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(Securities Code 7974)
June 7, 2022

To Shareholders with Voting Rights:

Shuntaro Furukawa
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**INFORMATION DISCLOSURE ON THE INTERNET
REGARDING THE NOTICE OF
THE 82nd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Business Report (Company Systems and Policies)

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These documents have been provided to shareholders on the Company's website (<https://www.nintendo.co.jp/ir/en/index.html>) pursuant to provisions of laws and regulations as well as Article 16 of the Articles of Incorporation. Moreover, the documents herein were audited by the Audit and Supervisory Committee and Accounting Auditor as a part of the documents subject to audit when they prepared the Audit and Supervisory Committee's Audit Report and Accounting Auditor's Audit Report, respectively.

Company Systems and Policies

1 System to Ensure Proper Business Execution

- 1) System to ensure that the Company's Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

By establishing an Audit and Supervisory Committee, which consists of a majority of Outside Directors, the Company aims to strengthen the supervisory functions of the Board of Directors and further promote corporate governance of the Company. Furthermore, the Company has established a compliance program (legal risk management policy) to define normative systems for compliance and has designed a compliance manual and otherwise implemented measures for promotion of compliance through establishment of a Compliance Committee in order to ensure that Directors' and employees' execution of duties complies with the laws and regulations and the Articles of Incorporation. In addition, the Company has established a whistleblowing system ("Compliance Hotline") for early discovery and correction of illegal conduct.

In addition to regular audits by the Audit and Supervisory Committee, the Internal Auditing Department, under the direct supervision of the President, audits the business activities of each department, evaluates the effectiveness of internal controls related to financial reporting, and proposes and suggests measures to make improvements, etc.

Based on a firm stance against antisocial forces that threaten social order and security, the Company has established an internal response department and has a system to address such issues on a company-wide level. The Company has also built a system to collaborate with police, attorneys and other specialized external organizations during ordinary times to prepare for emergencies.

- 2) System for storage and management of information related to the execution of duties of the Company's Directors

The Company records information related to Directors' execution of duties as minutes of meetings of the Board of Directors, Executive Management Committee and other important meetings, as well as documents such as action memos (including electronic records). Each such record is stored and managed for an appropriate retention period based on internal regulations.

- 3) Regulations or any other systems of the Company for management of risk of loss

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. In addition, under the Compliance Committee, thorough compliance efforts are promoted at each division and department. The Company has also established the Information Security Committee to ensure information security and 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.

- 4) System to ensure that the execution of duties of the Company's Directors is efficient

In addition to the meetings of the Board of Directors held monthly as a general rule, meetings of the Executive Management Committee, which consists of Directors who concurrently serve as Representative Directors and Executive Officers with special titles, are held twice a month generally at the Company, to make prompt and efficient decisions.

Furthermore, the Company has introduced the Executive Officer system for the purpose of clarifying responsibility for the business execution through separation of the management decision-making from supervisory functions from the business execution, as well as by accelerating the delegation of authority to execute operations.

With regards to the business execution, internal regulations set forth the allocation of duties and authority to ensure organized and efficient operation of business.

- 5) System to ensure proper business execution within the Company group

The system seeks to ensure proper business execution within the Company group as a whole by ensuring proper business execution by each subsidiary.

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, General Managers of the responsible divisions of the Company identify and manage such matters as the management status of the respective subsidiaries of which they are in charge, obtaining information therefrom as necessary, and subsidiaries are required to obtain the Company's prior approval for significant matters.

Furthermore, in addition to audits by the Company's Accounting Auditor, the Audit and Supervisory Committee also conducts audits with respect to subsidiaries as necessary. The Internal Auditing Department likewise conducts internal audits with respect to subsidiaries as needed in addition to providing guidance and cooperation on internal controls. Major subsidiaries have established internal auditing divisions or departments, and each subsidiary is promoting the establishment of internal control systems suitable to the size of the subsidiary and the laws and regulations in the region where the subsidiary is located, with the cooperation of relevant divisions and departments of the Company.

In addition to providing guidance and cooperation on compliance to each subsidiary as needed, the Company has established a whistleblowing system at major subsidiaries to render it possible to provide information directly to the Company in order to enhance and promote the compliance of the Company group as a whole. Under the umbrella of the Global Compliance Conference, which comprises top management of the Company and its major subsidiaries, meetings are held regularly for persons in charge of compliance at each company.

6) System to ensure that the execution of duties of the Company's Audit and Supervisory Committee is effective

- Matters related to employees to assist duties of the Company's Audit and Supervisory Committee

The Company has established the Audit and Supervisory Committee Office to assist the duties of the Audit and Supervisory Committee, and the Office has dedicated staff members who work to assist the duties of the Audit and Supervisory Committee under the direction of the Committee.

Employees in the Audit and Supervisory Committee Office are selected and transferred with the agreement of the Audit and Supervisory Committee to ensure independence of such employees and effectiveness of the direction of the Committee to such employees.

- System for reporting to the Company's Audit and Supervisory Committee

The President of the Company holds regular meetings with the Company's Audit and Supervisory Committee Members, and provides timely reports regarding matters designated by law. The Company's Internal Auditing Department reports internal audit results to the Company's Audit and Supervisory Committee in a timely manner. Furthermore, the Company's Directors and other employees report to the Audit and Supervisory Committee as needed on matters reported by a Director or another employee of a subsidiary or matters concerning execution of the Company's or a subsidiary's business.

An employee who reports to the Company's Audit and Supervisory Committee will not be treated unfavorably.

- Other systems to ensure that audits by the Company's Audit and Supervisory Committee are effective

The Company's Audit and Supervisory Committee Members attend the meetings of the Board of Directors and participate in important committees and meetings that are deemed necessary to ensure that the audits conducted are effective. In the event that an Audit and Supervisory Committee Member requests the payment of expenses in connection with the performance of his/her duties, the request is processed pursuant to relevant laws and in accordance with internal regulations.

7) System to ensure proper and trustworthy financial reporting

In order to ensure proper and trustworthy financial reporting, the Company complies with laws and regulations such as the Financial Instruments and Exchange Act, and appropriately maintains and manages internal controls for financial reporting. The Company also continuously assesses the operation of these internal controls and checks their efficacy, implementing necessary measures for improvement.

2 Summary of Operational Status of System to Ensure Proper Business Execution

- 1) System to ensure that the Company's Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation, and regulations or any other systems of the Company for management of risk of loss

The Company ensures compliance with laws and regulations, etc. through internal training and monitoring of relevant divisions by a person in charge of compliance assigned to each division based on the action plan for compliance established by the Compliance Committee mainly consisting of Directors and the General Manager of each division.

For the management of risk of loss, the Internal Auditing Department monitors the status of risk management performed at each division, and proposes and advises on measures for improving the risk management system of each division by quantifying residual risks to the extent possible.

- 2) System for storage and management of information related to the execution of duties of the Company's Directors, and system to ensure that the execution of duties of the Company's Directors is efficient

The Company operates the meetings of the Board of Directors and Executive Management Committee in accordance with the "Board of Directors Regulations" and "Executive Management Committee Regulations" which set forth standards for handling resolutions and reporting matters at the meetings of the Board of Directors and Executive Management Committee. In addition, it ensures efficient and appropriate execution of duties by Directors through discussing in advance the matters to be proposed at the meetings of the Board of Directors at the Executive Management Committee. Furthermore, the Company adopts the Executive Officer System for the purpose of clarifying the responsibility for business execution, and establishing a more flexible management structure which can appropriately and swiftly respond to the rapidly changing business environment. The foregoing will be enabled through 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 clarifies the role and responsibilities of each Director and Executive Officer in charge of business execution by designating the scope of their duties and the division for which they are responsible.

The Company appropriately records and manages information related to Directors' execution of duties such as minutes of meetings of the Board of Directors and action memos in accordance with relevant laws and regulations and internal regulations including the "Document Management Rules."

- 3) System to ensure proper business execution within the Company group

The Company ensures proper business execution of subsidiaries in accordance with the "Rules for Management of Subsidiaries and Affiliates" whereby the responsible divisions and departments of the Company identify and manage such matters including the management status of the respective subsidiaries, and make decisions in accordance with the predetermined decision-making standards for matters that require prior approval of the Company.

Furthermore, the Company's Accounting Auditors and the Audit and Supervisory Committee Members conduct auditing of subsidiaries including on-site audits, and the Internal Auditing Department conducts internal auditing of subsidiaries as appropriate to provide guidance and advice on internal control and risk management as necessary.

The division in charge of compliance of the Company regularly holds meetings with the persons in charge of compliance at major overseas subsidiaries, confirms the status of initiatives taken concerning compliance at each subsidiary, and exchanges opinions on matters including the laws and regulations of each jurisdiction and challenges for the future.

- 4) System to ensure that audits by the Company's Audit and Supervisory Committee are effective

The Company's Audit and Supervisory Committee Members receive reports on necessary matters from Directors and employees through attendance of the meetings of the Board of Directors as well as important meetings including Compliance Committee as appropriate. Furthermore, the Company's Audit and Supervisory Committee Members, including Outside Directors, hold quarterly meetings with the President of the Company for information exchange, and coordinate with the Internal Auditing Department to receive reports on internal auditing, etc., performed by the Department.

3 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.

Consolidated Statement of Changes in Equity

(April 1, 2021 - March 31, 2022)

(In millions of yen)

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

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

Notes to the Consolidated Financial Statements

[Notes to the Basis for Preparation of Consolidated Financial Statements]

1. Scope of consolidation

| | |
|--|---|
| Number of consolidated subsidiaries | 27 |
| Names of principal subsidiaries | Nintendo Sales Co., Ltd. Nintendo of America Inc. Nintendo of Europe GmbH |
| Names of non-consolidated subsidiaries | Fukuei Co., Ltd. |
| Reason for excluding from the scope of consolidation | The non-consolidated subsidiary is excluded from the scope of consolidation 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

| | |
|---|--|
| Number of equity-method affiliates | 4 |
| Names of principal equity-method affiliates | The Pokémon Company, First Avenue Entertainment, LLLP Fukuei Co., Ltd. |
| Names of non-consolidated subsidiaries not subject to the equity method | |
| Names of affiliates not subject to the equity method | Ape Inc. |
| Reason for not applying the equity method | The non-consolidated subsidiary and affiliate not subject to the equity method are excluded from application of the equity method because the impact of each on profit or loss, retained earnings, etc., is negligible, and neither is material as a whole. |
| Matters of note with respect to application of the equity method | With respect to equity-method-applied companies whose account closing dates differ from the consolidated account closing date, the financial statements of the companies, based on their fiscal year or based on preliminary accounts closing, are incorporated. |

3. Matters concerning accounting procedures

(1) Standards and methods for valuation of important assets

A. Securities

| | |
|--|---|
| 1) Held-to-maturity debt securities | Amortized cost method (straight-line method) |
| 2) Other available-for-sale securities | |
| -Securities excluding stocks, etc. without market values | Stated at market (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving-average method.) |
| -Stocks, etc. without market values | Stated at cost using the moving-average method |
| B. Derivatives | Stated at market |
| C. Inventories | Mainly stated at cost using the moving-average method |

(The figures shown in the balance sheet have been calculated by

writing them down based on decline in profitability.)

(2) Depreciation or amortization method for important depreciable or amortizable assets

1) Property, plant and equipment (excluding leased assets)

The declining-balance method is applied for the Company and its domestic consolidated subsidiaries, but certain tools, furniture and fixtures are subject to depreciation based on their economic useful lives. However, the straight-line method is applied for buildings, except for facilities attached to buildings, acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries are subject to the straight-line method based on the estimated economic useful lives.

Economic useful lives for main assets are as follows:

Buildings and structures 3-60 years

2) Intangible assets (excluding leased assets)

The Company and its consolidated subsidiaries use the straight-line method. Computer software for internal use is amortized over the estimated internal useful life (principally five years).

3) Leased assets (Finance leases that are not deemed to transfer the ownership of the leased assets to the lessee)

The straight-line method with no residual value is applied, regarding the lease term as useful life.

(3) Important standards of accounting for reserves

1) Allowance for doubtful accounts

With respect to the Company and its domestic consolidated subsidiaries, allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts. With respect to overseas consolidated subsidiaries, doubtful debts allowance is provided based on the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.

2) Provision for bonuses

The Company and certain of its consolidated subsidiaries provide reserve for bonuses based on the estimated bonuses to employees.

(4) Important standards of accounting for revenue and expenses

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

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

1) Dedicated video game platforms

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

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

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

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

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

2) Mobile and IP related income

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

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

(5) Accounting treatment of retirement benefits

The Company and certain of its consolidated subsidiaries provide a reserve for employee retirement benefits based on the estimated benefit obligation and plan assets as of this fiscal year-end.

1) Method of attributing the estimated benefit obligation to periods

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the consolidated fiscal year under review on a benefit formula basis.

2) Amortization method of actuarial calculation differences and past service costs

Actuarial calculation differences and past service costs are processed collectively in the accrued year.

3) Application of the simplified method by small-scale companies

In calculating the retirement benefit liability and retirement benefit expenses, certain of the Company's consolidated subsidiaries apply the simplified method where the amount of retirement benefits payable at the end of the fiscal year for voluntary resignations is the retirement benefit obligation.

For this consolidated fiscal year, because plan assets exceed retirement benefit obligations in the Company's defined benefit corporate pension plan, the excess is recorded in "Investments and other assets" as a retirement benefit asset.

(6) Standards of translation of important assets and liabilities denominated in foreign currencies into yen

Foreign currency monetary receivables and payables are translated into yen based on the spot rate of exchange in the foreign exchange market on the balance sheet date, and the foreign exchange gains and losses from translation are recognized in the income statement. Assets and liabilities of overseas consolidated subsidiaries, etc., are translated into yen based on the spot rate of exchange in the foreign exchange market on the balance sheet date, while revenue and expenses are translated into yen based on the average rate of exchange for the fiscal term. The differences resulting from such translations are included in "Foreign currency translation adjustment" under net assets.

(7) Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied.

[Notes Regarding Changes in Accounting Procedures]

• Application of the Accounting Standard for Revenue Recognition

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

Under the new standard, if the seller is obligated to buy back goods included in paid-for transactions, those goods are no longer recognized as extinguished when they are paid for. As a result, at the end of the consolidated fiscal year ended March 31, 2022, inventories and other current liabilities increased by

36,559 million yen.

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

- Application of the Accounting Standard for Fair Value Measurement

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

[Notes Regarding Revenue Recognition]

1. Breakdown of revenue arising from contracts with customers

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

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(In millions of yen)

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

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

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

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

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

Information fundamental for an understanding of revenue arising from contracts with customers is as presented in “(4) Important standards of accounting for revenue and expenses” under “[Notes to the Basis for Preparation of Consolidated Financial Statements] 3. Matters concerning accounting procedures” in the Notes to the Consolidated Financial Statements.

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing as of March 31, 2022

(1) Balance of Contract Liabilities

Fiscal year under review (April 1, 2021 - March 31, 2022)

(In millions of yen)

| | Fiscal year under review |
|--|--------------------------|
| Receivables arising from contracts with customers (as of April 1, 2021) | 140,570 |
| Receivables arising from contracts with customers (as of March 31, 2022) | 141,087 |
| Contract liabilities (as of April 1, 2021) | 110,217 |
| Contract liabilities (as of March 31, 2022) | 132,704 |

Of the revenue recognized in the fiscal year under review, 82,976 million yen was included in contract liabilities as of April 1, 2021.

(2) Transaction price allocated to remaining performance obligations

As of March 31, 2022, the total amount of transaction price allocated to unfulfilled (or partially unfulfilled) performance obligations associated with pre-charged balances used to purchase products and services on e-commerce websites operated by the Company group was 33,152 million yen. The Company generally expects to fulfill these performance obligations and recognize revenue within one year. The total amount of transaction price allocated to unfulfilled (or partially unfulfilled) performance obligations associated with transactions where the Company provides products to software publishers or sales agents was 23,439 million yen. The Company generally expects to fulfill these performance obligations and recognize revenue within one year.

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

[Notes Regarding Accounting Estimates]

• Valuation of inventories

The Company group recorded inventories of 204,183 million yen on the Consolidated Balance Sheet for the fiscal year ended March 31, 2022. Of this amount, finished goods accounted for 96,301 million yen, including a write-down on finished goods of 14,256 million yen.

The moving average cost method is the main method used for the valuation of inventory (the value shown on the Balance Sheet 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 87,996 million yen for the fiscal year ended March 31, 2022.

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

[Notes to Consolidated Balance Sheet]

1. Breakdown of inventories

| | |
|----------------------------|---------------------|
| Finished goods | 96,301 million yen |
| Work in process | 69 million yen |
| Raw materials and supplies | 107,812 million yen |

| | |
|--|--------------------|
| 2. Accumulated depreciation of property, plant and equipment | 78,988 million yen |
|--|--------------------|

[Notes to Consolidated Statement of Changes in Equity]

1. Total number of outstanding shares as of this fiscal year-end

Common stock 129,869,000 shares

2. Dividends

(1) Dividend amount

| Resolution | Type of stock | Total dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|--|-----------------|----------------------------------|-----------------------------|-----------------------|---------------------|
| General Meeting of Shareholders on June 29, 2021 | Common stock | 167,963 | 1,410 | March 31, 2021 | June 30, 2021 |
| Board of Directors Meeting on November 4, 2021 | Common stock | 72,739 | 620 | September 30, 2021 | December 1, 2021 |
| Total | | 240,702 | | | |

(2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

The following dividend on common stock is proposed as a resolution of the General Meeting of Shareholders on June 29, 2022.

Total dividends 165,423 million yen

Dividend per share 1,410 yen

Record date March 31, 2022

Effective date June 30, 2022

Dividends will be paid from retained earnings.

[Notes on Financial Instruments]

1. Status of Financial Instruments

The Company invests in financial assets such as deposits that are highly secure.

Customer credit risk concerning notes and accounts receivable-trade is reduced by establishing or revising the transaction limit based on the assessment of the financial position and past record of the relevant customer. The risk regarding bonds included in short-term investment securities and investment securities is negligible, since they are mainly the bonds of correspondent financial institutions, international organizations and other entities with strong credit that are held to maturity. These bonds are also subject to the risk of fluctuations in exchange rates and the risk of fluctuations in market price, which are continuously monitored through regular checks of current market values and financial positions of the issuers. Stocks included in investment securities are principally those of companies with which the Company group has business relations. Although they are subject to the risk of fluctuations in market price, the balance thereof bears little significance.

Notes and accounts payable-trade, as well as income taxes payable, are due within one year.

Derivative transactions mainly consist of forward exchange contracts, non-deliverable forward foreign exchange transactions and currency option transactions, that are mainly intended to reduce the risk of fluctuations in exchange rates associated with foreign currency deposits and trade receivables. These transactions are conducted solely within the limit for that period of the balance of foreign currency deposits made available by the Finance Department, in the case of the Company, and the respective department in charge of financial affairs, in the case of its consolidated subsidiaries, subject to the approval of the Director and President or the Executive Officer in charge. The Company and its subsidiaries do not conduct speculative transactions.

2. Current Value, etc., of Financial Instruments

The amounts posted on the consolidated balance sheet, the market values, and the differences thereof as of March 31, 2022 are as follows. The presentation of cash and deposits, notes and accounts receivable-trade, notes and accounts payable-trade, and income taxes payable has been omitted as these are cash-based, the settlement periods are short, and the market values thereof are essentially equal to the book values.

(In millions of yen)

| | Consolidated balance sheet amount | Market value | Difference |
|--|-----------------------------------|--------------|------------|
| Short-term investment securities and investment securities | | | |
| Held-to-maturity debt securities | 351,912 | 351,905 | (6) |
| Other available-for-sale securities | 375,275 | 375,275 | – |
| Total assets | 727,188 | 727,181 | (6) |
| Derivative transactions | (69) | (69) | – |

Notes: 1. Stocks, etc. without market values are not included in “Short-term investment securities and investment securities.” The consolidated balance sheet amount of these instruments is as follows.

| Class | Fiscal year under review (in millions of yen) |
|-----------------|--|
| Unlisted stocks | 89,861 |

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

3. Breakdown of Financial Instruments by Level of Fair Value

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

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

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

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

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

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

(In millions of yen)

| | Fair Value | | | |
|--------------------------------------|------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities and investment securities | | | | |
| Available-for-sale securities | | | | |
| Shares | 77,299 | – | – | 77,299 |
| Debt securities | – | 292,608 | – | 292,608 |
| Other | 1,156 | 4,211 | – | 5,367 |
| Total - assets | 78,456 | 296,819 | – | 375,275 |
| Derivative transactions | | | | |
| Currency-related | (69) | – | – | (69) |
| Total - liabilities | (69) | – | – | (69) |

(2) Financial assets and financial liabilities not carried on the consolidated balance sheets at fair value

(In millions of yen)

| | Fair Value | | | |
|--------------------------------------|------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities and investment securities | | | | |
| Held-to-maturity debt securities | | | | |
| Debt securities | – | 15,880 | – | 15,880 |
| Other | 336,024 | – | – | 336,024 |
| Total - assets | 336,024 | 15,880 | – | 351,905 |

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

Securities and investment securities

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

Derivative transactions

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

[Notes to Per Share Information]

| | |
|----------------------|---------------|
| Net assets per share | 17,635.60 yen |
| Profit per share | 4,046.69 yen |

[Notes on Significant Subsequent Events]

1. Acquisition of treasury shares

At the meeting of the Board of Directors held on May 10, 2022, the Company resolved to acquire its own shares pursuant to Article 156 and Article 165-3 of the Japanese Companies Act and decided the specific method of acquisition. The acquisition was executed as follows.

(1) Reason for acquisition

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

(2) Details of acquisition

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

2. Stock split

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

(1) Purpose of the stock split

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

(2) Overview of the stock split

1) Stock split method

The record date for the stock split will be Friday, September 30, 2022. Each share of the Company's common stock held by shareholders who are registered or recorded in the final shareholder registry as of the record date will be split into 10 shares.

2) Increase in the number of shares as a result of the stock split

| | |
|---|----------------------|
| Number of shares outstanding prior to the stock split | 129,869,000 shares |
| Increase in the number of shares as a result of the stock split | 1,168,821,000 shares |
| Number of shares outstanding after the stock split | 1,298,690,000 shares |
| Number of authorized shares after the stock split | 4,000,000,000 shares |

3) Stock split schedule

| | |
|--|-------------------------------|
| Date of public notice of the record date | Wednesday, September 14, 2022 |
| Record date | Friday, September 30, 2022 |
| Effective date | Saturday, October 1, 2022 |

(3) Partial amendment to the Articles of Incorporation due to the stock split

1) Reason for Amendment

Due to the stock split described above, the Company will amend the total number of shares authorized to be issued stipulated in Article 6 of the Articles of Incorporation effective Saturday, October 1, 2022, pursuant to Article 184, Paragraph 2 of the Companies Act.

2) Details of the Amendment

The details of the amendment are as follows.

(Changes are underlined.)

| Current Articles | Proposed Amendment |
|---|---|
| (Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>four-hundred million (400,000,000)</u> shares. | (Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>four billion (4,000,000,000)</u> shares. |

3) Amendment Schedule

Date of resolution by Board of Directors

Tuesday, May 10, 2022

Effective date

Saturday, October 1, 2022

(4) Change in the Dividend Policy

The Dividend Policy of the Company shall be amended as below, due to the above stock split. The change is an adjustment due to the implementation of the stock split, and there is no material change from the existing policy.

The new policy shall be applied to the shares after the stock split from the year-end dividend for the fiscal year ending March 2023.

(Changes are underlined.)

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

(5) Other

Change in share capital

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

(6) Impact on per share information

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

| | Previous fiscal year (April 1, 2020 to March 31, 2021) | Fiscal year under review (April 1, 2021 to March 31, 2022) |
|----------------------|---|---|
| Net assets per share | 1,573.48 yen | 1,763.56 yen |
| Profit per shares | 403.26 yen | 404.67 yen |

3. Introduction of a restricted stock compensation plan

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

(1) Purpose of the introduction of the compensation plan

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

(2) Overview of the Plan

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

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

The total amount of monetary compensation claims payable to Eligible Directors will not exceed 100 million 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 (including 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).

- (Notes) 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 proposal 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.

(Note) Figures are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Equity

(April 1, 2021 - March 31, 2022)

(In millions of yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Legal retained earnings | Retained earnings | | | Total retained earnings |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | | Reserve for advanced depreciation of non-current assets | General reserve | Retained earnings brought forward | |
| Balance as of April 1, 2021 | 10,065 | 11,584 | 1 | 11,585 | 2,516 | 27 | 860,000 | 522,211 | 1,384,755 |
| Changes in items during period | | | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | (1) | | 1 | - |
| Dividends of surplus | | | | | | | | (240,702) | (240,702) |
| Profit | | | | | | | | 462,509 | 462,509 |
| Purchase of treasury shares | | | | | | | | | |
| Cancellation of treasury shares | | | (1) | (1) | | | | (31,607) | (31,607) |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | - | - | (1) | (1) | - | (1) | - | 190,200 | 190,199 |
| Balance as of March 31, 2022 | 10,065 | 11,584 | - | 11,584 | 2,516 | 26 | 860,000 | 712,412 | 1,574,955 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance as of April 1, 2021 | (156,851) | 1,249,555 | 32,392 | 32,392 | 1,281,948 |
| Changes in items during period | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | - | | | - |
| Dividends of surplus | | (240,702) | | | (240,702) |
| Profit | | 462,509 | | | 462,509 |
| Purchase of treasury shares | (95,100) | (95,100) | | | (95,100) |
| Cancellation of treasury shares | 31,608 | - | | | - |
| Net changes in items other than shareholders' equity | | | 1,793 | 1,793 | 1,793 |
| Total changes during period | (63,492) | 126,706 | 1,793 | 1,793 | 128,499 |
| Balance as of March 31, 2022 | (220,343) | 1,376,261 | 34,186 | 34,186 | 1,410,447 |

Notes to the Non-Consolidated Financial Statements

[Notes to Significant Accounting Policies]

1. Standards and methods of valuation of assets

(1) Securities

- | | |
|---|---|
| 1) Held-to-maturity debt securities | Amortized cost method (by straight-line method) |
| 2) Stocks of subsidiaries and affiliates | Stated at cost using the moving-average method |
| 3) Other available-for-sale securities | |
| - Securities excluding stocks, etc. without market values | Stated at market (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving-average method.) |
| - Stocks without market values | Stated at cost using the moving-average method |

(2) Derivatives Stated at market

(3) Inventories Mainly stated at cost using the moving-average method

(The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining-balance method

(Certain tools, furniture and fixtures are subject to depreciation based on their economic useful lives.)

However, the straight-line method is applied for buildings, except for facilities attached to buildings, acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Economic useful lives for main assets are as follows:

Buildings 3-50 years

(2) Intangible assets (excluding leased assets)

Straight-line method

Computer software for internal use is amortized over the estimated internal useful life (principally five years).

(3) Leased assets

Finance leases that are not deemed to transfer the ownership of the leased assets to the lessee are depreciated by the straight-line method with no residual value, regarding the lease term as useful life.

3. Standards of accounting for reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt is recorded based on recoverability of individual cases for specified receivables such as doubtful accounts.

(2) Provision for bonuses

Provision for bonuses is provided based on the estimated bonuses to employees.

(3) Provision for retirement benefits

Provision for retirement benefits is provided based on the estimated benefit obligation and plan assets as of this fiscal year-end.

1) Method of attributing the estimated benefit obligation to periods

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the fiscal year under review on a benefit formula basis.

2) Amortization method of actuarial calculation differences and past service costs

Actuarial calculation differences and past service costs are processed collectively in the accrued year.

For this fiscal year, because plan assets exceed retirement benefit obligations in the defined benefit corporate pension plan, the excess is recorded in “Other” in “Investments and other assets” as a prepaid pension cost.

4. Standards of translation of assets and liabilities denominated in foreign currencies into yen

Foreign currency monetary receivables and payables are translated into yen based on the spot rate of exchange in the foreign exchange market on the balance sheet date, and the foreign exchange gains and losses from translation are recognized in the income statement.

5. Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied.

[Notes Regarding Changes in Accounting Procedures]

- Application of the Accounting Standard for Revenue Recognition

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

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

- Application of the Accounting Standard for Fair Value Measurement

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

[Notes Regarding Revenue Recognition]

This information is omitted as it is presented under “[Notes Regarding Revenue Recognition]” in the Notes to the Consolidated Financial Statements.

[Notes Regarding Accounting Estimates]

- Valuation of deferred tax assets

The Company recorded deferred tax assets of 77,550 million yen for the fiscal year ended March 31, 2022. Details are presented under “[Notes Regarding Accounting Estimates]” under “Valuation of deferred tax assets” in the Notes to the Consolidated Financial Statements.

[Notes to Non-Consolidated Balance Sheet]

| | |
|--|---------------------|
| 1. Breakdown of inventories | |
| Finished goods | 2,778 million yen |
| Work in process | 69 million yen |
| Raw materials and supplies | 66,517 million yen |
| 2. Accumulated depreciation of property, plant and equipment | 41,280 million yen |
| 3. Guarantee liability | |
| Guarantee of payment of real property rent | |
| NES Merchandising, Inc. | 2,336 million yen |
| 4. Monetary receivables from and payables to affiliates | |
| Short-term monetary asset | 269,127 million yen |
| Short-term monetary liability | 57,534 million yen |

[Notes to Non-Consolidated Statement of Income]

| | |
|--|-----------------------|
| Transactions with affiliates | |
| Net sales | 1,208,993 million yen |
| Other operating transactions | 116,562 million yen |
| Transactions other than operating transactions | 75,368 million yen |

[Notes to Non-Consolidated Statement of Changes in Equity]

Number of treasury shares as of the fiscal year-end

Common stock 12,547,022 shares

[Notes to Tax Effect Accounting]

The main contributing factors to the deferred tax assets include research and development expenses. The amount of valuation allowances deducted from the deferred tax assets was 4,633 million yen.

[Notes to Transactions with Affiliates]

Affiliates, etc.

(In millions of yen)

| Type | Name of company, etc. | Percentage of voting rights, etc., held (or held of the Company) | Relationship with affiliate | Transaction details | Transaction amount | Description | Fiscal year-end balance |
|------------|--------------------------|--|-------------------------------|------------------------------------|--------------------|--|-------------------------|
| Subsidiary | Nintendo of America Inc. | Directly holds 100% | Sales of the Company products | Sales of the Company products (*1) | 530,586 | Accounts receivable-trade | 100,115 |
| Subsidiary | Nintendo of Europe GmbH | Directly holds 100% | Sales of the Company products | Sales of the Company products (*1) | 336,761 | Accounts receivable-trade | 77,748 |
| | | | | Loan payable (*2) | 33,145 | Other current liabilities (short-term loans payable) | 33,853 |
| | | | | Repayment of loan | 33,145 | | |
| | | | | Payment of interest (*2) | 1 | Accounts payable-other | 1 |
| Subsidiary | Nintendo Benelux B.V. | Directly holds 100% | Sales of the Company products | Loan payable (*2) | 26,516 | Other current liabilities (short-term loans payable) | 10,155 |
| | | | | Repayment of loan | 32,825 | | |
| | | | | Payment of interest (*2) | 0 | Accounts payable-other | 0 |
| Subsidiary | Nintendo Sales Co., Ltd. | Directly holds 100% | Sales of the Company products | Sales of the Company products (*1) | 217,963 | Accounts receivable-trade | 32,578 |

Transaction terms and policies regarding determination of transaction terms

(*1) Terms of product sales are determined through mutual consultation upon consideration of the market price.

(*2) The purpose of loan payable is to enhance the operational efficiency of the Company group's funds, and the interest rate on the loan payable was reasonably determined upon consideration of the market interest rate.

[Notes to Per Share Information]

| | |
|----------------------|---------------|
| Net assets per share | 12,022.02 yen |
| Profit per share | 3,918.08 yen |

[Notes on Significant Subsequent Events]

1. Acquisition of treasury shares

At the meeting of the Board of Directors held on May 10, 2022, the Company resolved to acquire its own shares pursuant to Article 156 and Article 165-3 of the Japanese Companies Act and decided the specific method of acquisition. Details are presented under “[Notes on Significant Subsequent Events] 1. Acquisition of treasury shares” in the Notes to the Consolidated Financial Statements.

2. Stock split

At the meeting of the Board of Directors held on May 10, 2022, the Company resolved to authorize a stock split of shares of its common stock and a partial amendment to the Articles of Incorporation due to the stock split. Details are presented under “[Notes on Significant Subsequent Events]” in the Notes to the Consolidated Financial Statements, and only the impact on per share information is presented here.

Impact on per share information

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

| | Previous fiscal year (April 1, 2020 to March 31, 2021) | Fiscal year under review (April 1, 2021 to March 31, 2022) |
|----------------------|---|---|
| Net assets per share | 1,076.16 yen | 1,202.20 yen |
| Profit per share | 338.59 yen | 391.81 yen |

3. Introduction of a restricted stock compensation plan

At the meeting of the Board of Directors held on May 10, 2022, the Company reviewed the compensation plan for Directors and Executive Officers and resolved to introduce a restricted stock compensation plan (hereinafter referred to as the “Plan”). A proposal of the Plan will be discussed at the 82nd Annual General Meeting of Shareholders scheduled to be held on June 29, 2022. Details are presented under “[Notes on Significant Subsequent Events] 3. Introduction of a restricted stock compensation plan” in the Notes to the Consolidated Financial Statements.

(Note) Figures are rounded down to the nearest million yen.