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Japan

Notification of the Introduction of a Restricted Stock Compensation Plan

At the meeting of the Board of Directors held on May 10, 2022, Nintendo Co., Ltd. (the “Company”) reviewed the compensation plan for Directors and Executive Officers and resolved to introduce a restricted stock compensation plan (hereinafter referred to as the “Plan”). A proposal of the Plan will be discussed at the 82nd Annual General Meeting of Shareholders (hereinafter referred to as the “General Meeting of Shareholders”) scheduled to be held on June 29, 2022. The details are as follows.

1. Purpose of the introduction of the compensation plan

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

2. Overview of the Plan

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

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

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

(2) Restricted Stock Allotment Agreement

The issuance or disposal of the Company's common shares in accordance with the Plan will be subject to the Eligible Directors entering into a Restricted Stock Allotment Agreement with the Company, which includes the following:

1) Eligible Directors shall not transfer to third parties, create a security interest on, or otherwise dispose of the allotted common shares of the Company during the period from the date of allotment to immediately after retiring as a Director or Executive Officer of the Company (hereinafter referred to as the "Restriction Period") and 2) the Company may acquire the common shares in question for no fee under certain circumstances. During the Restriction Period, the common shares of the Company allotted to Eligible Directors will be managed in specialized accounts opened by the Eligible Directors at Nomura Securities Co., Ltd. to ensure that the Eligible Directors do not transfer, create security interest on, or otherwise dispose of the shares during the Restriction Period.

3. Conditions of introducing of the Plan

The introduction of the Plan is subject to the approval of a proposal to establish a compensation amount for the Plan at the General Meeting of Shareholders.

The amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 76th Annual General Meeting of Shareholders on June 29, 2016 to not exceed 500 million yen per year for fixed compensation and 0.2% of consolidated operating profit of the relevant fiscal year for performance-based compensation. Apart from the proposal related to establishing compensation for the Plan, a request will be submitted to shareholders at the General Meeting of Shareholders to also approve the following changes to the performance-based compensation limit. (Changes are underlined)

- 1) Fixed compensation limit: 500 million yen per year (of which 50 million yen for Outside Directors)
- 2) Performance-based compensation limit: 0.2% of consolidated operating profit

However, in the event that the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment) exceeds 400 billion yen and the consolidated operating profit in the fiscal year of payment exceeds 400 billion yen, each Eligible Director shall be paid an additional 0.02% of 400 billion yen less than the consolidated operating profit average over the latest three fiscal years (including the fiscal year of payment).

- (Note) 1. Does not include the portion of employee salaries payable to Directors who concurrently serve as employees.
2. Compensation for Outside Directors comprises only of fixed compensation.
 3. The maximum amount provided for "Performance-based compensation limit: 0.2% of consolidated operating profit" has been capped at 800 million yen by a resolution of the Board of Directors. In the event the consolidated operating profit exceeds 400 billion yen, this upper limit will be applied.

A request will be submitted to shareholders for approval to establish compensation for the Plan separate from the above compensation limits.

Subject to approval of the proposal to establish compensation for the Plan at the General Meeting of Shareholders, a restricted stock compensation plan similar to the Plan will be introduced for Executive Officers of the Company who do not serve concurrently as Directors.