk management system

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

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



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

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

## (2) Members of the Board of Directors

### (i) List of Members of the Board of Directors

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

Position/ Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)
Representative Director President	Shuntaro Furukawa	January 10, 1972	April 1994 May 2012 July 2015 June 2016 September 2016 June 2018 Joined the Company Appointed as Outside Director of The Pokémon Company General Manager, Corporate Planning Department Appointed as Director (to present) Appointed as Managing Executive Officer Supervisor of Corporate Analysis & Administration Division In charge of Global Marketing Department Appointed as Representative Director and President (to present)	*1	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 September 2020 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 and Global Marketing Department In charge of Global Communications Division (to present)	*1	1
Director	Chris Meledandri	May 15, 1959	1987 1991 1993 1995 1998 2007 June 2021 Partner of Meledandri/Gordon Co. President of Steel Pictures at Disney Studios SVP of Production of 20th Century Fox EVP of Fox Family Films President of Fox Animation Founder of Illumination Entertainment CEO of Illumination Entertainment (to present) Director of the Company (to present)	*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	-

Position/ Job title	Name	Date of birth	Past experience	Term	Number of shares held (hundreds)	
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	-
Director (Audit and Supervisory Committee Member)	Asa Shinkawa	February 17, 1965	April 1991 April 1997 January 1998 January 2001 April 2019 June 2020 June 2021	Registered as attorney-at-law Joined Nishimura & Sanada (currently Nishimura & Asahi) Worked at Arnold & Porter Registered as attorney-at-law in New York State, United States Partner, Nishimura & Partners (currently Nishimura & Asahi) (to present) Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics (to present) Appointed as Director as an Audit and Supervisory Committee Member of the Company (to present) Appointed as Outside Director of Tokyo Electric Power Company Holdings, Inc. (to present)	*2	-
Total						7

- (Notes) 1. Directors, Mr. Chris Meledandri, 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, 2021, and expires at the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2022.
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 four Outside Directors (three of whom are Audit and Supervisory Committee Members).

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

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

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

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

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

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

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

**(3) Status of audits**

(i) Status of audits by Audit and Supervisory Committee

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

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

In the fiscal year ended March 31, 2021, the Audit and Supervisory Committee held 13 meetings; the attendance status of each Audit and Supervisory Committee Member is as follows.

Classification	Name	Number of meetings held	Number of meetings attended
Director (Full-time Audit and Supervisory Committee Member)	Naoki Noguchi	13	13
Director (Audit and Supervisory Committee Member)	Katsuhiko Umeyama	13	13
Director (Audit and Supervisory Committee Member)	Masao Yamazaki	13	13
Director (Audit and Supervisory Committee Member)	Asa Shinkawa	10*	10*

\* Ms. Asa Shinkawa assumed office as Audit and Supervisory Committee Member on June 26, 2020; accordingly, the number of meetings above are those held/attended since her assumption of office.

(ii) Status of internal audits

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

(iii) Status of accounting audits

To the extent that investigation is possible, the Company confirmed that it had concluded an auditing agreement with PricewaterhouseCoopers Kyoto (formerly Hisaji Miyamura Office) on accounting audits pursuant to the Companies Act and the Financial Instruments and Exchange Act since 1962. In close collaboration with the Audit and Supervisory Committee Members and the Internal Auditing Department, the Accounting Auditor reports audit plans and audit results, exchanges necessary information and opinions even during the period, and conducts audits in an effective and efficient manner. The names of certified public accountants (CPAs) who performed the work and assistants engaged in audit work in the fiscal year ended March 31, 2021 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 13 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, 2020		Fiscal year ended March 31, 2021			
	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	82	-	86	0	-	-
Consolidated subsidiaries	37	0	36	0	-	-
Total	119	0	122	1	-	-



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

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021			
	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	—	2	—	—	0	0
Consolidated subsidiaries	218	72	196	1	83	0
Total	218	75	196	1	83	0

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

(Fiscal year ended March 31, 2020)

Not applicable.

(Fiscal year ended March 31, 2021)

Not applicable.

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

(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.

(Fiscal year ended March 31, 2021)

Not applicable.

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

(Fiscal year ended March 31, 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.

(Fiscal year ended March 31, 2021)

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

(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, 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.

(Fiscal year ended March 31, 2021)

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

(g) Description of other significant compensation

(Fiscal year ended March 31, 2020)

Not applicable.

(Fiscal year ended March 31, 2021)

Not applicable.

(h) Policy for determination of compensation for audits

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

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

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

#### **(4) Compensation for officers, etc.**

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

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

With regard to the total compensation for Directors of the Company, upper limits for Directors who are not Audit and Supervisory Committee Members and those for Directors who are Audit and Supervisory Committee Members are determined separately by resolution of the General Meeting of Shareholders.

Compensation for Directors (excluding Audit and Supervisory Committee Members) consists of a fixed compensation (regular fixed salary) and a performance-based compensation (profit-linked salary) designed to raise incentives for higher performance. However, compensation for Outside Directors consists solely of fixed compensation, in view of their position providing supervision and advice on management, without engaging in the execution of operations.

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

The performance-based compensation is calculated using a formula that uses consolidated operating profit as a benchmark and is determined by the Board of Directors based on points corresponding to each Director's position. It is paid at a designated time each year.

The Company has not established a rule regarding the relative proportions of fixed compensation and performance-based compensation.

Compensation for Directors (Audit and Supervisory Committee Members) consists only of fixed compensation in view of the fact that they are in the position of engaging in audit and supervision duties independently from

Directors who execute operations. Individual compensation amounts are determined through discussion between Audit and Supervisory Committee Members, and paid in the same amount monthly.

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.

(Note) Performance-based compensation for each Director who is not an Audit and Supervisory Committee Member (excluding Outside Directors) uses consolidated operating profit as a benchmark, in order to raise awareness regarding improvement of business performance. It is calculated using the following formula:

Calculation method of performance-based compensation

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 30, 2021.

Matters of note

- Directors refer to executive officers set forth in Article 34, paragraph (1), item (iii) of the Corporation Tax Act.
- “Indicator of the status of profit in the business year ending on or after the first day of the period in which duties pertaining to such remuneration are performed” provided for in Article 34, paragraph (1), item (iii)(a) of the Corporation Tax Act shall mean consolidated operating profit.
- No target has been set for consolidated operating profit, which is the benchmark for performance-based compensation, as described in “II. Business Overview, 1. Management policy, management environment, issues to address, (2) Targeted management index.” Consolidated operating profit results for the fiscal year ended March 31, 2021 were as stated in the consolidated statements of income.
- 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.

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

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 (excluding 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. (These limits do not include portions of their remuneration or bonuses as employees.) There were five Directors (excluding Audit and Supervisory Committee Members) at the conclusion of the 76th Annual General Meeting of Shareholders.

At the 76th Annual General Meeting of Shareholders on June 29, 2016, a resolution was adopted to establish an upper limit on compensation to Directors (Audit and Supervisory Committee Members) of ¥100 million (USD 0.0 million) per year. There were four Directors (Audit and Supervisory Committee Members) at the conclusion

of the 76th Annual General Meeting of Shareholders.

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

Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-based compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	946	186	760	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	32	32	-	-	1
Outside Officers	28	28	-	-	4

Officer classification	Total amount of compensation, etc. (Millions of dollars)	Total amount of compensation, etc. by type (Millions of dollars)			Number of eligible officers (persons)
		Fixed compensation	Performance-based compensation	Other compensation	
Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)	8	1	6	-	5
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	0	0	-	-	1
Outside Officers	0	0	-	-	4

- (Notes)
1. The amount of compensation to Directors (excluding Audit and Supervisory Committee Members) is determined at the Board of Directors' meeting held after the Annual General Meeting of Shareholders and the amount of compensation to Directors (Audit and Supervisory Committee Members) is determined subject to discussion among Audit and Supervisory Committee Members at the meeting of the Audit and Supervisory Committee held after said Board of Directors' meeting for their respective terms of office (limited to cases in which there is reelection associated with expiry of term of office).
  2. The details of compensation to individual Directors (excluding Audit and Supervisory Committee Members) for the fiscal year ended March 31, 2021 were determined in accordance with the Decision Policy established by resolution of the Board of Directors after deliberation by the Nomination Advisory Committee. Regarding compensation paid, the amounts of fixed compensation were decided by the Representative Director and President based on each Director's position and responsibilities, including whether or not he or she engages in the execution of operations, and the amounts of performance-based compensation were calculated using a formula determined by the Board of Directors. The Board of Directors therefore deems these amounts to be in compliance with the Decision Policy.
  3. The Company judges that the Representative Director and President is most aptly suited to carrying out comprehensive evaluation of each Director's responsibilities. Decisions regarding the amounts of fixed compensation to individual Directors (excluding Audit and Supervisory Committee Members) for the fiscal year ended March 31, 2021 have therefore been delegated to the Company's Representative Director and President, Mr. Shuntaro Furukawa.
  4. 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.

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

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

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

## (5) Shareholding status

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

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

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

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

The Company holds investment shares for the purpose of maintaining and developing business alliances and business relationships if it is deemed to contribute to improving corporate value over the medium- to long-term. At its meetings, the Board of Directors confirms the purpose and rationality of holding individual investment shares (limited to listed stocks) and then verifies the propriety of holding such shares on an annual basis in light of the Company's shareholding policy. 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	6,225	56
Stocks other than unlisted stocks	14	73,657	669

#### Issues with increased number of shares in the fiscal year ended March 31, 2021

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

#### Issues with decreased number of shares in the fiscal year ended March 31, 2021

	Number of issues (issues)	Total amount of sale associated with decrease in number of shares	
		(Millions of yen)	(Millions of dollars)
Unlisted stocks	-	-	-
Stocks other than unlisted stocks	1	51	0

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

##### Specific investment shares

Issue	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2020	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)		
DeNA Co., Ltd.	15,081,000		15,081,000	Shares are held for the purpose of facilitating business collaboration regarding the Company's mobile business and periphery infrastructure development and maintaining, and for developing the business relationship.	Yes
	32,605	296	17,825		

BANDAI NAMCO Holdings Inc.	3,845,700		3,845,700	Shares are held for the purpose of maintaining and developing the business relationship, e.g., development support for the Company.	No
	30,354	275	20,155		
The Bank of Kyoto, Ltd.	753,459		753,459	Shares are held for the purpose of facilitating financial transactions.	Yes
	5,131	46	2,591		
KADOKAWA CORPORATION	612,200		612,200	Shares are held for the purpose of maintaining and developing the business relationship.	No
	2,629	23	834		
Mitsubishi UFJ Financial Group, Inc.	1,865,870		1,865,870	Shares are held for the purpose of facilitating financial transactions.	No* <sup>1</sup>
	1,104	10	751		
SQUARE ENIX HOLDINGS CO., LTD.	91,252		91,252	Shares are held for the purpose of maintaining and developing the business relationship.	No
	561	5	440		
KONAMI HOLDINGS CORPORATION	63,734		63,734	Shares are held for the purpose of maintaining and developing the business relationship.	No
	420	3	211		
TOPPAN PRINTING CO., LTD.	182,885		182,885	Shares are held for the purpose of maintaining and developing the business relationship.	No
	341	3	302		
Resona Holdings, Inc.	323,769		323,769	Shares are held for the purpose of facilitating financial transactions.	No* <sup>2</sup>
	150	1	105		
KOEI TECMO HOLDINGS CO., LTD.	18,952		18,952	Shares are held for the purpose of maintaining and developing the business relationship.	Yes* <sup>3</sup>
	122	1	52		
SANSHIN ELECTRONICS CO., LTD.	50,180		50,180	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	100	0	70		
Nissha Co., Ltd.	52,104		104,104	Shares are held for the purpose of maintaining and developing the business relationship.	Yes
	71	0	74		
JAPAN PULP AND PAPER COMPANY LIMITED	11,355		11,355	Shares are held for the purpose of maintaining and developing the business relationship.	No
	41	0	42		
TV TOKYO Holdings Corporation	10,000		10,000	Shares are held for the purpose of maintaining and developing the business relationship.	No
	23	0	24		

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

## V. Financial Information

### Consolidated financial statements, etc.

#### (1) Consolidated financial statements

##### (i) Consolidated balance sheets

	Previous fiscal year (As of March 31, 2020)		Current fiscal year (As of March 31, 2021)		(Millions of dollars)
	(Millions of yen)		(Millions of yen)		
<b>Assets</b>					
Current assets					
Cash and deposits		890,402		1,185,151	10,774
Notes and accounts receivable - trade		133,051		140,570	1,277
Securities		326,382		557,238	5,065
Inventories	*1	88,994	*1	86,817	789
Other		63,268		50,692	460
Allowance for doubtful accounts		(515)		(94)	(0)
Total current assets		1,501,583		2,020,375	18,367
Non-current assets					
Property, plant and equipment					
Buildings and structures, net		38,149		42,230	383
Tools, furniture and fixtures, net		4,681		4,783	43
Machinery, equipment and vehicles, net		1,678		1,591	14
Land		37,685		34,785	316
Construction in progress		672		178	1
Total property, plant and equipment	*2	82,866	*2	83,569	759
Intangible assets					
Software		12,832		11,106	100
Other		2,185		3,815	34
Total intangible assets		15,017		14,922	135
Investments and other assets					
Investment securities	*3	237,710	*3	214,832	1,953
Retirement benefit asset		6,407		8,205	74
Deferred tax assets		72,199		82,819	752
Other		18,329		22,194	201
Allowance for doubtful accounts		(27)		-	-
Total investments and other assets		334,619		328,051	2,982
Total non-current assets		432,504		426,543	3,877
Total assets		1,934,087		2,446,918	22,244



	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable - trade	98,074	114,677	1,042
Provision for bonuses	4,394	5,227	47
Income taxes payable	66,411	157,307	1,430
Other	186,801	249,119	2,264
<b>Total current liabilities</b>	<b>355,683</b>	<b>526,331</b>	<b>4,784</b>
Non-current liabilities			
Retirement benefit liability	20,450	21,001	190
Other	17,052	24,970	227
<b>Total non-current liabilities</b>	<b>37,503</b>	<b>45,972</b>	<b>417</b>
<b>Total liabilities</b>	<b>393,186</b>	<b>572,304</b>	<b>5,202</b>
<b>Net assets</b>			
Shareholders' equity			
Share capital	10,065	10,065	91
Capital surplus	15,041	15,043	136
Retained earnings	1,707,119	1,993,325	18,121
Treasury shares	(156,798)	(156,851)	(1,425)
<b>Total shareholders' equity</b>	<b>1,575,428</b>	<b>1,861,582</b>	<b>16,923</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	10,637	33,571	305
Foreign currency translation adjustment	(45,378)	(20,782)	(188)
<b>Total accumulated other comprehensive income</b>	<b>(34,741)</b>	<b>12,788</b>	<b>116</b>
Non-controlling interests	213	243	2
<b>Total net assets</b>	<b>1,540,900</b>	<b>1,874,614</b>	<b>17,041</b>
<b>Total liabilities and net assets</b>	<b>1,934,087</b>	<b>2,446,918</b>	<b>22,244</b>

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

	Previous fiscal year (From April 1, 2019 to March 31, 2020)		Current fiscal year (From April 1, 2020 to March 31, 2021)		
	(Millions of yen)		(Millions of yen)		
				(Millions of dollars)	
Net sales		1,308,519		1,758,910	15,990
Cost of sales	*1, *3	666,817	*1, *3	788,437	7,167
Gross profit		641,701		970,472	8,822
Selling, general and administrative expenses	*2, *3	289,331	*2, *3	329,838	2,998
Operating profit		352,370		640,634	5,823
Non-operating income					
Interest income		15,203		5,723	52
Share of profit of entities accounted for using equity method		7,945		6,564	59
Foreign exchange gains		-		24,039	218
Other		2,432		3,385	30
Total non-operating income		25,582		39,713	361
Non-operating expenses					
Interest expenses		121		177	1
Loss on redemption of investment securities		769		1,013	9
Foreign exchange losses		15,806		-	-
Other		793		160	1
Total non-operating expenses		17,490		1,351	12
Ordinary profit		360,461		678,996	6,172
Extraordinary income					
Gain on sales of non-current assets	*4	10	*4	2,516	22
Gain on sales of investment securities		1,030		40	0
Total extraordinary income		1,041		2,556	23
Extraordinary losses					
Loss on disposal of non-current assets	*5	173	*5	247	2
Loss on sales of investment securities		56		-	-
Total extraordinary losses		229		247	2
Profit before income taxes		361,273		681,305	6,193
Income taxes - current		114,063		220,348	2,003
Income taxes - deferred		(11,473)		(19,463)	(176)
Total income taxes		102,589		200,884	1,826
Profit		258,683		480,420	4,367
Profit attributable to non-controlling interests		41		44	0
Profit attributable to owners of parent		258,641		480,376	4,367

Consolidated statements of comprehensive income

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
Profit	258,683	480,420	4,367
Other comprehensive income			
Valuation difference on available-for-sale securities	(7,178)	23,137	210
Foreign currency translation adjustment	(14,266)	25,405	230
Share of other comprehensive income of entities accounted for using equity method	(747)	(1,013)	(9)
Total other comprehensive income	*1 (22,192)	*1 47,530	432
Comprehensive income	236,490	527,951	4,799
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	236,449	527,907	4,799
Comprehensive income attributable to non-controlling interests	41	44	0

(iii) Consolidated statements of changes in equity  
 Previous 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)
Disposal of treasury shares					-
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)
Disposal of treasury shares					-
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, 2020 to March 31, 2021)

(Millions of yen)

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

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

Current fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	91	136	15,519	(1,425)	14,322
Changes during period					
Dividends of surplus			(1,765)		(1,765)
Profit attributable to owners of parent			4,367		4,367
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes in items during period	-	0	2,601	(0)	2,601
Balance at end of period	91	136	18,121	(1,425)	16,923

	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	96	(412)	(315)	1	14,008
Changes during period					
Dividends of surplus					(1,765)
Profit attributable to owners of parent					4,367
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity	208	223	432	0	432
Total changes in items during period	208	223	432	0	3,033
Balance at end of current period	305	(188)	116	2	17,041

## (iv) Consolidated statements of cash flows

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	(Millions of dollars)
	(Millions of yen)	(Millions of yen)	
<b>Cash flows from operating activities</b>			
Profit before income taxes	361,273	681,305	6,193
Depreciation	9,557	10,798	98
Increase (decrease) in allowance for doubtful accounts	487	(552)	(5)
Interest and dividend income	(16,689)	(6,770)	(61)
Foreign exchange losses (gains)	16,226	(24,625)	(223)
Share of loss (profit) of entities accounted for using equity method	(7,945)	(6,564)	(59)
Decrease (increase) in trade receivables	(55,372)	(527)	(4)
Decrease (increase) in inventories	43,230	7,244	65
Increase (decrease) in trade payables	20,832	22,002	200
Increase (decrease) in retirement benefit liability	5,551	254	2
Increase (decrease) in accrued consumption taxes	4,116	(4,613)	(41)
Other, net	60,567	58,752	534
Subtotal	441,835	736,703	6,697
Interest and dividends received	17,503	8,702	79
Interest paid	(121)	(177)	(1)
Income taxes paid	(111,464)	(133,122)	(1,210)
Net cash provided by (used in) operating activities	347,753	612,106	5,564
<b>Cash flows from investing activities</b>			
Purchase of short-term and long-term investment securities	(617,546)	(952,783)	(8,661)
Proceeds from sales and redemption of short-term and long-term investment securities	418,723	803,058	7,300
Purchase of property, plant and equipment and intangible assets	(9,843)	(7,011)	(63)
Proceeds from sales of property, plant and equipment and intangible assets	833	4,853	44
Payments into time deposits	(364,493)	(468,817)	(4,261)
Proceeds from withdrawal of time deposits	387,741	480,712	4,370
Other, net	(3,847)	3,454	31
Net cash provided by (used in) investing activities	(188,433)	(136,533)	(1,241)
<b>Cash flows from financing activities</b>			
Dividends paid	(108,331)	(194,021)	(1,763)
Other, net	(2,699)	(916)	(8)
Net cash provided by (used in) financing activities	(111,031)	(194,938)	(1,772)
Effect of exchange rate change on cash and cash equivalents	(12,264)	30,042	273
Net increase (decrease) in cash and cash equivalents	36,024	310,676	2,824
Cash and cash equivalents at beginning of period	585,378	621,402	5,649
Cash and cash equivalents at end of period	*1 621,402	*1 932,079	8,473

## Notes to Consolidated Financial Statements

### Significant matters forming the basis of preparing the consolidated financial statements

#### 1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 27 companies  
The names of significant consolidated subsidiaries are omitted because they are provided in “I. Overview of the Company, 4. Subsidiaries and associates.”  
Next Level Games Inc. was included in the scope of consolidation from the consolidated fiscal year ended March 31, 2021, as the Company had newly invested in Next Level Games Inc. Of note, Next Level Games Inc. was deemed to have been acquired on March 31, 2021; accordingly, only its balance sheet was subject to consolidation for the consolidated fiscal year ended March 31, 2021.
- (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, 2021, on a benefit formula basis.
- (ii) Amortization method for actuarial gains and losses and past service cost  
 Actuarial gains and losses and past service cost are processed collectively in the year in which they are incurred.
- (iii) Application of simple method at small enterprises, etc.  
 Some consolidated subsidiaries apply a simple method including a method in which an estimated amount required to be paid for voluntary retirement benefits at the end of the fiscal year is deemed as the retirement benefit obligations in the calculations of retirement benefit liability and retirement benefit expenses.
- Assets in the Company's defined benefit corporate pension plan are recorded as "Retirement benefit asset" under investments and other assets as the plan assets exceeded the retirement benefit obligations.
- (5) Standards of translation into yen of significant assets or liabilities denominated in foreign currencies  
 All the monetary receivables and payables of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen based on the spot rate of exchange in the foreign exchange market on the respective account closing dates. The foreign exchange gains and losses from translation are recognized in the accompanying consolidated statements of income. Assets or liabilities of overseas consolidated subsidiaries, etc. are translated into yen based on the spot rate of exchange in the foreign exchange market on the account closing date, while revenue and expenses are translated into yen based on the average rate of exchange for the fiscal year. The differences resulting from such translations are included in "Foreign currency translation adjustment" under net assets.

- (6) Amortization method and amortization period of goodwill  
Goodwill is primarily amortized in equal amounts over a period of five years. However, in cases where goodwill is immaterial in amount, such goodwill is written off in full in the accrued fiscal year.
- (7) Scope of cash and cash equivalents in the consolidated statements of cash flow  
“Cash and cash equivalents” include cash on hand, time deposit which can be withdrawn on demand and short-term investments, with little risk of fluctuation in value and maturity within three months or less of the acquisition date, which are promptly convertible to cash.
- (8) 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.

(Significant accounting estimates)

Valuation of inventories

The Company group recorded inventories of ¥86,817 million (USD 789 million) on the consolidated balance sheets for the fiscal year ended March 31, 2021. Of this amount, finished goods accounted for ¥70,544 million (USD 641 million), including a write-down on finished goods of ¥12,762 million (USD 116 million).

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

Valuation of deferred tax assets

The Company group recorded deferred tax assets of ¥82,819 million (USD 752 million) for the fiscal year ended March 31, 2021.

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

(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 26, 2021)

(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 negligible.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Description

For the purpose of improving the comparability with the provisions of international accounting standards, the "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Accounting Standard for Fair Value Measurement, etc.") were developed, and guidance on the method of measuring fair value, etc. were established. The Accounting Standard for Fair Value Measurement, etc. are applicable to the fair value of the following items:

- Financial instruments in the "Accounting Standard for Financial Instruments"; and
- Inventories held for trading purposes in the "Accounting Standard for Measurement of Inventories."

Also, the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised, setting forth notes on such matters as the breakdown of financial instruments at each level in terms of their fair value.

(2) Scheduled application date

These Accounting Standards and Implementation Guidances are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of Accounting Standards and Implementation Guidances

The amount of impact is negligible.

(Change in presentation method)

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Company has adopted the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 of March 31, 2020) beginning from the consolidated financial statements for the end of the fiscal year ended March 31, 2021, and has disclosed notes on significant accounting estimates on its consolidated financial statements, accordingly.

However, such notes do not state any matters concerning the fiscal year ended March 31, 2020, in accordance with the transitional treatment prescribed in the proviso to paragraph 11 of the Accounting Standard for Disclosure of Accounting Estimates.

(Notes to consolidated statements of income)

"Interest expenses" and "Loss on redemption of investment securities," which had been included in "Other" under "Non-operating expenses" in the fiscal year ended March 31, 2020, became material in amount and are thus presented independently from the fiscal year ended March 31, 2021. In order to reflect this change in the presentation method, reclassification was performed with respect to the financial statements for the fiscal year ended March 31, 2020.

As a result, "Other" in the amount of ¥1,683 million (USD 15 million) that had been presented under "Non-operating expenses" in the consolidated statements of income for the fiscal year ended March 31, 2020 was reclassified into "Interest expenses," "Loss on redemption of investment securities" and "Other" in the amounts of ¥121 million (USD 1 million), ¥769 million (USD 6 million) and ¥793 million (USD 7 million), respectively.

(Notes to consolidated statements of cash flows)

"Loss (gain) on sales of short-term and long-term investment securities," which had been presented independently under "Cash flows from operating activities" in the fiscal year ended March 31, 2020, became immaterial in amount and is thus presented as a component of "Other, net" from the fiscal year ended March 31, 2021.

In order to reflect this change in the presentation method, reclassification was performed with respect to the consolidated statements of cash flows for the fiscal year ended March 31, 2020.

As a result, "Loss (gain) on sales of short-term and long-term investment securities" in the amount of ¥(945) million (USD (8) million) and "Other, net" in the amount of ¥61,513 million (USD 559 million) that had been presented under "Cash flows from operating activities" in the consolidated statements of cash flows for the fiscal year ended March 31, 2020 were reclassified into "Other, net" in the amount of ¥60,567 million (USD 550 million).

"Purchase of treasury shares," which had been presented independently under "Cash flows from financing activities" in the fiscal year ended March 31, 2020, became immaterial in amount and is thus presented as a component of "Other, net" from the fiscal year ended March 31, 2021.

In order to reflect this change in the presentation method, reclassification was performed with respect to the consolidated statements of cash flows for the fiscal year ended March 31, 2020.

As a result, "Purchase of treasury shares," in the amount of ¥(43) million (USD (0) million) and "Other, net" in the amount of ¥(2,656) million (USD (24) million) that had been presented under "Cash flows from financing activities" in the consolidated statements of cash flows for the fiscal year ended March 31, 2020 were reclassified into "Other, net" in the amount of ¥(2,699) million (USD (24) million).

## Notes to consolidated balance sheets

### \*1. Inventories as of March 31, 2020 and 2021 were as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
Finished goods	¥71,815 million	¥70,544 million	USD 641 million
Work in process	19	3,718	33
Raw materials and supplies	¥17,158 million	¥12,554 million	USD 114 million

### \*2. Accumulated depreciation of property, plant and equipment as of March 31, 2020 and 2021 were as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
Accumulated depreciation	¥73,999 million	¥72,872 million	USD 662 million

### \*3. Investments in unconsolidated subsidiaries and associates as of March 31, 2020 and 2021 were as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
Investment securities	¥47,925 million	¥53,511 million	USD 486 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, 2020 and 2021 were as follows:**

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Loss on valuation of inventories	¥3,927 million	¥4,364 million	USD 39 million

- \*2. The major items of selling, general and administrative expenses for the years ended March 31, 2020 and 2021 were as follows:**

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Research and development expenses	¥84,127 million	¥93,187 million	USD 847 million
Advertising expenses	76,003	84,450	767
Salaries, allowances and bonuses	28,589	33,659	305
Depreciation	7,130	10,613	96
Retirement benefit expenses	9,293	3,807	34
Provision for bonuses	2,086	1,403	12
Provision of allowance for doubtful accounts	¥311 million	¥335 million	USD 3 million

- \*3. Research and development expenses included in general and administrative expenses and manufacturing costs for the years ended March 31, 2020 and 2021 were as follows:**

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Research and development expenses	¥84,159 million	¥93,253 million	USD 847 million

- \*4. Gain on sales of non-current assets for the years ended March 31, 2020 and 2021 were as follows:**

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Land	¥8 million	¥2,514 million	USD 22 million
Machinery, equipment and vehicles	2 million	1 million	0
Total	¥10 million	¥2,516 million	USD 22 million

- \*5. Loss on disposal of non-current assets for the years ended March 31, 2020 and 2021 were as follows:**

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Buildings and structures	¥162 million	¥207 million	USD 1 million
Software	6 million	Machinery, equipment and vehicles 19 million	0
Tools, furniture and fixtures	4 million	Tools, furniture and fixtures 17 million	0
		Other 3 million	0
Total	¥173 million	Total ¥247 million	USD 2 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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥(9,838) million	¥31,949 million	USD 290 million
Reclassification adjustments	(330) million	947 million	8
Amount before tax effects	(10,169) million	32,896 million	299
Tax effects	2,990 million	(9,759) million	(88)
Valuation difference on available-for-sale securities	(7,178) million	23,137 million	210
Foreign currency translation adjustment:			
Amount arising during the fiscal year	(14,266) million	25,405 million	230
Reclassification adjustments	-	-	-
Amount before tax effects	(14,266) million	25,405 million	230
Tax effects	-	-	-
Foreign currency translation adjustment	(14,266) million	25,405 million	230
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the fiscal year	(747) million	(974) million	(8)
Reclassification adjustments	-	(38) million	(0)
Share of other comprehensive income of entities accounted for using equity method	(747) million	(1,013) million	(9)
Total other comprehensive income	¥(22,192) million	¥47,530 million	USD 432 million

## Notes to consolidated statements of changes in equity

### Previous 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	Retained earnings	¥820	March 31, 2020	June 29, 2020

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

#### 1. Matters concerning outstanding shares

(Shares)

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

#### 2. Matters concerning treasury shares

(Shares)

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

(Summary of causes of changes)

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



### 3. Matters concerning dividends

#### (1) Amount of dividends paid

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

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

Resolution	Type of share	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2021	Common shares	¥167,963 million [USD 1,526 million]	Retained earnings	¥1,410 [USD 12.81]	March 31, 2021	June 30, 2021

#### 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, 2020 and 2021 as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Cash and deposits	¥890,402 million	¥1,185,151 million	USD 10,774 million
Time deposits with maturity of more than three months	(313,347)	(310,315)	(2,821)
Short-term investments with maturity of three months or less	44,347	57,243	520
Cash and cash equivalents	¥621,402 million	¥932,079 million	USD 8,473 million

#### Lease transactions

##### 1. Finance lease transactions

Information of finance leases as of March 31, 2020 and 2021 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, 2020)	Current fiscal year (As of March 31, 2021)	
Due within one year	¥703 million	¥838 million	USD 7 million
Due after one year	2,891	3,155	28
Total	¥3,594 million	¥3,994 million	USD 36 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, 2020 and 2021 were as follows:

Previous 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)

Current fiscal year (As of March 31, 2021)

	Book value	Fair value	Difference
Cash and deposits	1,185,151	1,185,151	-
Notes and accounts receivable - trade	140,570	140,570	-
Short-term and long-term investment securities			
Held-to-maturity debt securities	379,832	379,833	0
Other securities	332,501	332,501	-
Total assets	2,038,055	2,038,056	0
Notes and accounts payable - trade	114,677	114,677	-
Income taxes payable	157,307	157,307	-
Total liabilities	271,984	271,984	-
Derivatives	(143)	(143)	-

(Millions of yen)

	Book value	Fair value	Difference
Cash and deposits	10,774	10,774	-
Notes and accounts receivable - trade	1,277	1,277	-
Short-term and long-term investment securities			
Held-to-maturity debt securities	3,453	3,453	0
Other securities	3,022	3,022	-
Total assets	18,527	18,527	0
Notes and accounts payable - trade	1,042	1,042	-
Income taxes payable	1,430	1,430	-
Total liabilities	2,472	2,472	-
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, 2020)	(As of March 31, 2021)	
Unlisted stocks	¥54,128 million	¥59,736 million	USD 543 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, 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>

Current fiscal year (As of March 31, 2021)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	1,185,151	-	-
Notes and accounts receivable - trade	140,570	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	346,162	-	-
Money held in trust	13,000	-	-
Corporate and government bonds	20,660	-	-
Other securities with maturity			
Certificate of deposits	7,704	-	-
Corporate and government bonds	170,556	31,017	-
Other	54	19,572	15,557
<b>Total</b>	<b>1,883,859</b>	<b>50,590</b>	<b>15,557</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	10,774	-	-
Notes and accounts receivable - trade	1,277	-	-
Short-term and long-term investment securities			
Held-to-maturity debt securities			
Certificate of deposits	3,146	-	-
Money held in trust	118	-	-
Corporate and government bonds	187	-	-
Other securities with maturity			
Certificate of deposits	70	-	-
Corporate and government bonds	1,550	281	-
Other	0	177	141
Total	17,125	459	141

## Securities

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

Previous 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

Current fiscal year (As of March 31, 2021)

(Millions of yen)

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

(Millions of dollars)

	Book value	Fair value	Difference
Securities whose fair value exceeds their book value on the consolidated balance sheets	28	28	0
Securities whose fair value does not exceed their book value on the consolidated balance sheets	3,424	3,424	(0)
Total	3,453	3,453	0

## 2. Other securities

Previous fiscal year (As of March 31, 2020)

	Book value	Acquisition cost	Difference
(Millions of yen)			
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

Current fiscal year (As of March 31, 2021)

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

	Book value	Acquisition cost	Difference
(Millions of dollars)			
Securities whose book value on the consolidated balance sheets exceeds their acquisition cost			
Equity securities	691	264	427
Debt securities	1,370	1,361	8
Other	70	69	0
Sub-total	2,131	1,695	435
Securities whose book value on the consolidated balance sheets does not exceed their acquisition cost			
Equity securities	0	0	(0)
Debt securities	793	793	(0)
Other	97	97	-
Sub-total	890	891	(0)
Total	3,022	2,587	435

### 3. Other securities sold during the fiscal years ended March 31, 2020 and 2021

Previous 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)

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

(Millions of yen)

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

(Millions of dollars)

	Amount sold	Total gain	Total loss
Debt securities	528	0	(0)
Other	1,191	0	-
Total	1,719	0	(0)

## Derivative transactions

### Derivative contracts not qualifying for hedge accounting

Currencies

Previous 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

Current fiscal year (As of March 31, 2021)

(Millions of yen)

Classification	Type of transaction	Contract amount	Portion of contract amount over one year	Fair value	Unrealized gain (loss)
Transactions other than market transactions	Exchange forward contracts				
	Selling Canadian Dollar	5,219	-	(7)	(6)
	Selling British Pound	8,421	-	(136)	(129)
	Currency options				
	Written call options				
	Euro [Premium]	- [-]	- [-]	-	-
	Purchased put options				
	Euro [Premium]	- [-]	- [-]	-	-
	Total	-	-	-	(136)



(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	47	-	(0)	(0)
	Selling British Pound	76	-	(1)	(1)
	Currency options				
	Written call options				
	Euro [Premium]	- [-]	- [-]	-	-
	Purchased put options				
	Euro [Premium]	- [-]	- [-]	-	-
	Total	-	-	-	(1)

(Notes) 1. The fair value as of March 31, 2020 and 2021 is calculated based on price quoted by correspondent financial institutions.

2. Amounts presented in brackets [ ] 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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit obligations	56,591	63,448	576
Current service costs	2,953	3,154	28
Interest cost	1,136	1,078	9
Actuarial gains and losses	4,530	261	2
Retirement benefits paid	(1,186)	(925)	(8)
Other	29	-	-
Foreign currency translation difference	(607)	797	7
Ending balance of retirement benefit obligations	63,448	67,814	616

- (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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of plan assets	48,779	49,696	451
Expected return on assets	1,892	1,474	13
Actuarial gains and losses	(2,182)	2,207	20
Contribution by the business operator	2,733	2,273	20
Retirement benefits paid	(1,119)	(833)	(7)
Other	29	-	-
Foreign currency translation difference	(437)	501	4
Ending balance of plan assets	49,696	55,318	502

- (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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Beginning balance of retirement benefit liability	200	290	2
Retirement benefit expenses	136	58	0
Retirement benefit payment	(9)	(8)	(0)
Contribution into plan	(37)	(40)	(0)
Other	-	-	-
Foreign currency translation difference	0	(0)	(0)
Ending balance of retirement benefit liability	290	299	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, 2020)	Current fiscal year (As of March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Retirement benefit obligations for funded plans	50,649	55,547	504
Plan assets	(50,265)	(55,950)	(508)
	384	(402)	(3)
Retirement benefit obligations for unfunded plans	13,658	13,198	119
Net amounts of liabilities and assets recorded in consolidated balance sheets	14,042	12,795	116
Retirement benefit liability	20,450	21,001	190
Retirement benefit asset	(6,407)	(8,205)	(74)
Net amounts of liabilities and assets recorded in consolidated balance sheets	14,042	12,795	116

(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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Millions of dollars)
Current service costs	3,090	3,212	29
Interest cost	1,136	1,078	9
Expected return on assets	(1,892)	(1,474)	(13)
Amortization of actuarial gains and losses treated as expenses	6,712	(1,945)	(17)
Other	118	135	1
Retirement benefit expenses for defined benefit plan	9,165	1,006	9

(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, 2020)	Current fiscal year (As of March 31, 2021)	
Stocks	14%		19%
Bonds	76		70
Other	10		11
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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Discount rate	0.3% to 3.1%		0.3% to 2.9%
Expected long-term return rate on plan assets	2.0% to 4.0%		2.0% to 4.0%

### 3. Defined contribution plans

The amount of contribution required for the defined contribution plans at certain consolidated subsidiaries was ¥2,343 million for the year ended March 31, 2020 and ¥2,588 million (USD 23 million) for the year ended March 31, 2021.

## Income taxes

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

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
Deferred tax assets			
Research and development expenses	¥33,622 million	¥42,405 million	USD 385 million
Revenue recognition for tax purposes	14,169	19,696	179
Unrealized intra-group profit and write-downs on inventory	13,873	16,151	146
Accounts payable - other and accrued expenses	11,270	12,122	110
Accrued enterprise tax	3,212	7,907	71
Excess depreciation of deferred assets	5,457	5,770	52
Retirement benefit liability	5,498	5,579	50
Other	11,967	11,078	100
Deferred tax assets subtotal	99,072	120,713	1,097
Valuation allowance	(831)	(598)	(5)
Total deferred tax assets	98,240	120,115	1,091
Deferred tax liabilities			
Undistributed retained earnings of subsidiaries and associates	(15,019)	(17,655)	(160)
Valuation difference on available-for-sale securities	(6,031)	(14,362)	(130)
Other	(4,990)	(5,277)	(47)
Total deferred tax liabilities	(26,041)	(37,295)	(339)
Net deferred tax assets	¥72,199 million	¥82,819 million	USD 752 million

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

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Statutory tax rate	30.5%	-
(Reconciliations)		
Special deduction concerning total amount of experimentation and research expenses	(0.9)	-
Different tax rates applied to the consolidated subsidiaries	(0.6)	-
Foreign tax credit on retained earnings of the overseas consolidated subsidiaries	0.5	-
Effect of profit and loss of the associates accounted for using equity method	(0.7)	-
Other	(0.4)	-
Effective tax rate after tax effect accounting	28.4%	-

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

### 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, 2019 to March 31, 2020)

#### 1. Information about products and services

(Millions of yen)

	Nintendo Switch Platform	Other	Total
Sales to third parties	1,219,327	89,191	1,308,519

#### 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

(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

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

#### 3. Information about major customers

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

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

#### 1. Information about products and services

(Millions of yen)

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

(Millions of dollars)

	Nintendo Switch Platform	Other	Total
Sales to third parties	15,149	840	15,990

## 2. Information by geographic areas

### (1) Net sales

(Millions of yen)

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

(Millions of dollars)

Japan	The Americas		Europe	Other	Total
		from U.S.			
3,613	6,646	5,680	4,009	1,720	15,990

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

### (2) Property, plant and equipment

(Millions of yen)

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

(Millions of dollars)

Japan	U.S.	Other	Total
510	183	66	759

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

## 3. Information about major customers

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

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

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

### **Information about amortized and unamortized balances of goodwill by reportable segment**

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

### **Information about gain on bargain purchase by reportable segment**

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

## Information about related party

### 1. Related party transactions

Not applicable.

### 2. Note about significant associates

Not applicable.

## Per share information

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Net assets per share	¥12,933.51	¥15,734.79	USD 143.04
Profit per share	¥2,171.20	¥4,032.60	USD 36.66

(Notes) 1. Diluted profit per share is omitted as no residual securities were outstanding as of March 31, 2020 and 2021.

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

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)	
Profit attributable to owners of parent	¥258,641 million	¥480,376 million	USD 4,367 million
Amount not attributable to common shareholders	-	-	-
Profit attributable to owners of parent related to common shares	¥258,641 million	¥480,376 million	USD 4,367 million
Average number of shares (common shares)	119,124 thousand shares	119,123 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	¥553 million [USD 5 million]	¥928 million [USD 8 million]	-	-
Long-term loans payable due after one year	-	-	-	-
Lease obligations due after one year	¥1,608 million [USD 14 million]	¥4,838 million [USD 43 million]	-	April 2022 - September 2030
Other interest-bearing liabilities	-	-	-	-
Total	¥2,161 million [USD 19 million]	¥5,767 million [USD 52 million]	-	-

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

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

	More than one year but no more than two years (Millions of yen)	More than two years but no more than three years (Millions of yen)	More than three years but no more than four years (Millions of yen)	More than four years but no more than five years (Millions of yen)
Lease obligations	834	706	677	489

	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	7	6	6	4

### 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, 2021 were less than or equal to 1% of the total of liabilities and net assets as of the beginning and end of the fiscal year ended March 31, 2021.

#### (2) Other

Quarterly information of the fiscal year ended March 31, 2021

(Millions of yen)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	358,106	769,524	1,404,463	1,758,910
Profit before income taxes	150,327	299,965	530,608	681,305
Profit attributable to owners of parent	106,482	213,123	376,665	480,376
Profit per share (Yen)	893.88	1,789.10	3,161.97	4,032.60

(Millions of dollars)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	3,255	6,995	12,767	15,990
Profit before income taxes	1,366	2,726	4,823	6,193
Profit attributable to owners of parent	968	1,937	3,424	4,367
Profit per share (Dollars)	8.12	16.26	28.74	36.66



(Yen)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	893.88	895.22	1,372.87	870.63

(Dollars)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	8.12	8.13	12.48	7.91

## 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, 2021 was held on June 29, 2021 at Nintendo Co., Ltd. in Kyoto, Japan.

### Independent Auditor

PricewaterhouseCoopers Kyoto  
Kyoto, Japan

## Contact Information

### Investor Relations

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**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>