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(Securities Code 7974)
May 30, 2023

To Shareholders with Voting Rights:

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THE 83rd ANNUAL GENERAL MEETING OF SHAREHOLDERS
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Business Report (Company Systems and Policies)

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These documents are part of the materials provided electronically, and are not included in the paper copy delivered to shareholders who have requested a hard copy, 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, 2022 - March 31, 2023)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	10,065	15,041	2,198,706	(220,343)	2,003,469
Changes in items during period					
Dividends of surplus			(238,770)		(238,770)
Profit attributable to owners of parent			432,768		432,768
Purchase of treasury shares				(50,725)	(50,725)
Disposal of treasury shares		37		19	56
Net changes in items other than shareholders' equity					
Total changes during period	-	37	193,997	(50,705)	143,329
Balance as of March 31, 2023	10,065	15,079	2,392,704	(271,049)	2,146,798

	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, 2022	33,199	32,373	65,573	266	2,069,310
Changes in items during period					
Dividends of surplus					(238,770)
Profit attributable to owners of parent					432,768
Purchase of treasury shares					(50,725)
Disposal of treasury shares					56
Net changes in items other than shareholders' equity	(5,171)	59,032	53,861	(34)	53,827
Total changes during period	(5,171)	59,032	53,861	(34)	197,156
Balance as of March 31, 2023	28,028	91,406	119,435	232	2,266,466

Notes to the Consolidated Financial Statements

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

1. Scope of consolidation

Number of consolidated subsidiaries	28
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
Names of non-consolidated subsidiaries not subject to the equity method	Fukuei Co., Ltd.
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) 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.

3) Provision for directors' compensation

The Company provides for directors' compensation based on the estimated amount of compensation payable to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors).

(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 add-on 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.

[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, 2023 (April 1, 2022 - March 31, 2023)

(In millions of yen)

	Japan	Americas	Europe	Other	Total
Dedicated video game platforms	342,946	672,816	390,463	138,693	1,544,920
Of which Nintendo Switch platforms* ¹	326,964	660,576	385,172	136,488	1,509,202
Of which the others* ²	15,982	12,240	5,290	2,205	35,718
Mobile and IP related income* ³	18,746	26,385	4,426	1,508	51,067
Other (Playing cards, etc.)	3,954	1,727	-	7	5,689
Total	365,647	700,929	394,890	140,210	1,601,677

*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, 2023

(1) Balance of Contract Liabilities

Fiscal year under review (April 1, 2022 - March 31, 2023)

(In millions of yen)

	Fiscal year under review
Receivables arising from contracts with customers (as of April 1, 2022)	141,087
Receivables arising from contracts with customers (as of March 31, 2023)	119,932
Contract liabilities (as of April 1, 2022)	132,704
Contract liabilities (as of March 31, 2023)	161,231

Of the revenue recognized in the fiscal year under review, 93,457 million yen was included in contract liabilities as of April 1, 2022.

(2) Transaction price allocated to remaining performance obligations

The Company group applies practical expediency and omits the presentation of transaction price allocated to remaining performance obligations for which the contract period was initially expected to be within one year. The presentation of transaction price allocated to remaining performance obligations for

which the contract period was initially expected to exceed one year is also omitted, as the total amount is not material.

[Notes Regarding Accounting Estimates]

- Valuation of inventories

The Company group recorded inventories of 258,628 million yen on the Consolidated Balance Sheet for the fiscal year ended March 31, 2023. Of this amount, finished goods accounted for 182,837 million yen, including a write-down on finished goods of 16,909 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 103,670 million yen for the fiscal year ended March 31, 2023.

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	182,837 million yen
Work in process	153 million yen
Raw materials and supplies	75,637 million yen

2. Accumulated depreciation of property, plant and equipment 82,563 million yen

[Notes to Consolidated Statement of Changes in Equity]

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

Common stock 1,298,690,000 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, 2022	Common stock	165,423	1,410	March 31, 2022	June 30, 2022
Board of Directors Meeting on November 8, 2022	Common stock	73,346	630	September 30, 2022	December 1, 2022
Total		238,770			

Note: The Company enacted a 10-for-1 stock split of its common stock with an effective date of October 1, 2022.

The amounts shown for dividend per share are the amounts prior to this stock split.

(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 23, 2023.

Total dividends	143,200 million yen
Dividend per share	123 yen
Record date	March 31, 2023
Effective date	June 26, 2023

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, the U.S. Treasury 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, 2023 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	445,956	445,887	(68)
Available-for-sale securities	321,734	321,734	–
Total assets	767,690	767,621	(68)
Derivative transactions	(53)	(53)	–

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	124,262

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	74,133	–	–	74,133
Debt securities	10,284	222,609	–	232,894
Other	1,413	13,293	–	14,706
Total - assets	85,831	235,902	–	321,734
Derivative transactions				
Currency-related	(53)	–	–	(53)
Total - liabilities	(53)	–	–	(53)

(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	–	23,993	–	23,993
Other	421,894	–	–	421,894
Total - assets	421,894	23,993	–	445,887

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 1,946.55 yen

Profit per share 371.41 yen

The Company enacted a 10-for-1 stock split of its common stock with an effective date of October 1, 2022.

Profit per share has been calculated based on the assumption that this stock split was implemented at the start of the fiscal year ended March 31, 2023.

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

Non-Consolidated Statement of Changes in Equity

(April 1, 2022 - March 31, 2023)

(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		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward		
Balance as of April 1, 2022	10,065	11,584	–	11,584	2,516	26	860,000	712,412	1,574,955
Changes in items during period									
Reversal of reserve for tax purpose reduction entry of non-current assets						(2)		2	–
Dividends of surplus								(238,770)	(238,770)
Profit								484,634	484,634
Purchase of treasury shares									
Disposal of treasury shares			37	37					
Net changes in items other than shareholders' equity									
Total changes during period	–	–	37	37	–	(2)	–	245,866	245,864
Balance as of March 31, 2023	10,065	11,584	37	11,621	2,516	23	860,000	958,279	1,820,819

	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, 2022	(220,343)	1,376,261	34,186	34,186	1,410,447
Changes in items during period					
Reversal of reserve for tax purpose reduction entry of non-current assets		–			–
Dividends of surplus		(238,770)			(238,770)
Profit		484,634			484,634
Purchase of treasury shares	(50,725)	(50,725)			(50,725)
Disposal of treasury shares	19	56			56
Net changes in items other than shareholders' equity			(1,827)	(1,827)	(1,827)
Total changes during period	(50,705)	195,195	(1,827)	(1,827)	193,367
Balance as of March 31, 2023	(271,049)	1,571,456	32,358	32,358	1,603,815

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) 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 directors' compensation

Provision for directors' compensation is provided based on the estimated amount of compensation payable to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors).

(4) 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.

[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 91,252 million yen for the fiscal year ended March 31, 2023. 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	3,880 million yen
Work in process	144 million yen
Raw materials and supplies	45,640 million yen
2. Accumulated depreciation of property, plant and equipment	41,176 million yen
3. Guarantee liability	
Guarantee of payment of real property rent	
NES Merchandising, Inc.	2,047 million yen
4. Monetary receivables from and payables to affiliates	
Short-term monetary asset	287,070 million yen
Short-term monetary liability	14,037 million yen

[Notes to Non-Consolidated Statement of Income]

Transactions with affiliates	
Net sales	1,182,151 million yen
Other operating transactions	119,994 million yen
Transactions other than operating transactions	140,097 million yen

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

Number of treasury shares as of the fiscal year-end	
Common stock	134,460,640 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 1,659 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)	545,038	Accounts receivable-trade	117,959
Subsidiary	Nintendo of Europe GmbH	Directly holds 100%	Sales of the Company products	Sales of the Company products (*1)	326,525	Accounts receivable-trade	95,894
				Repayment of loan	33,145	Other current liabilities (short-term loans payable)	—
				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)	211,959	Accounts receivable-trade	33,822

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.

Officers, etc.

(In millions of yen)

Type	Name	Percentage of voting rights, etc., held (or held of the Company)	Relationship with affiliate	Transaction details	Transaction amount	Description	Fiscal year-end balance
Officer	Shuntaro Furukawa	Directly holds 0.0% of the Company	Representative Director of the Company	Disposal of treasury shares in exchange for in-kind contribution of monetary compensation claims (*1)	11	—	—

Transaction terms and policies regarding determination of transaction terms

(*1) In-kind contribution of monetary compensation claims under the restricted stock compensation plan.

[Notes to Per Share Information]

Net assets per share 1,377.58 yen

Profit per share 415.92 yen

The Company enacted a 10-for-1 stock split of its common stock with an effective date of October 1, 2022. Profit per share has been calculated based on the assumption that this stock split was implemented at the start of the fiscal year ended March 31, 2023.

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